

# Zurich Rate of Return Calculator

Member user guide and frequently asked questions

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# Zurich Rate of Return Calculator

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## User guide and frequently asked questions.

The Zurich Rate of Return Calculator provides a money weighted rate of return, (a standard and widely used method of calculating rates of return), which measures the compound growth rate in the value of all money flows into or out of a policy, or group of policies, and takes into account the timing of such transactions during the evaluation period.

The Rate of Return Calculator (RRC) not only takes into account the investment growth of your underlying investment funds but also how long each contribution has been invested in those funds during the selected calculation period. It then determines an effective growth (or interest) rate that represents how the money invested on your behalf has performed during the period selected. The result produced is an annualised rate of return.

### Using the RRC you can calculate a rate of return:

- a) at individual policy level so you can compare how different policies have performed over the same period (which may be useful if you have different investment strategies between policies), or
- b) across all your policies in the plan (for overall performance of your retirement investments), or
- c) at fund level showing the rate of return you have experienced for each fund within a particular policy.

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2. Selecting a policy rate of return or a fund rate of return
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# 1. Accessing the RRC

Once you have logged on select the 'Tools' tab at the top of the screen.

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Ian, welcome to the Zurich International online website.

Fund switching Contribution history Retirement planner

You have 0 unread news items

Your beneficiary status is currently None

Update or amend your beneficiary details.

Contact us

**Your total valuation is GBP 25,971.51 \***  
**Your total entitlement value is GBP 23,566.25 \*\***

» Policy value and fund holding

\* This is the total current policy(ies) value, however should you surrender your policy(ies) now the total entitlement value represents what you might actually receive. This is only illustrative at today's date.

\*\* Details of how this entitled value is calculated can be found in the 'Vesting scale details' page within the 'My Account' section of ZIO, or in your Employee Guide in the 'Library' section.

**Rate of Return Calculator**  
Check what the equivalent rate of growth is for your policies or individual funds.

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Select the 'Rate of Return' tab on the left hand side of the screen

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Retirement planner  
Rate of Return calculator

**Tools overview**

**Retirement Planner**  
Assess your attitude to risk and obtain an indication of the level of retirement savings you may receive.

**Rate of Return Calculator**  
Check what the equivalent rate of growth is for your policies or individual funds.

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Display language: English (United Kingdom)

## 2. Selecting a policy rate of return or a fund rate of return

You can use the RRC to calculate the rate of return by policy or by fund.

A policy level rate of return provides a rate of return for a single or multiple policies, and a fund level rate of return provides a rate of return for all funds within a single policy.

**A** Click here to select a Policy level rate of return.

**B** Click here to select a Fund level rate of return.

The screenshot shows the Zurich Silverton website's 'Rate of Return' calculator. The page has a top navigation bar with links for Home, My account, Reports, Tools (selected), Inbox, Help and information, and Personal details. A left sidebar contains links for Tools overview, Retirement planner, Rate of Return calculator (selected), Policy level, and Fund level. The main content area features a header with the Zurich logo and 'SILVERTON' title, followed by a 'Tools' dropdown menu showing 'Rate of Return calculator'. Below this is a large image of a smiling woman and child with the text 'Rate of Return'. A message states: 'Please pick the desired option from the list below. Note, you must allow the browser to fully refresh to avoid errors.' Two options are listed: 'Policy level Rate of Return calculation' (marked with 'A') and 'Fund level Rate of Return calculation' (marked with 'B'). An 'Important notes' section explains that the calculator always produces an annualised rate of return, even for periods less than 12 months, and provides an example of a 10% gain over 3 months resulting in a 46% annualised rate. A footer link points to the User Guide in the Literature section. The bottom of the page contains a footer with links for Terms and conditions, Privacy, Accessibility, Legal entities, Contact us, and Copyright © 2015 Zurich.



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# 3. Policy rate of return

Within the policy level rate of return you can choose to calculate the rate of return for a single policy, multiple policies or all policies.

