

RETIREMENT INCOME ILLUSTRATION

NOW

AGE 40

40
years old

\$43,000
net income

\$20,000
in retirement savings

You



YOUR CONTRIBUTIONS

\$1,650
from your
employer
each year

\$1,650
in regular
contributions
each year

RETIREMENT

AGE 65



You might retire with
\$128,241

and live on
\$52,000
a year

(that's \$1,000 per week)

BEYOND

AGE 65+

Your retirement
savings might
last until age

70

Based on your age
and sex, there is a

95%

chance you will
outlive your
retirement savings

65 66 67 68 69

70 71 72 73 74

75 76 77 78 79

80 81 82 83 84

85 86 87 88 89

90 91 92 93 94

95 96 97 98 99

100 101 102 103 104

105



YOUR PROJECTED RETIREMENT INCOME

This illustration is a guide to the income you might receive in retirement. The notes on the next page explain how this has been calculated.

The results are based on the following inputs and assumptions.

ABOUT YOU

Basic details Female aged 40	Your current base pay \$55,000	Residential status Homeowner, fully owned
Other income before retirement \$0	Other income in retirement \$0	Your other retirement savings \$0
Reinvest NZ Super No		

YOUR RETIREMENT SAVINGS

Your current accumulation account \$20,000	Your employer contribution 3.0% (of salary)	Your regular contribution 3.0% (of salary)
Your voluntary lump sum contribution \$0 per year		

RETIREMENT GOALS

Desired retirement income \$52,000	Retirement age 65	Lump sum withdrawals None
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ASSUMPTIONS

Your investment option Conservative	Your expected return (pre retirement) 2.5% p.a.	Your expected return (in retirement) 2.5% p.a.
Percentage based fee 0.00% p.a.	Dollar admin fee \$0	Insurance premium \$0
Community wage growth 3.5% p.a.	Price inflation 2.0% p.a.	Improvement in living standards 1.5% p.a.

