

The Managed Cash Option

On 1 July 2007, Member Investment Choice was introduced to NTGPASS members. In early 2009 changes were made to introduce an additional Managed Cash investment option and allow more flexibility in the way members can mix investment options.

What are the choices?

All NTGPASS members have the same pre-mixed investment options from which to choose.

Each investment option contains a different mix of growth and defensive assets to cater for a variety of personal circumstances and attitude to risk. Growth assets comprise property and shares while defensive assets comprise fixed interest and cash.

Managed Cash - 0% growth 100% defensive
A very low risk option with funds invested in cash investments (such as cash deposits, bank bills and similar securities) with an expectation to achieve low long-term returns. Developed for members with a short-term investment horizon who require greater assurance on the security of their assets.
Conservative - 30% growth 70% defensive
A low risk option with funds invested primarily in cash and fixed interest with an expectation to achieve low to moderate returns. Developed for members whose primary focus is on the security of their assets.
Cautious - 50% growth 50% defensive
A low to moderate risk option with funds invested in a balanced mix of assets with the expectation to provide steady long-term returns. Developed for members with an expectation to achieve low to medium growth in their portfolio while having a strong focus on the security of their assets.
Growth - 75% growth 25% defensive
A moderate risk option with funds invested proportionately more in growth assets with an expectation to achieve medium to high long-term returns. Developed for members who seek a competitive level of growth in their assets.
Assertive - 85% growth 15% defensive
A moderate to high risk option with funds invested primarily in growth assets with an expectation to provide higher returns over the long term. Developed for members who are looking for higher growth in their assets over the long term.
Aggressive - 100% growth 0% defensive
A high risk option with funds invested wholly in growth assets. This means accepting high volatility with an expectation to achieve higher long term returns. Developed for members who desire high growth in their assets over the long term.

Managed Cash option features

The Managed Cash option is invested in a range of low risk investments. This option is less exposed to market volatility compared to the other five investment options. The return and risk objectives of this option are stated below.

Return Objective: A high probability that the net return will exceed the increase in the CPI over 5 year rolling periods by at least 0.5% p.a.

Risk Objective: A low chance of a negative annual return.

When is this option appropriate?

There are a number of situations when the Managed Cash option may be appropriate, such as:

Short investment horizon

You may have a very short time until you need to spend your retirement savings. For example, you may be about to retire and intend to use the majority of your superannuation to pay off your mortgage.

It is worth noting that for the majority of retirees superannuation will continue to be a long-term investment.

Allocated pension

Some pension members may choose to put aside a few year's pension payments in the Managed Cash option and invest the remainder of their account in a longer term investment option. This may reduce the risk of withdrawing pension payments from an investment that, due to market volatility, could generate negative investment returns.

Low risk tolerance

For those who may be worried about their investment falling in value and cannot tolerate any investment risk, the Managed Cash option is the lowest risk of our six investment options. It is also expected to generate the lowest long-term returns of the six options due to the risk-return relationship.

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