- A** To calculate a rate of return for all your policies, click here.
- B** To calculate a rate of return for a single policy or multiple policies, click on the box beside each policy you want to select.

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### Policy level Rate of Return

Please select the policies you would like to include in the calculation:

<input checked="" type="checkbox"/>	Policy number	Policy description	Policy currency	Policy start date	Policy value
<input type="checkbox"/>	1000102	Employee Contribution	GBP	01 October 2010	11,542.88
<input type="checkbox"/>	1000111	Employer Contribution	GBP	01 October 2010	14,428.62

Please select the start date for the calculation:  
12/03/2014 dd/mm/yyyy

Please select the end date for the calculation:  
12/03/2015 dd/mm/yyyy

Please select the currency for the calculation:  
British Pounds

Calculate

Enter the period for which you want to calculate the rate of return.

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### Policy level Rate of Return

Please select the policies you would like to include in the calculation:

<input checked="" type="checkbox"/>	Policy number	Policy description	Policy currency	Policy start date	Policy value
<input type="checkbox"/>	1000102	Employee Contribution	GBP	01 October 2010	11,542.88
<input type="checkbox"/>	1000111	Employer Contribution	GBP	01 October 2010	14,428.62

Please select the start date for the calculation:  
12/03/2014 dd/mm/yyyy

Please select the end date for the calculation:  
12/03/2015 dd/mm/yyyy

Please select the currency for the calculation:  
British Pounds

Calculate

## Important information

The default start date is 12 months prior to the current date and the default end date will show the current date.

The end date should always be later than the start date, and the start date cannot be in the future.

The RRC always produces an annualised rate of return regardless of the length of the period selected for the calculation. This means that when the calculation period selected is less than 12 months, the result will show the equivalent rate of return over a full year and not for the actual period selected. For example, if the actual rate of return over a 3 month period is 10% the value displayed by the RRC will be 46%, which is 10% compounded from 3 months to 12 months. You need to ensure that you fully understand what the calculator is showing you in its outputs. Further information about calculating a rate of return for a period of less than 12 months can be found on page 17 of the guide.

# Policy rate of return (continued)

If you select a start or end date that does not meet the criteria outlined above, you will receive one of the following error messages:

The screenshot shows the Zurich Silverton website's 'Policy level Rate of Return' calculator. The user has selected two policies: 1000102 (Employee Contribution, GBP, 11,542.88) and 1000111 (Employer Contribution, GBP, 14,428.62). The start date is set to 12/03/2008, which has triggered an error message: 'There were no valid active policies at the start date selected. Please select a start date that includes at least one active policy.' The end date is 12/03/2015 and the currency is British Pounds.

Policy number	Policy description	Policy currency	Policy start date	Policy value
1000102	Employee Contribution	GBP	01 October 2010	11,542.88
1000111	Employer Contribution	GBP	01 October 2010	14,428.62

The screenshot shows the same Zurich Silverton website's 'Policy level Rate of Return' calculator. The user has selected the same two policies. The start date is now 12/03/2014, but the end date is set to 12/03/2018, which has triggered an error message: 'The end date must be after the start date and cannot be in the future.' The currency remains British Pounds.

Policy number	Policy description	Policy currency	Policy start date	Policy value
1000102	Employee Contribution	GBP	01 October 2010	11,542.88
1000111	Employer Contribution	GBP	01 October 2010	14,428.62

The screenshot shows the Zurich Silverton website's 'Policy level Rate of Return' calculator with the currency dropdown menu open. The menu lists various currencies: British Pounds, Australian Dollars, British Pounds, Euros, Hong Kong Dollars, Norwegian Kroner, Singapore Dollars, Swedish Kronor, Swiss Francs, United Arab Emirates Dirhams, US Dollars, and Yen. The start date is 12/03/2014 and the end date is 12/03/2018. The error message 'The end date must be after the start date and cannot be in the future.' is still visible.

