

# Life Matters!

Bay Financial Centre  
PLAN PROTECT PROSPER



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## What's been happening?

I recently had the pleasure of attending two conferences in Auckland - the first aimed specifically at advisers wanting to ensure they were knowledgeable and familiar with the latest investment trends and advice and the other, the annual Institute of Financial Advisers national conference, held for the first time in conjunction with the Professional Advisers Association.

The first conference - "Perfecting Investment Portfolios" consisted of a fast paced 13 speakers each for 1/2 an hour. Memorable learnings included:

- We are living in a low interest world with different investment sectors and countries growing [or slowing] their rates of growth at different rates. There is less synchronisation now than at any time in the past 10 years. This means clients should have their portfolios diversified as widely as possible
- Central bank interest rates across the seven main economic regions [including NZ and Australia] will remain low through to the end of 2016 and only slowly rise after that. Be prepared for a continuation of low bank term deposit rates. Look for alternatives.
- The NZ dollar is over valued against most trading partners currencies. Expect to see drops in the NZ dollar over the next couple of years [makes imports more expensive, exports cheaper and will lower interest rates].
- Strongest job sector recovery since 2008 is in Logistics, Retail & Hospitality, Education, Construction, Health
- Lower absolute investment returns a possibility.
- The US and China remain the main sources of world growth.

- In the US the numbers of people working past age 65 is steadily increasing.
- Airbnb [google this if you have not heard of it] is an official supplier of accommodation to the 2016 Rio Olympics. Expected to supply 20,000 rooms, meaning fewer hotels needing to be built. Expect to see more marketplace sharing that is not capital intensive. In other words working smarter with systems and infrastructure already in place.
- Chinese people rate improved air quality as their biggest priority.
- 1 in 4 men and 1 in 3 women retiring at age 65 can expect to live to age 90.
- Risk that many will outlive their savings.
- NZ Super Fund benefits from long term view. Withdrawals not required before 2029. Average annual return 10.2% after costs. Prepared to ride out short term volatility. Contrarian investor [invests in markets going down].
- Risk and return strongly related.

The second conference themed "Pride, Passion, Professionalism" attended by over 600 delegates with an interest in Investments, Insurance or both.

I attended workshops covering what to look for in a fund manager, how insurance underwriting works, options for income generating investments, what is happening to Family Trusts and problems when inheriting family money [or what can go wrong with your estate planning].

Two days of high intensity learning and networking, talking to many people discussing and learning about investment and insurance trends, hearing about new ideas that will benefit clients.

According to Warren Buffet -

"You don't have to be a genius to invest well"

"The best time to buy a company is when it's in trouble"

"Forever is a good holding period"

## If you cannot get health Insurance because of pre existing conditions, you need to read this!

Nib Ultimate Health Insurance is offering to cover eligible pre existing conditions after three years membership to those under 55 and with a BMI of less than 35. We have not seen an offer like this before.

Applications must be in by the end of July. Contact us NOW for details.

In related matters, the Heart Foundation says

**40% of deaths annually** comes from cardiovascular disease [heart, stroke & blood vessel disease] and **every 90 minutes** a New Zealander dies from coronary heart disease [16 deaths a day]. They also have a link to a very cool site [www.knowyournumbers.co.nz](http://www.knowyournumbers.co.nz) - an interactive calculator to help you calculate your risk of heart disease.

## Insurance tips

*Review your insurance regularly.* Make sure it keeps pace with any changes in lifestyle. There may be instances where you need to increase the amount of cover you have [eg because of a new baby or increase in debt from purchasing a new home], or you may be able to lower your premiums [eg if you have been a non smoker for 12 months, increasing your excess or changed to a less risky job].

*Since you first took out your insurance policy, have there been any changes to your health?* If you have suffered any sort of health condition and decide to cancel or change your insurance now and reapply at a later stage, you will be assessed on the state of your health at the time you reapply. This may result in higher premiums or exclusions to your policy.

The ONE EXCEPTION is the nib Ultimate Health offer above.

