

# 2018 Simplicity KiwiSaver Scheme

For the year ending 31 March 2018

Funds under management

**\$300,556,751**

Fees saved \*

**\$2,823,508**

Number of current members

**11,303**



GROWTH FUND / 8697 MEMBERS

BALANCED FUND / 2061 MEMBERS

CONSERVATIVE FUND / 540 MEMBERS

GUARANTEED INCOME FUND / 5 MEMBERS

Charitable donations \*\*

**\$113,000**

## Highlights



Launch of Artie: NZ's first  
KiwiSaver Chatbot.



Guaranteed Investment  
Funds. NZ's first KiwiSaver  
Plan to provide a guaranteed  
income in retirement. \*\*\*



All our funds are  
smoke free, bomb free and  
nuke free.

\* This is the sum of the difference between Simplicity's Total Expense Ratio (TER) for all funds managed by Simplicity NZ vs the average TER for all funds with the same risk profile annualised and based on the funds under management as at 31 March 2018. All data from Sorted.org.

\*\* We donate 15% of the management fees you pay for all the funds managed by Simplicity NZ to charity.

\*\*\* For a product disclosure statement, see [www.simplicity.kiwi](http://www.simplicity.kiwi). Simplicity NZ Limited is the issuer.



**Simplicity**

The nonprofit KiwiSaver plan

## Hi there

If you're reading this Simplicity has the privilege of managing your KiwiSaver savings. Thank you %)

Based on the quarterly Morningstar KiwiSaver Surveys we're now the country's fastest-growing KiwiSaver plan, thanks to our wonderful members.

The 12 months to March 31st 2018 have flown by. Here are just a few of the highlights:

- The launch of our NZ share and bond non-KiwiSaver funds.
- The announcement that we'll be excluding stocks involved in fossil fuel extraction, gambling, weapons, alcohol and pornography in all our funds. This should enhance returns and strengthens our commitment to socially responsible investment.
- Our release of Artie, NZ's first dedicated KiwiSaver chatbot.
- Our diversity push into corporate NZ, which we hope will create improved opportunities for all NZ'ers and better returns for investors.

As of March 31st 2018, we were saving our 11,300 members \$2.8 million in fees. In the next 12 months we expect to be donating more than \$220,000 to charity as our funds under management grow. You can always see the latest numbers [here](#).

And as our membership has grown, we've added three more members to our team focused on delivering a great service %)

We're challenging the status quo in an industry dominated by the banks and their huge profits. While they profit from their members, we give the profits back to ours %)

Thanks for helping making a difference.

Sam Stubbs  
Managing Director  
Sam and the team at Simplicity



**Simplicity**

The nonprofit KiwiSaver plan

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## Recommendations from the Team at Simplicity



### **Sam Stubbs**

#### **Managing Director**

Movie: The Inside Job (2010)

Books: The Intelligent Investor (Benjamin Graham) and  
Berkshire Hathaway's Annuals Reports

<http://www.berkshirehathaway.com/>



### **Craig Simpson**

#### **Head of Operations and Compliance**

Movie: Wall Street (the original version from the 80's)

Book: A Random Walk Down Wall Street, by Burton Malkiel

Blog: Musings on Markets by Aswath Damodaran Professor of Finance at the  
Stern School of Business at NYU <http://aswathdamodaran.blogspot.com/>



### **Amanda Morral**

#### **Head of Communications and Education**

Movie: Sour Grapes (2016)

Books: Tied: Flash Boys by Michael Lewis, Freakonomics by Steven Levitt &  
Stephen Dubner

Blog: Mr. Money Moustache <https://www.mrmoneymustache.com/>



### **Amir Bashir**

#### **Head of IT**

Movie: The Wolf of Wall Street (2013)

Book: Steve Job: The Man Who Thought Different.

Blog: TechCrunch (<https://techcrunch.com/>) ReadWrite (<https://readwrite.com/>) and GeekZone (<https://www.geekzone.co.nz/>)



### **Andrew Lance**

#### **Chief Operating Officer**

Movie: Catch 22 (1970)

Books: Colossal Failure of Common Sense, by Lawrence G. McDonald &  
Patrick Robinson and

The Best of Alex 1998-2001, by Charles Peattie.



