

SPRING 2015

Investments - Insurance - KiwiSaver - Mortgages

Professional Financial Advice since 1976

If I don't have a Will, What will happen to my KiwiSaver funds?

Consider this scenario:

Jim is of modest means. He was recently made redundant and has almost exhausted all of his savings on rent and living expenses. He does, however, have \$12,000 invested in KiwiSaver.

Jim has two sons: John and James, and the relationship between them had dissolved a long time ago so they are no longer speaking to one another.

One day, Jim is killed in a terrible car accident. Like many Kiwis, Jim failed to make a valid Will during his lifetime.

Where a person has less than a prescribed amount (currently \$15,000) in their KiwiSaver scheme, when they die, certain persons can apply for payment of the balance of the KiwiSaver account without first obtaining letters of administration from the court. That person is then required to 'administer' the estate.

The persons who can apply are as follows:

- The widow, widower, surviving civil union partner, or children of the deceased person.
- A surviving de facto partner.
- Person 'beneficially entitled' under the estate.
- Any person appearing to be entitled to obtain administration of the estate of the deceased person in New Zealand.
- Any person who has and is exercising the role of providing day-to-day care for any other of the children of the deceased person who are minors.

James learns of the possibility to apply for his Dad's KiwiSaver funds and contacts the scheme provider directly to take these without passing this information on to John, who is then deprived of these funds. If Jim had signed a Will during this life, James would have been legally obliged to distribute his Dad's property in accordance with this Will.

In the end, the only certain way to ensure that your property is passed on in accordance with your wishes is to make a valid Will.

*Sourced from Collins & May Law newsletter, Vol 15,
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People who wonder whether the glass is half empty or half full are missing the point—the glass is refillable. —Mel Fry

Two Tough Questions

Question 1:

If you knew a woman who was pregnant,
Who had eight kids already,
Three who were deaf,
Two who were blind,
One mentally disabled,
And she had syphilis,
Would you recommend that she undergoes an abortion?
Read the next question before looking at the response for this one.

Question 2:

It is time to elect a new world leader, and only your vote counts. Here are the facts about the three candidates.

Candidate A:

Associates with crooked politicians, and consults with astrologists.
He's had two mistresses.
He also chain smokes
And drinks 8—10 martinis a day.

Candidate B:

He was kicked out of office twice,
Sleeps until noon,
Used opium in college
And drinks a quart of whiskey every evening.

Candidate C:

He is a decorated war hero,
He's a vegetarian,
Doesn't smoke,
Drinks an occasional beer
And never 'fooled around'.

Which of these candidates would be your choice?

Decide first no peeking and then turn over for the response.

"I've missed more than 9000 shots in my career. I've lost almost 300 games. 26 times I've been trusted to take the game-winning shot and missed. I've failed over and over and over again in my life. And that is why I succeed."

—Michael Jordan

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What is Trauma Cover?

How do you know if you're entitled to claim?

Trauma Cover is known by different names by different insurance companies, for example: Trauma, Critical Care, Living Assurance and Trauma Recovery, to name the most common.

If you're unsure what your Trauma Cover covers you for, here is a brief outline of what Trauma Cover is and whether you would be eligible to claim.

First of all, Trauma Cover is a component within a Risk Protection Plan, an insurance policy which pays out a tax-free lump sum upon diagnosis of a serious illness.

Insurance companies differ as to what illnesses are covered and within those conditions, there are guidelines to say whether they partially or fully cover the illness. With Trauma Cover, there is no waiting period, however, if within the first three months of holding a Trauma insurance policy you develop such things as cancer, a heart condition or a stroke, you will not be able to claim immediately.

This is due to insurance company's reasoning that if you fall ill with a serious illness, you would most likely have experienced symptoms leading up to taking out the insurance. However, once the three month period has passed, you're able to claim on any of the illnesses stated in your Trauma policy.

The most common Trauma claims are:

- Serious Cancer
- Stroke
- Heart Attack
- By-pass surgery

Other conditions which are sometimes covered are:

- Angioplasty
- Aortic Valve Replacement
- Blindness
- Cardiomyopathy
- Chronic Kidney Failure
- Chronic Liver Disease
- Chronic Lung Disease
- Coma
- Dementia or Alzheimer's
- Loss of Hearing
- Loss of Limbs
- Major Head Trauma
- Mitral Valve Replacement
- Motor Neurone Disease
- Multiple Sclerosis
- Parkinson's Disease
- Severe Burns
- Paraplegia etc

Some companies' Trauma policies may cover 40 conditions.

FIXED INTEREST

Grosvenor Income Securities Portfolio (PIE) *

Current call rate is 3.50% pa

Current 3 & 6 and 12 month rate for the families is 3.75% pa

Current two year rate is 4.00% pa

* Ask for an investment statement

Our disclosure statement is available on request and free of charge

Candidate A: Franklin Roosevelt
Candidate B: Winston Churchill
Candidate C: Adolph Hitler

And by the way, on your answer to the abortion question:

If you said YES, you just killed Beethoven.

Pretty interesting isn't it?

Makes a person think before judging someone.

Remember:

*Amateurs built the Ark.
Professionals built the Titanic.*

Spotlight on KiwiSaver Diversified Portfolios **The Grosvenor 'High Growth' KiwiSaver Fund**

Recommended Minimum Investment Period: 10 years

Range of Expected Gross Returns in any one year (after fees): -22% to 40%

Range of Expected Net Returns in any rolling ten year period (after tax & fees): -1%pa to 16%pa

Expected Long Term Return Forecast per annum (after tax and fees)

With a PIR of 17.5%: 8.2% pa

With a PIR of 28%: 7.7% pa

Information supplied by Grosvenor Investment Services. All portfolios are market-linked and no future returns are guaranteed. The ranges have been calculated using 2.5 standard deviations of return volatility. Statistically, this means that actual return outcomes are expected to fall within these ranges with 99% confidence. Put another way, actual return outcomes would be expected to fall outside these ranges in only one year out of every 100 years.

TEAM NEWS

Cadi Piggott has joined the team as Ian Jordan's Personal Assistant. In her spare time she loves walking, fishing, skiing and fixing up cars.

Ian has been back to the UK twice in the past few months. Chris MacKay is back from a conference in Cuba & Mexico.



Chris MacKay

AFA, BCA, CFP^{CM}, CLU, Fellow IFA, JP, FNZFAA

Investments, Insurance & KiwiSaver



Ian Jordan

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Adviser disclosure statements are available free & on demand.