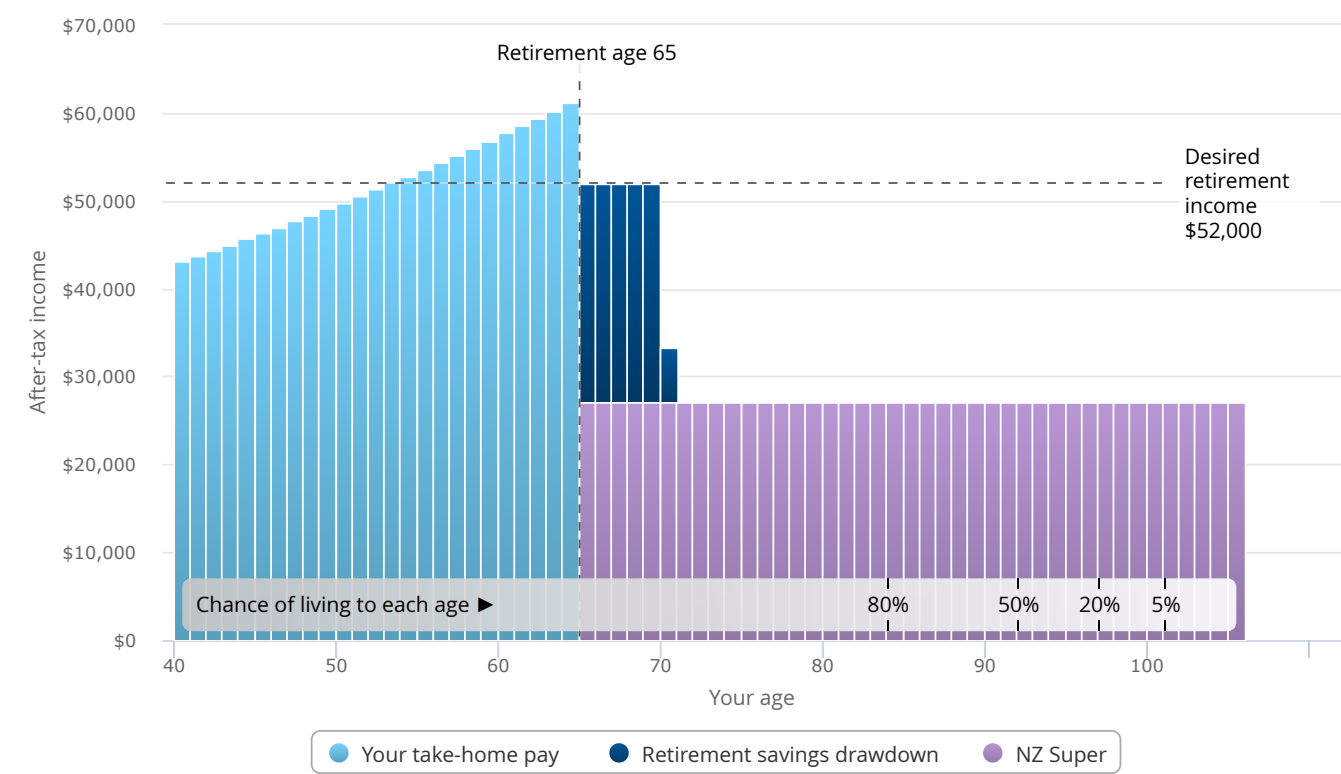
CAREER BREAKS

Your career breaks
None

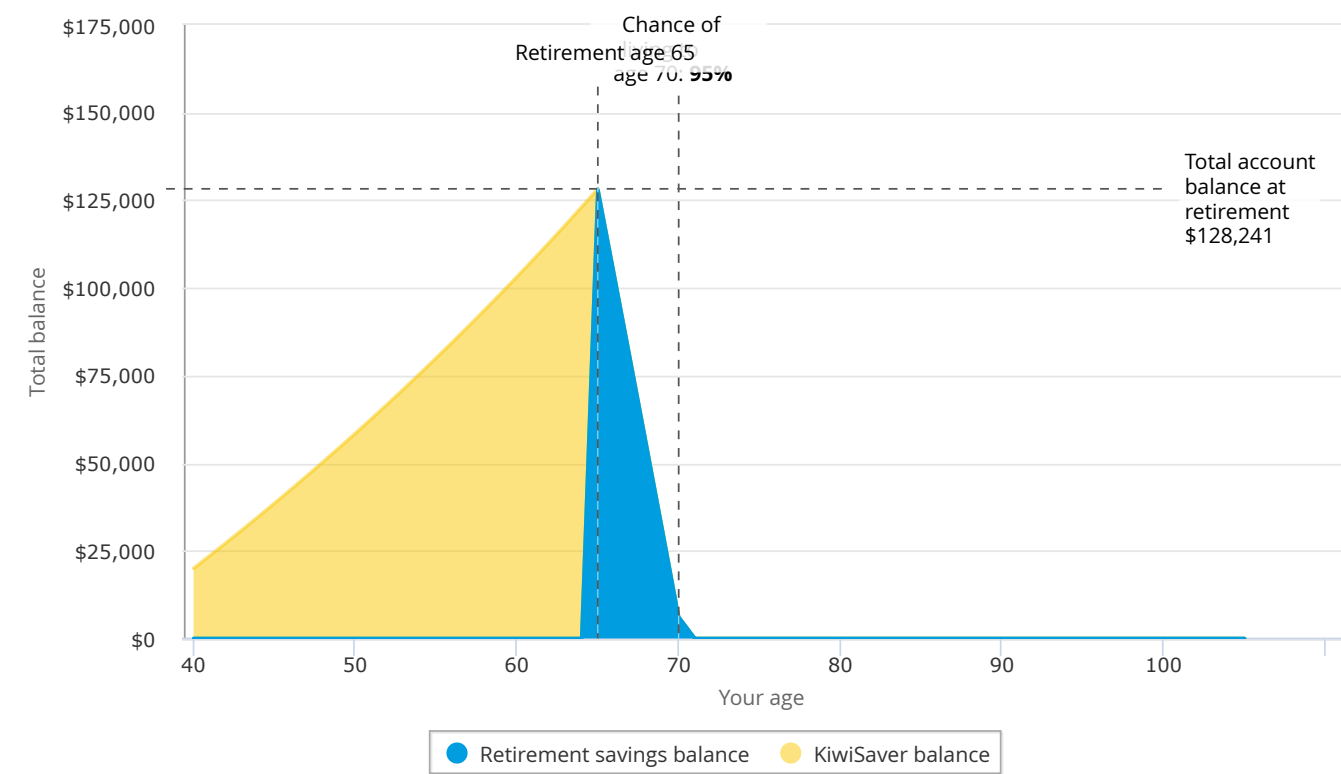
YOUR CAREER CHANGES

None

YOUR PROJECTED INCOME (TODAY'S DOLLARS)



YOUR PROJECTED RETIREMENT SAVINGS BALANCE (TODAY'S DOLLARS)



NEXT STEPS

Congratulations, you have now worked out how much you might have when you retire. Will this be enough?

Consider the following questions and make changes to your simulation:

- Want to save more by changing contributions?
- Is your employer contributing?
- Are you taking advantage of all KiwiSaver benefits?
- How can changing your investment options change your retirement income?
- Have you included your spouse/partner in your simulation?

Find out more about planning for retirement at www.mercerkiwisaverscheme.co.nz.

The next few pages have further information about how your benefit is calculated – but if you want to know what to do next call our helpline on 0508 637 237.