### **Jane Gold**

#### **Chief Financial Officer**

Movie: The Smartest Guys in the Room (2005)

Book: The Millionaire Next Door Thomas J. Stanely

Blog: Zero Hedge <https://www.zerohedge.com/>



### **Anne Perratt**

#### **Customer Service Manager**

Movie: Joy (2015)

Book : Talking to My Daughter About the Economy by Yanis Varoufakis

Blog: Lynda Moore The Money Mentalist <https://www.moneymentalist.com/blog/>



## SECTION ONE — DETAILS OF SCHEME

**Name of the scheme:** Simplicity KiwiSaver Scheme

**Type of scheme:** KiwiSaver Scheme

**Manager:** Simplicity NZ Limited (Simplicity)

**Supervisor:** Public Trust

**Product Disclosure Statement:** The current product disclosure statement for the scheme is dated 3 April 2018 and is open for applications.

**Fund Updates:** A fund update dated 27 July 2018 for each of the four investment funds is available for the quarter ending 30 June 2018.

**Financial statements and auditor's report:**

The latest full financial statements for the scheme that comply with, and have been registered under, the Financial Markets Conduct Act 2013 cover the financial year 1 April 2017 to 31 March 2018 and were authorised for issue by the manager, Simplicity NZ Limited, on 30 July 2018. The auditor's report on those financial statements was dated 31 July 2018. The auditor's report did not refer to any fundamental uncertainty, and nor was it qualified or modified in any respect.

## SECTION TWO — INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

Membership details	Contributing Members	Non Contributing Members	Total Number Of Members	Members' Accumulation
<b>Number of members at the start of the year</b>	3,126	1,125	4,251	\$107,487,895
<b>PLUS:</b>				
Total New Members			1,283	
New Members transferring from other KiwiSaver schemes			5,992	
Other new Members			0	
<b>LESS:</b>				
Members transferring to other KiwiSaver schemes			205	
Retirement			5	
Death			2	
Other exits			11	
<b>Total membership at the end of the year</b>	8,531	2,772	11,303	\$300,556,751



## CONTRIBUTIONS TABLE

Contributions	Number of Members	Total Amount
<b>Type</b>		
Member contributions	7,703	\$17,879,802
Member voluntary contributions	2,631	\$6,805,775
Employer contributions	7,616	\$9,937,726

Research on gender differences in KiwiSaver schemes has thrown up some disturbing findings for women.

When it comes to balances under \$5,000 women are disproportionately over-represented. And when it comes to balances over \$50,000, women are significantly under-represented. Only 4% of women have balances bigger than \$50K, while 13% of men do.

The disparity underscores a more general problem for female savers who still earn less (and save less) than their male counterparts.

Research also shows that men tend to contribute more than the minimum 3% into their account, that they're more likely to know what their balance is, more likely to be in higher returning funds, and understand what they need to have saved by retirement. These are all big advantages in KiwiSaver.

When you consider that women are still more likely than men to take work breaks to raise families, that they're more likely to live longer than men and be widowed in old age, it's an even tougher picture.

Here are a few practical steps female KiwiSaver members can take to tackle the situation:

1. If possible contribute a higher amount than the minimum of 3%
2. Minimise fees in order to maximise savings.
3. Make sure they're in the correct fund type for their age and risk appetite.
4. Make sure they contribute at least \$1,043 annually to receive the maximum tax credit of \$521.
5. Understand how much they need to save for a comfortable retirement.

Simplicity is the lowest fee provider on the market, so that's one less concern for our female members. However, we encourage those who are raising young families and getting by on one income to ensure someone in the family is getting the member tax credits.

There are some terrific tools and calculators to help you plan for retirement, including our website and at [Sorted.org.nz](http://Sorted.org.nz)



## SECTION THREE — CHANGES RELATING TO THE SCHEME

During the accounting period, there have been no material changes to the Scheme's Trust Deed or on the Terms of Offer of Interests in the Scheme.

On 27 September 2017, the Statement of Investment Policy and Objectives (SIPO) and the Product Disclosure Statement (PDS) of the Scheme's funds were changed to incorporate the Guaranteed Income Fund. The Guaranteed Income Fund is suited to members close to retirement or in retirement, that wish to receive a regular income for life.

There were no changes to the nature or scale of related party transactions.

All related party transactions were conducted on normal commercial terms and conditions during the accounting period and were on arm's-length terms.