Policy number	Policy description	Policy currency	Policy start date	Policy value
1000102	Employee Contribution	GBP	01 October 2010	11,542.88
1000111	Employer Contribution	GBP	01 October 2010	14,428.62

The Rate of Return Calculator will default to your plan currency. Other currencies are available and you can select a different currency by selecting from the drop down menu.

# Policy rate of return (continued)

## Policy rate of return

Once you have selected the policy(ies) for which you want to calculate a rate of return, enter the start and end date, and currency, click Calculate.

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Tools > Rate of Return calculator > Policy level

### Policy level Rate of Return

Please select the policies you would like to include in the calculation:

<input checked="" type="checkbox"/>	Policy number	Policy description	Policy currency	Policy start date	Policy value
<input checked="" type="checkbox"/>	1000102	Employee Contribution	GBP	01 October 2010	11,542.88
<input type="checkbox"/>	1000111	Employer Contribution	GBP	01 October 2010	14,428.62

Please select the start date for the calculation:  
12/03/2014 dd/mm/yyyy

Please select the end date for the calculation:  
12/03/2015 dd/mm/yyyy

Please select the currency for the calculation:  
British Pounds

Calculate

If it is not possible to produce a rate of return for any reason then the check box will be greyed out and the message below will be displayed:

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Tools > Rate of Return calculator > Policy level

### Policy level Rate of Return

Please select the policies you would like to include in the calculation:

<input checked="" type="checkbox"/>	Policy number	Policy description	Policy currency	Policy start date	Policy value
<input type="checkbox"/>	1000102	Employee Contribution	GBP	01 October 2010	11,542.88
<input type="checkbox"/>	1000111	Employer Contribution	GBP	01 October 2010	14,428.62

Please select the start date for the calculation:  
12/03/2014 dd/mm/yyyy

Please select the end date for the calculation:  
12/03/2015 dd/mm/yyyy

Please select the currency for the calculation:  
British Pounds

Calculate

An IRR is unavailable for this policy at the current time. Please try again later or for more information contact Zurich HelpPoint.

The Zurich Corporate HelpPoint team will be able to advise you why an individual policy is not available and will let you know when it will be available.

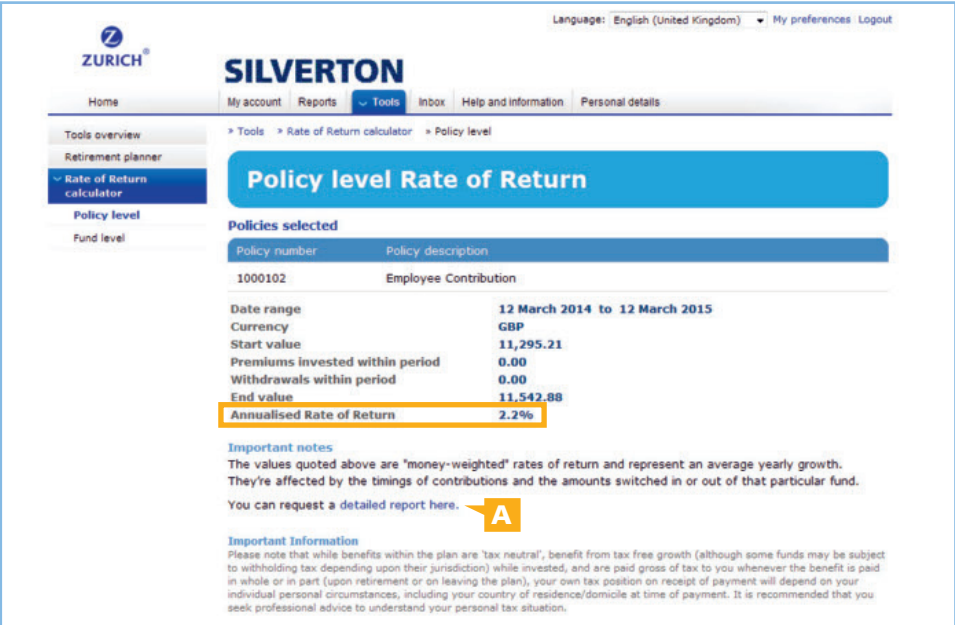


## 4. Single policy summary

The summary screen shows:

- period selected for the rate of return calculation
- currency of the calculation
- value of the policy at the start of period selected
- contributions paid in during the period selected
- withdrawals taken during the period selected
- value of the policy at the end of the period selected
- the annualised rate of return for the policy. This is an annual rate of return and not a rate of return for the specific period selected (if the period is greater or less than a full year).

All values are displayed in the currency selected for the calculation and this may be different from the policy currency.



The screenshot displays the Zurich Silverton web interface. The top navigation bar includes 'Home', 'My account', 'Reports', 'Tools', 'Inbox', 'Help and information', and 'Personal details'. The left sidebar lists 'Tools overview', 'Retirement planner', 'Rate of Return calculator', 'Policy level', and 'Fund level'. The main content area is titled 'Policy level Rate of Return'. It shows 'Policies selected' with a table listing policy details. The 'Annualised Rate of Return' is highlighted in orange and is 2.2%.

Policy number	Policy description
1000102	Employee Contribution

Date range	12 March 2014 to 12 March 2015
Currency	GBP
Start value	11,295.21
Premiums invested within period	0.00
Withdrawals within period	0.00
End value	11,542.88
<b>Annualised Rate of Return</b>	<b>2.2%</b>

**Important notes**  
The values quoted above are "money-weighted" rates of return and represent an average yearly growth. They're affected by the timings of contributions and the amounts switched in or out of that particular fund. You can request a detailed report [here](#).

**Important Information**  
Please note that while benefits within the plan are 'tax neutral', benefit from tax free growth (although some funds may be subject to withholding tax depending upon their jurisdiction) while invested, and are paid gross of tax to you whenever the benefit is paid in whole or in part (upon retirement or on leaving the plan), your own tax position on receipt of payment will depend on your individual personal circumstances, including your country of residence/domicile at time of payment. It is recommended that you seek professional advice to understand your personal tax situation.

**A** A detailed rate of return report can be obtained by clicking here.

Your report will be delivered automatically to your ZIO Inbox and you will be notified by email when it is ready.



# 5. Multiple policy summary

The summary screen shows:

- period selected for the calculation
- currency of the calculation
- total value of the policies at the start of the period selected
- total contributions paid into the policies during the period selected
- total withdrawals taken from the policies during the period selected
- total value of the policies at the end of the period selected
- the annualised rate of return for the policies. This is an annual rate of return and not a rate of return for the specific period selected (if the period is greater or less than a full year).

All values are displayed in the currency selected for the calculation and this may be different from the policy currency

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**Policy level Rate of Return**

Policies selected

Policy number	Policy description
1000102	Employee Contribution
1000111	Employer Contribution

Date range 12 March 2014 to 12 March 2015

Currency GBP

Start value 25,414.26

Premiums invested within period 0.00

Withdrawals within period 0.00

End value 25,971.51

**Annualised Rate of Return 2.2%**

**Important notes**

The values quoted above are "money-weighted" rates of return and represent an average yearly growth. They're affected by the timings of contributions and the amounts switched in or out of that particular fund.

You can request a [detailed report here](#).