YOUR RETIREMENT INCOME

Your retirement income may depend on:

- Contributions made by you and your employer
- The age you retire or start withdrawing your retirement savings
- Where you invest and the investment return it achieves after tax and fees
- Fees and costs
- Tax such as the Employer Superannuation Contribution Tax (ESCT) and the tax on your investment return
- Your salary growth
- Whether you take career breaks or reduce hours that you work
- The amount you take as a lump sum (if any) at retirement
- The actual amount of other income and investment assets available in retirement in addition to your retirement savings account.

THERE ARE NO GUARANTEES

This illustration is not a guarantee that when you retire you will receive the income shown here, because the illustration is based on a number of assumptions (see below).

WE MADE ASSUMPTIONS

In estimating your retirement income we have used various assumptions. Rules about taxes, retirement savings, other retirement savings (if applicable) and NZ Super may change in the future.

We recommend that you try using different assumptions to illustrate, for example, impact of different investment returns. There are other assumptions used in the calculations which are set by legislation and cannot be changed.

You should seek professional financial advice to obtain a more comprehensive estimate of your overall financial position at retirement.

A projection prepared more than 24 months ago should not be used for any purpose without having the assumptions reviewed. The simulator will be updated from time to time with changes in the legislative environment.

Today's dollars

The results are shown in today's dollars which converts your future retirement savings and income into today's relative buying power. It takes the future dollar amount and deflates it at the rate of price inflation, as required by FMA regulations. Living standards have tended to grow faster than price inflation, and you should be aware that the today's dollars results don't allow for any increase in living standards. The results use price inflation of 2% p.a. and salary/wage inflation of 3.5% p.a.

Current environment

The illustration results are based on legislation and rules at 1 April 2021.

NZ Super

The illustration assumes NZ Super is indexed in line with price inflation and that you are eligible for NZ Super once you turn 65 (if you include your partner, assumptions are the same). If your status is single the amount paid assumes you will be living alone.

Investment returns and inflation

There are a number of factors that will affect the growth of your retirement savings and the retirement income it will provide. Some of the major factors, like investment returns and inflation, will fluctuate over time, but are assumed to lie within certain ranges over the long term.

For simplicity, the values for investment return and inflation remain the same for each year of the projection. The default investment return assumption depends on the investment option you select. The default values are prescribed by Part 2 of Schedule 7A of the Financial Markets Conduct Amendment Regulations 2019. If you have changed the default values it is possible that unrealistic scenarios will be projected. Note that the simulator imposes some limits on the fixed assumptions but the actual experience could be outside these ranges (e.g. investment returns may be negative in some years).

If you have enabled a simulated "stress test", the values used for investment return and wage inflation are based on simulations of different future economic scenarios from Mercer's Capital Market Simulator taking into account the underlying assets for the investment option selected. The values for each of these elements will vary from year-to-year (and may be negative in some years).

Salary

Your salary is your taxable income.

Contributions

Your employer and regular contributions are based on your selected contribution rates and your gross salary.

The illustration assumes your employer and your regular contributions continue after you turn 65 until you retire (however if you have KiwiSaver please note that your employer can choose to stop contributing once you have reached your eligibility date).

Government contribution (KiwiSaver members only)

If your retirement savings account is a KiwiSaver account and you contribute, the illustration assumes you will get the Government contribution. The current maximum annual Government contribution is \$521.43, the simulator doesn't increase this for inflation.

Tax

Employer contributions are taxed with Employer Superannuation Contribution Tax (ESCT). You can find out more about how ESCT is calculated on our website www.mercerkiwisaverscheme.co.nz.

The illustration assumes that the investment return used for the accumulation of the retirement savings balance has been taxed.

Benefit payments are currently tax-free.

Fees

The percentage based fee is charged on your investment and it comprises of an investment management fee, supervisor fee and asset based administration fee (where applicable). The fee that you select is deducted from the investment return prior to calculating earnings in each future year.

The administration fee is a dollar based fee and depending on whether you have included your partner or not you will need to enter the appropriate amount for one or both of you. The illustration assumes that this fee is deducted annually and will increase in line with wage inflation.

Other retirement savings and income at retirement

In addition to your retirement savings account and NZ Super, you may have other retirement savings and regular income you expected to have available at retirement.

After retirement, the illustration assumes these other retirement savings will earn the same rate of return as your retirement savings account and they will be drawn down after your retirement savings account is used.

Other regular income may include income from rental properties but should not include income sourced from other retirement savings you may have entered. The illustration assumes the regular income is after tax and will increase with price inflation.

Life expectancy

The life expectancy age has been calculated based on the New Zealand Life Tables 2012-2014. These indicate the death and survival experience of people between 2012 and 2014 and allow for future improvements in longevity, based on average improvement rates over the past 17 years.

Prepared by

This illustration and the information provided have been produced by Mercer (N.Z.) Limited and have been prepared on 27 Apr 2024 without taking into account your personal objectives, financial situation or needs. You should consider these matters and seek advice from an appropriately authorised financial adviser before making any decisions concerning your retirement savings or making other investment decisions.

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