## SECTION FOUR — OTHER INFORMATION

Withdrawals	Number of members
First home withdrawal	127
Retirement withdrawals (full)	5
Retirement withdrawals (partial)	20
Significant financial hardship	11
Serious illness withdrawals	2
Withdrawals or transfers on permanent emigration	4
Transfers to Australian superannuation schemes	1
Withdrawals on death	2
Transfers to other KiwiSaver schemes	205

Unit Prices	Unit price: 31 March 2017	Unit price: 31 March 2018	Return to 31 March 2018**
Simplicity Conservative	1.0147	1.0584	4.66%
Simplicity Balanced	1.0254	1.0957	7.24%
Simplicity Growth	1.0566	1.1564	9.68%
Simplicity Guaranteed Income*	-	1.0094	-

\* Inception date 24 October 2017

\*\* Annual return before tax, after fees

### Manager's Annual Statement

As the manager of the Simplicity KiwiSaver Scheme, we confirm that for the year ended 31 March 2018:

- all the benefits required to be paid from the Scheme in accordance with the governing documents and KiwiSaver Scheme rules have been paid;
- the market value of the assets of the Scheme at the close of the financial year, 31 March 2018, equalled or exceeded the total value of the benefits that would have been payable had all Members of the Scheme ceased to be Members at that date and, where necessary, had provision been made for the continued payment of all benefits being paid to Members and other beneficiaries as at the close of the financial year.



## SECTION FIVE — CHANGES TO PERSONS INVOLVED IN THE SCHEME

Jenene Crossan resigned as a director of Simplicity NZ Limited, the manager, on 10 April 2017. Reuben Halper was appointed as a director of Simplicity on 12 April 2017 and Shamubeel Eaquab was appointed on 2 June 2017.

At the supervisor, Public Trust, Sarah Roberts retired as a board member on 31 August 2017 and Lyn Lim retired as a board member on 30 June 2017. Ian Fitzgerald was appointed as a board member on 22 May 2017 and then took over as chair from Sarah Roberts on 1 September 2017.

For the year ending 31 March 2018 the Scheme changed its auditor from Deloitte to KPMG.

## SECTION SIX — HOW TO FIND FURTHER INFORMATION

Information relating to the Simplicity KiwiSaver Scheme on the offer register and the scheme register can be found at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

The scheme register includes financial statements, trust deed and statement of investment policy and objectives.

The offer register includes information relating to the membership and funds. It also includes fund updates and other material information.

Information relating to the scheme, such as fund updates, the annual report, current product disclosure statement and other useful information is available at [www.simplicity.kiwi](http://www.simplicity.kiwi)

If you require any information from us, please contact us by email: [info@simplicity.kiwi](mailto:info@simplicity.kiwi)

All the information can be obtained from us without charge

## SECTION SEVEN — CONTACT DETAILS AND COMPLAINTS

### **Contact details for the manager:**

Simplicity NZ Limited  
24 Hamana Street  
Auckland 0622

Telephone: 09 446 6112

### **Contact details for the registrar:**

MMC Limited  
Level 25, QBE Centre  
125 Queen Street  
Auckland 1010

Telephone: 09 309 8926

### **Contact details of the supervisor:**

Public Trust  
Level 9, 34 Shortland St  
Auckland 1140  
Telephone: 0800 371 471

### **Any queries or complaints about the Scheme can be made to:**

Head of Compliance  
Simplicity NZ Limited  
24 Hamana Street  
Auckland 0622

### **Please direct any complaints about your investment to us:**

Simplicity NZ Limited  
24 Hamana Street  
Auckland 0622

Telephone: 09 446 6112  
Email: [info@simplicity.kiwi](mailto:info@simplicity.kiwi)

### **If we are unable to resolve your complaint, you may choose to contact the supervisor:**

Public Trust  
Level 9,  
34 Shortland Street  
PO Box 1598  
Auckland 1140

Attn: Customer Complaints  
Telephone: 0800 371 471

Simplicity NZ Limited is a member of the Financial Services Complaints Limited (FSCL), which is an independent dispute resolution scheme approved by the Ministry of Consumer Affairs. FSCL will not charge a fee to any complainant to investigate or resolve a complaint.

### **If you make a complaint to us or our supervisor and the complaint cannot be resolved, you may refer it to FSCL as follows:**

Financial Services  
Complaints Limited  
PO Box 5967  
Wellington 6145

Telephone: 0800 347 257



**Hello.  
We are Simplicity™.  
We're the nonprofit KiwiSaver plan.  
We help manage your money.  
But we're not a bank.  
We make you more.  
Without making profits ourselves.  
Because that's what's right.  
That's what's fair.  
We are Simplicity™.**