**Important Information**

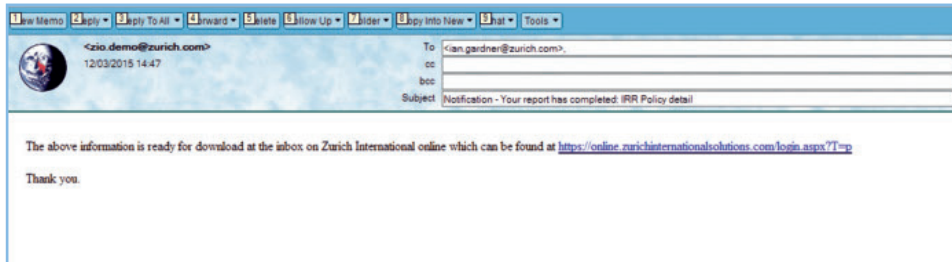
Please note that while benefits within the plan are "tax neutral", benefits from tax free growth (although some funds may be subject to withholding tax depending upon their jurisdiction) while invested, and are paid gross of tax to you whenever the benefit is paid in whole or in part (upon retirement or on leaving the plan), your own tax position on receipt of payment will depend on your individual personal circumstances, including your country of residence/domicile at time of payment. It is recommended that you seek professional advice to understand your personal tax situation.

**A** A detailed rate of return report can be obtained by clicking here.


Your report will be delivered automatically to your ZIO Inbox and you will be notified by email when it is ready.

## 6. Policy rate of return report

You will receive an e-mail when the report has been delivered to your ZIO Inbox.



Click on your ZIO Inbox tab to view the reports available and select 'Policy level Rate of Return'.

<div> <b>Policy level Rate of Return</b></div>			
Policies selected			
Policy number	Policy description		
1000102	Employee Contribution		
1000111	Employer Contribution		
Date range		12 March 2014 to 12 March 2015	
Policy number	Date	Transaction type	Amount in selected currency GBP
1000102	12 March 2014	Start value	11,295.21
1000111	12 March 2014	Start value	14,119.05
1000102	12 March 2015	End value	11,542.88
1000111	12 March 2015	End value	14,428.63
Rate of Return		2.2%	

The report lists every transaction during the selected period for each policy used for the calculation.

# 7. Fund rate of return

The fund level rate of return allows you to calculate the rate of return for the funds within a single policy. It is not possible to calculate a fund rate of return for multiple policies.

**A** Select the policy for which you want to calculate a fund level rate of return.

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**Fund level Rate of Return**

Please select the policy you would like to use in the calculation:

Policy number	Policy description	Policy currency	Policy start date	Policy value
1000102	Employee Contribution	GBP	01 October 2010	11,542.88
1000111	Employer Contribution	GBP	01 October 2010	14,428.62

Please select the start date for the calculation:  
12/03/2014 dd/mm/yyyy

Please select the end date for the calculation:  
12/03/2015 dd/mm/yyyy

**Calculate**

**Policies selected**

Policy number	Policy description
1000111	Employer Contribution

Date range: 12 March 2014 to 12 March 2015  
Policy currency: GBP

Please note all amounts have been converted to the policy currency at the exchange rate of the day of the transaction.

Fund code	Fund name	Start value	Investments	Withdrawals	End value	Annualised Rate of Return
AJGBP	GBP Money Market Fund	6,819.51	0.00	0.00	7,007.10	2.8%
ALGBP	GBP Defensive Managed Fund	7,299.54	0.00	0.00	7,421.53	1.7%

**Important notes**  
The values quoted above are 'money-weighted' rates of return and represent an average yearly growth. They're affected by the timings of contributions and the amounts switched in or out of that particular fund. The rates of return shown above may also differ from Fund Managers' published performance figures as these are 'time-weighted' rates of return. Time-weighted rates of return represent the average yearly growth rate achieved between transactions on an investment. It does not take into account the amounts or timings of transactions. You can request a detailed report here.

Enter the period for which you want to calculate the rate of return.

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**Fund level Rate of Return**

Please select the policy you would like to use in the calculation:

Policy number	Policy description	Policy currency	Policy start date	Policy value
1000102	Employee Contribution	GBP	01 October 2010	11,542.88
1000111	Employer Contribution	GBP	01 October 2010	14,428.62

Please select the start date for the calculation:  
12/03/2014 dd/mm/yyyy

Please select the end date for the calculation:  
12/03/2015 dd/mm/yyyy

**Calculate**

## Important information

The default start date is 12 months prior to the current date and the default end date will show the current date.

