

I'm the who, what, how of saving for retirement.



Your easy-read
guide to investing.

ASB
creating futures™

Hello.

Just by picking up this brochure you've made the first move towards planning your retirement. Whatever your plans, they'll always be easier if you start saving now. But don't worry, we're here to help.

Your guide to saving for retirement is split up into three easy sections: Who? What? and How? That's why we call it the who, what, how to retirement.

Who?

Who are you? Are you a risk taker? Or do you like things steady and safe?

There are no wrong answers, just different ways of doing things. This is where you uncover your investment personality.

What?

What are the best options to suit your investment personality? From the many different investments out there, this section will help identify the best one for you.

How?

How do you actually set up your retirement fund? Once you've worked out who and what, how is the easy bit. Before you know it, you'll be on your way to achieving your retirement goal.

Who?

The first thing you need to do is work out your investment personality. It's easy to do. And there's even a quiz.

What's your investment personality?

How comfortable are you with investment risk? Would an investment prone to fluctuations keep you awake at night? Do sharp falls in the share market disturb you? Can you accept short-term market movements with ease?

The following questions will help you determine the level of investment risk you are comfortable with. For each question, choose the answer that best describes you, and circle the corresponding point value. Then add up your total points to find your investment personality. The different types of investment personality are described on page 3.

TOP TIP

Work out what you need before you start.

Before you invest, you should think about your current financial situation and decide exactly what you want to achieve for your retirement. A good website to help with this is **sorted.org.nz**. Their calculators will help you determine your retirement goals and work out how much you need to save to meet them.

Uncover your investment personality.

The investor profile questionnaire below is not personalised advice and should not be your only source of information and advice when you are making investment decisions. It should be treated as a guide only and is not a personal investment or financial plan. You may wish to seek advice from a financial adviser.

| | |
|--|-------------|
| 1. How long before you reach retirement age? | |
| Less than 5 years | 0 |
| 5 to 15 years | 8 |
| 16 - 30 years | 16 |
| More than 30 years | 25 |
| 2. For me retirement saving is mostly about keeping my money safe (making sure the value of any funds I have contributed does not reduce). I am more concerned about protecting my savings than achieving high returns. Do you? | |
| Strongly agree, keeping my money safe is most important to me. | 0 |
| Agree, I want to keep my money safe, but I am also interested in returns. | 8 |
| Disagree, I'm mostly concerned in achieving returns. | 16 |
| Strongly disagree, my goal is to get the best possible return and I accept my investment value may go up and down. | 25 |
| 3. Outside of the money I will save through setting up my retirement fund, I have | |
| No other savings. | 0 |
| Some savings but I will not continue to add to these savings in addition to my retirement fund. | 8 |
| Some savings which I will continue to add to as well as saving into my retirement fund. | 16 |
| At least one year of salary already saved or invested outside of my retirement fund. | 25 |
| 4. Imagine your retirement fund has built up to \$10,000 and over the next year it drops in value to \$9,000. What would you do? | |
| Consider switching to a lower risk investment fund. | 0 |
| Monitor my investment closely. | 5 |
| Do nothing and expect that my investment will recover at some time in the next one to two years. | 10 |
| Consider increasing the amount I am saving. | 15 |
| 5. Which of these statements most closely describes how much you know about investments? | |
| I'm only familiar with bank term deposits and savings accounts. | 0 |
| I know a little bit about investments other than bank deposits and savings accounts and understand why diversification is important for investing. | 3 |
| I understand different types of investments have different levels of risk and return which cause them to rise and fall in value at different times. | 6 |
| I understand all types of investments well (including shares and property) and understand the various influences on their returns. | 10 |
| Investor Profile Score | /100 |

So what kind of investor are you?

Once you've answered the questions to the left, just add up your score to uncover your investment personality. Remember, there are no right or wrong answers, because everybody's different. It's important to know what type of investor you are so you can choose an investment you're comfortable with. If you don't entirely agree with your investor profile, read the ones directly below to see if they better reflect your investment personality.

| Type of Investor | | Description |
|---------------------------|-----------------|---|
| Defensive Investor | 0 - 45 | You are a cautious investor generally with a short to medium investment time horizon. You are only willing to have a relatively low percentage of your assets in growth assets (namely shares and property) and want your investment to have a major emphasis on income assets such as cash and fixed interest. You accept that over time, your investment does not grow as fast as inflation. |
| Moderate Investor | 46 - 64 | You have a medium to long term investment time horizon for your investment. You would like to see your investment stay ahead of inflation, but you are not prepared to experience significant fluctuations in investment returns to achieve this. You would prefer to have a higher allocation to income assets than to growth assets. |
| Balanced Investor | 65 - 81 | You are a long term investor seeking capital growth on your investment. You accept that in achieving the capital growth required you will be faced with some fluctuations in investment returns from time to time and there will be occasions of losses. You are willing to accept a higher allocation to growth assets than income assets. |
| Growth Investor | 82 - 100 | You are a long term investor wanting to maximise the long term return you can achieve with your investment. You understand that the investment you are likely to adopt will include a major emphasis on growth assets namely shares and property. You appreciate that this will lead to significant fluctuations in returns over the short to medium term, and there may be periods of negative returns and the risk of capital losses. |

What?

