

SPRING 2013

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How much is enough?

According to a recent research project commissioned by the Financial Services Council through Massey University, New Zealanders are underinsured by \$650 billion!

This research clearly demonstrates the disturbingly low levels of cover, awareness and understanding among New Zealanders when it comes to life insurance.

Why are New Zealanders underinsured?

The research identified some key reasons why New Zealanders are underinsured. Here we address some misconceptions and separate fact from fiction.

"It's too expensive"

People often fail to see the value for money of insurance cover because they are paying for an intangible and uncertain future benefit.

When you've got so many things to spend your money on, insurance may seem like an unnecessary luxury. But think about some of the costs associated with sickness and injury—like hospital and medical costs. Then think of the lost income that could also result from months, or even years, out of the workforce. It helps put the cost of insurance in perspective.

"It won't happen to me"

Lack of insurance often stems from the overwhelming optimism Kiwis have about the likelihood of bad things happening, be they health setbacks or significant financial problems.

Everybody knows someone who's experienced a serious illness or accident. You know it happens. And it can happen at any age.

We grow our business by referrals, so please don't keep us a secret! If any family members, friends, colleagues or clients would benefit from talking to one of our Advisers about their financial planning and insurance protection needs, then please contact us—we welcome referrals from you.

After all sick leave and annual leave have run out, it would take only one month for 55% of Kiwi households to be unable to pay all their expenses and maintain their lifestyle. Are you one of these households? Let's investigate the issue of underinsurance in NZ to see whether you have the protection you need.

"Insurance companies are the bad guys"

Many people are skeptical that the end benefit will actually be paid, some citing the reputation of insurance companies for hiding behind obscure definitions and exclusions.

First and foremost, insurance companies are in the business of paying claims and are committed to doing what's right for their customers, which means they look for ways to pay claims—not how to get out of paying claims.



"I'll be covered some other way"

The possibility of financial assistance from the Government and reliance on the public health system is another reason why people think they don't need insurance.

While some level of assistance is sometimes available, it is often insufficient to cover the associated costs. For example, ACC pays for accidents only, not illness, so patients can find themselves on a waiting list for several months, or even years, for non-urgent or elective surgery.

PLEASE DO KEEP US IN THE LOOP !

We do like to know any changes to your contact details, occupation or change of work, marital status or new additions to your family, your new tax rate or if your financial circumstances change substantially.

These things may affect your insurance, your Will, your Family Trust or perhaps your tax rate for KiwiSaver and other PIE investments.

It's in your interest that we know, so please do let us know !

I don't know the key to success, but the key to failure is trying to please everybody.

-Bill Cosby

If you were a smoker when you took out your insurance and haven't smoked in the last 12 months, it may be possible to get your premiums reduced. If this sounds like you, contact us and perhaps we can save you a few dollars !



You're no longer able to withdraw your KiwiSaver funds early if you've moved to Australia permanently. This change came into effect on 1 July 2013.

The NZ and Australian Governments have an agreement that makes KiwiSaver accounts and compulsory Australian pension schemes portable across the Tasman. This allows people who have retirement savings in both Australia and NZ to combine their savings into one account in their current country of residence.

If you're moving to a country other than Australia, you can still apply to withdraw your KiwiSaver funds after one year.

To read more about KiwiSaver and moving overseas, go to www.kiwisaver.govt.nz (keyword: moving). If you want to bring your Aussie Super back to New Zealand, give your CMFP Adviser a call.

TEAM NEWS

In August we said “Bon Voyage” to James Twigden, who departed for Australia on his big OE. We’ll all miss him and we wish him all the very best for his forthcoming adventures in the Land of Oz.

Maria Biedermann has joined our team as Client Services Administrator and we welcome her into her new role. Maria has three primary school aged children and recently completed a National Certificate in Advanced Business Administration prior to returning back into the workforce.



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“I’ve been charged with murder for killing a man with sandpaper. To be honest, I only intended to rough him up a bit”. —Anon

“Money can’t buy friends, but it can get you a better class of enemy.”

- Spike Milligan

“There are worse things in life than death—have you ever spent an evening in the company of an insurance salesman?” [Actually, from experience, some of them are great fun—Ed]

- Woody Allen

“I detest life insurance agents; they argue that I shall some day die, which is not so.”

- Stephen Leacock, late Canadian Economist

“Money can’t buy happiness, but neither can poverty.”

- Anon

How do you know if you have the protection you need?

These days it’s important to consider a combination of Life and Living insurances to ensure you are protected against any of life’s challenges that may come your way. The aim is to find a good balance between cost and cover, so it’s affordable and meets your specific needs—your Adviser can help you to achieve the right balance.

Ask yourself	Things to think about	The facts
If I was to die, would my family have enough money to support themselves for a period of time?	Life cover provides a lump sum in the event of death or terminal illness. It could be used to repay debt, replace lost income or to become mortgage free.	One in eight males and one in twelve females over the age of 30 will die before they reach 65.
If an illness or injury meant I was unable to work for a few months, do I have enough savings to pay for my day-to-day expenses—power, food, mortgage etc?	Income Protection cover provides a monthly payment so you can continue to meet your financial commitments.	Over the past five years, one in seven households has experienced a serious illness resulting in an inability to work for three months or more.
If I was diagnosed with a serious illness, would I have enough money to support my family while I receive treatment and recover?	Trauma cover provides a lump-sum payment if you experience a serious medical condition. You can use this to replace a lost income, or pay for medical treatment or any additional help you may need—it’s up to you.	Two out of five males and one out of four females over the age of 30 will suffer a critical illness before they reach 65.
If an illness or injury meant I could never work again, would my family suffer financial hardship?	Total & Permanent Disablement cover provides a lump-sum payment in the event you become completely disabled. It will give you the financial freedom to make your own decisions, whether it’s seeking alternative treatment, replacing a lost income or paying for medical costs.	Only 20% of households would cope for more than 12 months with paying their household expenses and maintaining their lifestyle if a serious illness meant the primary earner was unable to work.
If I get sick, am I prepared to join the public hospital waiting list or could I afford to pay for private treatment?	Major Medical or Surgery Only cover provides for the reimbursement of major medical expenses and allows you to gain immediate access to the best care available.	Many private hospital treatments can cost upwards of \$20,000 (eg. radiation therapy, one course treatment \$15,000—\$27,000, total hip replacement \$18,000—\$22,000).
Business owners—what would happen to my business if illness or injury meant I was unable to work? What if it was one of my business partners?	Business Assurance can provide a contingency plan for your business—keeping it healthy should you or one of your key people become sick, disabled or die.	Ill health and lack of health insurance is one of the four main causes of people going bankrupt.

Don’t cancel your policy !

Insurer, Asteron Life, says analysis of its experience with policyholders shows that high premiums are prompting their customers to cancel their Income Protection insurance just before they reach the age when they most need it and are most likely to make a claim. It said the average age of a policyholder who cancels Income Protection insurance is 46, and the average age of those making a claim is 47. There is a similar pattern for Trauma insurance—the average age of cancellation is 47 and the average claim age is 51. Asteron Life Managing Director, David Carter said most people cancelled when premiums became too high. Because premiums are based on the likelihood of making a claim, the older policyholders get, the more they have to pay, meaning that for many, the insurance is affordable during the years when a claim is most unlikely. Carter said: “We see the biggest premium increase in our 40’s and early 50’s, right when we are statistically most likely to need to claim on our insurance”.

“I’ve often said, the only thing standing between me and greatness is me”.

- Woody Allen

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