The end date should always be later than the start date, and the start date cannot be in the future.

The RRC always produces an annualised rate of return regardless of the length of the period selected for the calculation. This means that when the calculation period selected is less than 12 months, the result will show the equivalent rate of return over a full year and not for the actual period selected. For example, if the actual rate of return over a 3 month period is 10% the value displayed by the RRC will be 46%, which is 10% compounded from 3 months to 12 months. You need to ensure that you fully understand what the calculator is showing you in its outputs. Further information about calculating a rate of return for a period of less than 12 months can be found on page 17 of the guide.

# Fund rate of return (continued)

If you select a start or end date that does not meet the criteria outlined above, you will receive one of the following error messages:

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### Fund level Rate of Return

Please select the policy you would like to use in the calculation:

Policy number	Policy description	Policy currency	Policy start date	Policy value
1000102	Employee Contribution	GBP	01 October 2010	11,542.88
1000111	Employer Contribution	GBP	01 October 2010	14,428.62

Please select the start date for the calculation:

12/03/2006 dd/mm/yyyy

The policy selected was not active on the start date selected, Please select a start date when the policy selected was active.

Please select the end date for the calculation:

12/03/2015 dd/mm/yyyy

Calculate

Once you have selected the policy for which you want to calculate a fund rate of return and entered the start and end dates, click Calculate.

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### Fund level Rate of Return

Please select the policy you would like to use in the calculation:

Policy number	Policy description	Policy currency	Policy start date	Policy value
1000102	Employee Contribution	GBP	01 October 2010	11,542.88
1000111	Employer Contribution	GBP	01 October 2010	14,428.62

Please select the start date for the calculation:

12/03/2014 dd/mm/yyyy

Please select the end date for the calculation:

12/03/2015 dd/mm/yyyy

Calculate

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Tools overview Retirement planner Rate of Return calculator Policy level Fund level

### Fund level Rate of Return

Please select the policy you would like to use in the calculation:

Policy number	Policy description	Policy currency	Policy start date	Policy value
1000102	Employee Contribution	GBP	01 October 2010	11,542.88
1000111	Employer Contribution	GBP	01 October 2010	14,428.62

Please select the start date for the calculation:

12/03/2014 dd/mm/yyyy

Please select the end date for the calculation:

12/03/2020 dd/mm/yyyy

The end date must be after the start date and cannot be in the future.

Calculate



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## 8. Fund summary

The summary screen shows:

- policy selected for which the fund rate of return has been calculated
- all funds in which the policy has been invested during the selected period
- the value invested in each fund at the start of the selected period
- the total of any additional amounts invested into each fund during the selected period
- the total of any amounts withdrawn or switched out of each fund during the selected period
- the value invested in each fund at the end of the selected period
- an annualised rate of return for each fund. This is an annual rate of return and not a rate of return for the specific period selected (if the period is greater or less than a full year).

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### Fund level Rate of Return

**Policies selected**

Policy number	Policy description
1000111	Employer Contribution

Date range: **12 March 2014 to 12 March 2015**  
Policy currency: **GBP**

Please note all amounts have been converted to the policy currency at the exchange rate of the day of the transaction.

Fund code	Fund name	Start value	Investments	Withdrawals	End value	Annualised Rate of Return
AJGBP	GBP Money Market Fund	6,819.51	0.00	0.00	7,007.10	2.8%
ALGBP	GBP Defensive Managed Fund	7,299.54	0.00	0.00	7,421.53	1.7%

**Important notes**  
The values quoted above are 'money-weighted' rates of return and represent an average yearly growth. They're affected by the timings of contributions and the amounts switched in or out of that particular fund. The rates of return shown above may also differ from Fund Managers' published performance figures as these are 'time-weighted' rates of return. Time-weighted rates of return represent the average yearly growth rate achieved between transactions on an investment. It does not take into account the amounts or timings of transactions.  
You can request a detailed report [here](#).