Now you know what type of investor you are, it's time to find out which investment funds are right for you.

First, what's a fund?

A **fund** (also called a **managed fund**) is a pool of money from many investors that is invested (managed) by a specialist fund manager. Due to their scale, funds can often be invested in more areas than a single investor would have access to.

And what are returns?

Returns are the change in value of your investment over time. This includes any income earned on your investment during the period. They can be made up of things like interest earned on cash deposits, dividends earned, or the change in share price on company shares. Returns fluctuate according to market conditions and can sometimes be negative.

Finding a balance between risk and return.

An important part of investing is finding the right balance between risk and return. All investments have some level of risk, and they all offer different rates of return. One of the most important things when building your investment fund is to find the right balance between risk and return. While this can be fairly complicated, the principle is simple:

The bigger the risk, the bigger the possible return...

In other words, if you put your savings into what's called a high-risk investment such as shares and property, you are historically more likely to get a better return. But high-risk investments tend to go up and down more often than lower-risk

options such as cash and fixed interest. We can help you get the best possible return for the level of risk you are comfortable with.

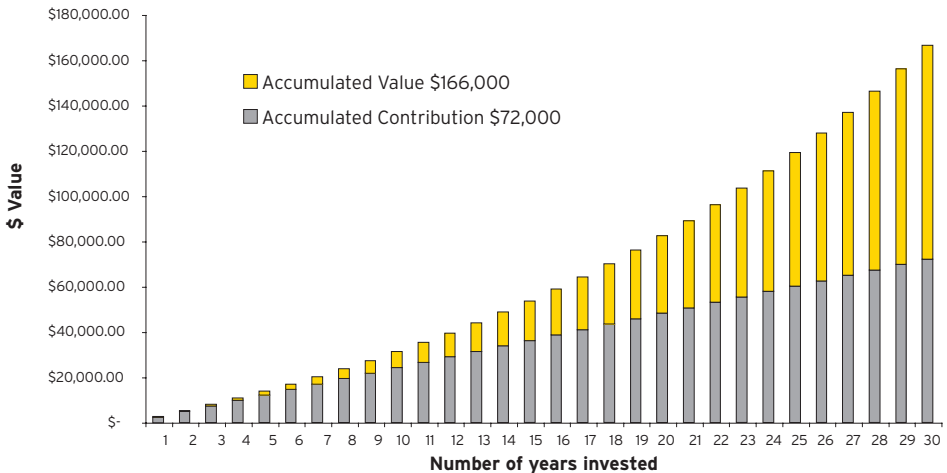
That's why we started by finding out what kind of investor you are. Now by looking at the table overleaf you can see which Investment Fund would be most appropriate for your investment personality.

The interesting thing about interest.

A small amount of money saved up over time can grow into a substantial nest-egg. That's the power of **compounding interest**. It's one of the things that helps your investment increase in value over time - and generally the longer the time frame, the more it will increase.

Compounding occurs when you reinvest the return on your investment. Then you can earn a return on the return and a return on that return and so on. That's why it's important to start saving early, so you can benefit from the power of compounding returns.

This graph shows an example of cash you put into an investment and how much extra you could earn from compounding returns.



Assumption: Average compounding real return of 3% per annum after tax and fees. Figures rounded to the nearest 1000. Source: ASB Bank Limited 2011.

Choosing your investment strategy.