Likewise, if you have a premium loading on your policy [where you may be paying extra for health reasons] and believe your health has significantly improved, you can ask to have your premium reviewed.

*Changed personal circumstances resulting in mental health and/or depression?*

Check your policy. Some companies offer free, unique and independent services for when you need that little extra bit of help. Services include counseling for grief, anxiety, addiction, illness crisis, depression and more.

## How do you know if you have the best

### Insurance?

We exclusively subscribe to Quality Product Research Ltd, a Kiwi company who independently reviews the major insurance company policy wordings and ranks them against each other for quality and clarity of wording, their claims processes and claims history and compares premiums. You can be sure that when we provide you with a quote, you are getting the best insurance for your situation.

## QROPS and KiwiSaver

The UK government has changed the rules around QROP transfers and decided in April that UK Pensions could no longer be transferred to KiwiSaver as KiwiSaver members can withdraw their savings prior to age 55. This means that KiwiSaver members with UK funds subject to QROPS may be liable for additional tax charges if they transfer from one KiwiSaver provider to another. If you do not intend to withdraw any funds prior to age 55, this may not have much effect, but further change is possible. Check with your adviser if you think the change may affect your plans.

## Are you missing out?

In a world of low interest rates it is more important than ever to ensure you are maximizing your investment returns.

Compound value of \$10,000 invested at different rates of return over different time periods

Rate	5 Years	10 Years
4%	\$12,166	\$14,802
6%	\$13,382	\$17,908
8%	\$14,693	\$21,589

*Compound interest is the eighth wonder of the world. He who understands it, earns it ...he who doesn't .. pays it" – Albert Einstein*

## Contents Insurance

Is your home filled with cherished items? Are they adequately covered by your contents insurance? For most people the answer is no. They're either underinsured or think certain items are covered that aren't.

Devastating floods, storms or earthquakes seem to be becoming the norm. Whereas 20 years ago a one in a one hundred year weather event was pretty well just that, now we are not so surprised if it or something similar reoccurs every 10 years.

Changes in policy wordings mean items previously considered "chattels" and insured by the contents policy are now part of building insurance cover. The most important one is carpets.

Historically, tacked carpets have been considered part of contents cover, whereas glued carpets have been covered under building policies. The other trap is that an insurer doesn't need to match the carpet if just one room is damaged.

Claims can fall through the cracks between policies. One example is motor vehicle accessories such as GPS devices, child car seats and roof boxes that can be removed from a vehicle. One insurer might cover it under the car policy and another under contents.

Teenagers are dangerous beasts when it comes to contents insurance. Most policies don't cover children's belongings while at university or polytech. But, some do – although sometimes only if they are in accommodation provided by the educational institution. The other risk with teenagers is that if they have a party when you're away and their mates damage or steal property.

Most policies won't pay out if the person responsible for the claim being made was invited onto the property.

### **Checklist**

Questions to ask when taking out a contents policy:

- Is my outdoor furniture covered?
- Am I covered for frozen food
- Are bicycles and other sports equipment covered outside the house
- How long is my temporary accommodation cover
- Will my insurance cover unauthorized use of my mobile phone by a thief or burglar?
- Am I covered if my boarder or children's friends are responsible for a loss?



## The Jokes on us

Paddy calls easyjet to book a flight. The operator asks "how many people are flying with you?" Paddy replies "I don't bl....dy know. It's your plane".

God made man before woman so as to give him time to think of an answer for her first question

I'm reading a book about anti gravity. I just can't put it down.

When you get a bladder infection you know urine trouble.

Velcro - what a rip off!

### **Zen teachings**

1. Always remember you're unique. Just like everyone else
2. Never test the depth of water with both feet
3. If you think nobody cares whether you are dead or alive, try missing a couple of mortgage payments
4. Before you criticise someone, you should walk a mile in their shoes. That way, when you criticise them, you're a mile away and you have their shoes
5. If at first you don't succeed, skydiving is not for you
6. Give a man a fish and he will eat for a day. Teach him how to fish and he will sit in a boat and drink beer all day
7. If you tell the truth, you don't have to remember anything

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