**A**

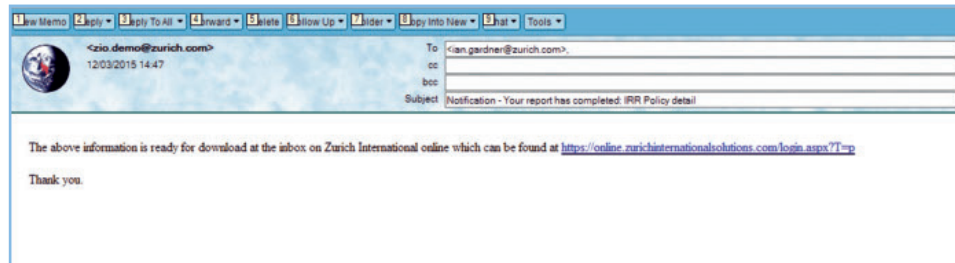
**A** A detailed rate of return report can be obtained by clicking here.

Your report will be delivered automatically to your ZIO Inbox and you will be notified by email when it is ready.



## 9. Fund rate of return report

You will receive an e-mail when the report has been delivered to your ZIO Inbox.



Click on your ZIO Inbox tab to view the reports available and select 'Fund level Rate of Return'.



# Fund rate of return report (continued)

The report contains details of every transaction that has taken place within each fund during the selected period, the values of each fund at the start and end of the period and the rate of return for each fund.


The fund level rate of return is always calculated in the policy currency but if a fund is denominated in other than policy currency all values will be displayed in both policy and fund currency.

Where the fund currency differs from the policy currency the policy currency rate of return will be distorted by the effects of currency exchange rates and you may see a significant variation in the return shown compared with that provided by the fund manager depending upon exchange rate changes during the period.

The transactions shown, other than start and end values, represent money coming into or going out of each fund i.e. contributions paid, withdrawals and switches in or out. Transactions such as product charges, fees and dividends will not be shown on the report as the RRC allows for the effect of any fees, charges and dividends in the value shown at the end of the period.

Your fund level rate of return represents how your investment has worked for you, taking into account the timings of contributions paid in, withdrawals and switches into or out of the fund. In the majority of cases it will not match the performance figures published by the fund manager which only take into account investment growth over a period and not money going into or out of the fund.

For each policy modelled, every transaction in the selected period is shown (in the policy currency).


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## Fund level Rate of Return

<b>Payroll ref</b>	<b>9256</b>	
<b>Policy number</b>	<b>1000111 Employer Contribution</b>	
<b>Date range</b>	<b>07 July 2016 to 07 July 2017</b>	

<b>Fund code</b>	<b>ALGBP</b>	
<b>Fund name</b>	<b>GBP Money Market Fund</b>	
<b>Date</b>	<b>Transaction type</b>	<b>Amount in policy currency GBP</b>
<b>7 July 2016</b>	<b>Start value</b>	<b>7,255.33</b>
<b>7 July 2017</b>	<b>End value</b>	<b>7,442.92</b>
<b>Rate of Return</b>	<b>2.6%</b>	

<b>Fund code</b>	<b>ALGBP</b>	
<b>Fund name</b>	<b>GBP Defensive Managed Fund</b>	
<b>Date</b>	<b>Transaction type</b>	<b>Amount in policy currency GBP</b>
<b>7 July 2016</b>	<b>Start value</b>	<b>7,582.97</b>
<b>7 July 2017</b>	<b>End value</b>	<b>7,704.97</b>
<b>Rate of Return</b>	<b>1.6%</b>	

**Important notes**

The values quoted above are 'money-weighted' rates of return and represent an average yearly growth. They're affected by the timings of contributions and the amounts switched in or out of that particular fund. The rates of return shown above may also differ from Fund Managers' published performance figures as these are 'time-weighted' rates of return. Time-weighted rates of return represent the average yearly growth rate achieved between transactions on an investment. It does not take into account the amounts or timings of transactions.