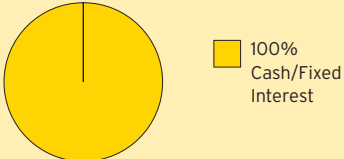
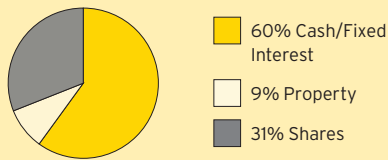
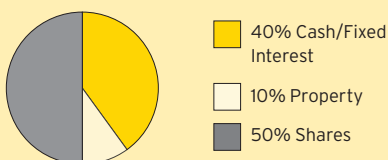
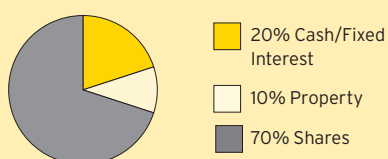
On the right, you'll see four major investment sectors. They are **cash** (wholesale money market deposits), **fixed interest, property and shares**. Each of them offers a different level of income and capital growth potential. So they all have a different balance of risk and return. When managing each diversified investment fund, we never put all our eggs in one basket. This is called **diversification**. So property for example, is a broad portfolio that includes industrial, commercial and retail properties. Our job is to manage the fund to get the best possible return for the risk involved. Your job is to choose the level of risk which suits you best.



Dollar cost averaging - the regular investor's friend.

As investment markets rise and fall, picking the right time to invest is very difficult. 'Dollar cost averaging' is a useful tool to help minimise the impact of investment market volatility. It sounds complicated, but actually it's quite simple. By investing a set amount of money on a regular basis, you average out the cost. When the price is high you'll buy fewer units and when the price is low you'll buy more. Over time, the price of the units will be averaged out regardless of whether the market is up or down. The dollar cost averaging strategy must be used over a long period of time in order to reap its full benefit.

The Funds you can choose to invest in.

| Investor Profile | Superannuation Investment Funds |
|--|--|
| <p>Defensive Investor 0-45</p>  <p>100% Cash/Fixed Interest</p> | <p>ASB NZ Cash Fund</p> <p>100% NZ Cash</p> |
| <p>Moderate Investor 46-64</p>  <p>60% Cash/Fixed Interest 9% Property 31% Shares</p> | <p>ASB Conservative Fund</p> <p>12% NZ Cash 21% NZ Fixed Interest 27% World Fixed Interest 9% Global Property Shares 17% World Shares 14% Australasian Shares</p> |
| <p>Balanced Investor 65-81</p>  <p>40% Cash/Fixed Interest 10% Property 50% Shares</p> | <p>ASB Balanced Fund</p> <p>5% NZ Cash 16% NZ Fixed Interest 19% World Fixed Interest 10% Global Property Shares 30% World Shares 20% Australasian Shares</p> |
| <p>Growth Investor 82-100</p>  <p>20% Cash/Fixed Interest 10% Property 70% Shares</p> | <p>ASB Growth Fund</p> <p>2% NZ Cash 6% NZ Fixed Interest 12% World Fixed Interest 10% Global Property Shares 45% World Shares 25% Australasian Shares</p> |

For more information about the different Superannuation Investment Funds, please consult the ASB Superannuation Master Trust Investment Statement and the relevant Supplemental Investment Statement (if any) for your retirement savings scheme. The asset and investment mixes may change from time to time.

How?

This is the easy bit. You're nearly done. All that's left is the business end of setting up your retirement fund.

Setting up your retirement fund.

1. First you'll need to read the ASB Superannuation Master Trust Investment Statement and the relevant Supplemental Investment Statement (if any) for your retirement savings scheme. These will cover the key things you need to know about ASB Investment Funds. If there's anything you need to know more about, just call us on **0800 ASB RETIRE** (0800 272 738) and our team will talk you through it.
2. Complete and sign the application form and return it to your employer. They'll send it on to us for processing and if your application is accepted, we'll set up your retirement fund and send you a **Welcome Letter**.
3. Once your first regular contribution has been processed you'll receive your **New Member Certificate**. And that means you're on your way to saving for a better retirement. Simple.

Some other things you'll get from us.

- **Master Trust Internet Service Application** so you can register for our free online service to check your balance, view account statements and more at **asb.co.nz**
- **'In-touch'** - our six-monthly client newsletter that will keep you up-to-date with what's happening in the markets and how it relates to your investments.
- **A six-monthly statement** that gives you details of the Investment Funds you're invested in along with the value of your savings.
- **An annual report and tax certificate.**

What else do you need to do?

From here your savings will go into your retirement fund straight out of your pay. Then every year, it's a good idea to review your retirement fund selection and make sure it's still appropriate. If your circumstances change over time you can adjust your retirement fund selection to meet your changed circumstances. To do that, just give us a call.

The information in this brochure is not personalised and should not be your only source of information when you are making investment decisions. You may wish to seek advice from a financial adviser.

For more information please refer to the Investment Statement for the ASB Superannuation Master Trust and Supplemental Investment Statement (if any) relevant to your retirement savings scheme which are available by calling **0800 ASB RETIRE** (0800 272 738).

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Let's keep in touch.



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