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# 10. Frequently asked questions

**Q1. The value shown on the rate of return screen for the starting value of my policy(ies) does not match the initial contribution/transfer value paid into my policy(ies).**

**A.** The rate of return calculation uses the values that are invested and not the amount contributed. These amounts may differ if any charges are deducted before investment (i.e. foreign currency conversion fee if currency of contribution is different to that of the policy).

**Q2. The starting value for my policy(ies) is showing as a negative value, what does this mean?**

**A.** Policies usually start on the first of the month with contributions being paid later that month. Sometimes fees are also scheduled to be deducted on the first of the month which results in a small negative value until the contributions are paid.

**Q3. I've tried to get a rate of return for my policy but I'm getting a message 'Unable to Calculate Internal Rate of Return'. What does this mean?**

**A.** The rate of return calculation is complex and is designed to time out if a result is not obtained within a defined timescale. It is unlikely for a result not to be given within this timescale, but in the event that it does occur you should try again. If you receive the same message contact your plan's Customer Service Manager or the Zurich Corporate HelpPoint team, contact details can be found in your plan handbook.

**Q4. I have policies in different currencies invested in the same funds but I'm getting different rates of return for each policy.**

**A.** Unless two policies are exactly the same it is unlikely they will ever have the same rate of return. This would mean them having exactly the same investment strategy, exactly the same amounts invested on exactly the same dates, the same amounts of withdrawals taken on the same dates and the same charges applied to each policy, otherwise the rates of return will differ.

Furthermore, if the policy currencies differ then currency conversion rates will result in a divergence in the rates of return obtained.

For example: where policies in different currencies have the same investment strategy it is likely that one of more of the funds selected will be in the currency of one of the policies (i.e. US dollar policy invested in a US dollar fund). When modelling the other policy, which we will assume is in euro, the values invested into the US dollar fund will be converted from euro to US dollar using the appropriate exchange rate at that time. As exchange rates are constantly changing this will result in different US dollar values being invested into the US dollar fund(s) each month, whereas on the US dollar policy (where there is no currency exchange) the same US dollar value will be invested each month so different rates of return will be obtained. If any of the funds selected are in a currency other than that of either policy then the amounts invested in this/these fund(s) will differ for both policies each month.



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# 10. Frequently asked questions

**Q5.** The fund manager's performance figures for one of the funds in which I am invested indicates that it grew by 15% from 4 January 2016 to 4 January 2017 but when I do a rate of return fund calculation for my policy for the same period it indicates that the rate of return for this fund was only 8%.

**A.** Fund managers calculate fund performance using a 'time weighted rate of return (TWRR)' whereas the Zurich RRC uses a 'money weighted rate of return (MWRR)'. Time weighted rate of return measures the compound rate of return over a given period for one unit of a fund and ignores flows of money into or out of the fund itself. Zurich's money weighted rate of return by contrast, measures the compound growth rate in the value of all money flows into or out of a policy, or group of policies, and takes into account the timing of such transactions during the evaluation period.

What this means is that in order for you to have achieved a rate of return equivalent to that stated by the fund manager, all your contributions would need to have been invested in the fund for the full period, whereas you:

- a) were not invested at all in this fund during some of the period and switched into it at some point, or
- b) you made significant regular contributions during the period, or
- c) switched out of the fund during the period.

**Q6.** I ran a rate of return for a three month period from 5 September 2016 to 5 December 2016 and the annualised rate of return was -6.3%. However, when I look at the difference between the start and end values for the period I calculate it to be only -1.59%. Why is there such a difference?

**A.** The start value on 5 September 2016 was 1,489.15 and the end value on 5 December 2016 was 1,465.39 (a loss of 23.76) (with no other contributions being paid during the period). This works out at a 1.6% loss. However, the rate of return calculator assumes that the policy would continue to depreciate at the same rate for a full 12 month period and is compounded to show an annualised loss of 6.2%.



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