

Mackay

ON MONEY

BY AUTHORISED FINANCIAL ADVISER CHRIS MACKAY

This article is about rip-offs and things that just aren't right. If I were King I'd institute a few changes.

Before Christmas I accepted a takeover offer to buy some Aussie shares I owned. It wasn't done through my normal share broking arrangement, but instead I got an Australian dollar cheque from the Share Registry people over the ditch. They wouldn't or couldn't do a direct credit into my NZ bank account.

It was a reasonable amount so I thought I should just check with my buddies at the ANZ what sort of fee they would slice off in the currency exchange. The answer to that was somewhat ambiguous but the real rip was this. If I deposited the cheque, because of its size, it would take up to six weeks to clear. How long? Yes up to 30 working days. What interest would I get while the slacko Tasman bankers were doing their thing

or not doing their thing at all? No interest sorry Chris and I think the exchange rate would be the one on the day the cheque finally cleared. If you've been following the NZ versus Aussie dollar – we're going up – which means any Australian based dollars aren't worth as much when converted to Kiwi dollars. I was losing interest in this potential transaction in more ways than one! Needless to say (modestly I might add) the on-the-ball financial adviser that I am, I managed a sensible solution without involving my "mates" at the ANZ.

Once a month or a quarter, our firm receives a small brokerage cheque, usually under AUD\$20 from an Australian fund manager. They also won't direct credit it to a NZ bank account. Apparently these small amounts don't take weeks to clear. So far, so good. However, the bank will charge \$15 or \$20 per cheque to process them. So out of the deal, we get precisely ... nothing. I've asked the Aussie guys to only pay us once a year, but that's too hard for them. I've also suggested they simply pay it to some charity in Oz, but for some reason they won't do that either. So we now have a file with a whole lot of un-presented cheques in it. Maybe we'll frame them sometime.

Talking of cheques, I know it's unfashionable, but I still pay a few bills via cheque. I really get brassed off when I'm told to add on 50 cents to the amount to cover the cost of presenting the cheque to whomever I'm paying. Isn't this simply part of the cost of doing business? Why not add on a proportion of their rates, electricity and rent bill too? But if I pay by credit card, retailers lose three per cent or whatever to the bank and they don't bat an eye.

Having said this, I've stayed in the odd hotel recently which now rips you for an extra two per cent if you pay by credit

card. This really annoys me. The last time was when staying at the Langham, I'm told one of Auckland's top hotels and just after Mrs Mac had informed the cashier lady the previous night she had seen a huge cockroach scuttle across the bathroom floor and down the ventilation grill! The checkout bird apologised profusely but went on to say the bill was plus two per cent if I paid by credit card. What a rip!

The Westpac Stadium has been fantastic for Wellington. It's situated perfectly to service the Wellington suburbs, Lower and Upper Hutt and Porirua. So much better than getting to and from Athletic Park. But why those Wellingtonians ever built that new ASB Sports Centre in Kilbirnie rather than near the Stadium gets me. Talk about inaccessible. Anyway, despite having this Stadium gem available for all sorts of sporting and other events, the bods who run it seem hell bent on ripping their loyal customers who want to have some drink and tucker. I'm fortunate I can afford a night out at the Stadium but for the average mums and dads and three kids – forget it if they are going to have something to eat and drink. That's a rip.

I'm not a gambler. Avoided Great Grandpa Alex Williamson's bad gene thankfully, but I do buy the odd Lotto ticket. But I don't know why. "The odds of winning Lotto first division are 1 in 3.8 million" according to Rebecca Stevenson in the Dominion Post of 18 January 2014. "Throw in Powerball and the odds increase to 1 in 28 million". Personally, I would rather Lotto have more smaller prizes than those huge \$10 million jobbies. While our firm can help those lucky punters invest the winnings, I think it would be preferable if Lotto shared it around a bit more. I would change this if I were King.



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Here's a seriously large rip affecting all Kiwis. Mike O'Donnell's column in the same edition of the Dom Post as above told us "Together Google, Facebook and Apple made an estimated \$750 million out of New Zealanders in the last tax year but paid less than \$3 million in tax – that works out to a tax rate of 0.4 per cent. On the other hand the New Zealand company tax rate is 28 per cent". The Government and the IRD are addressing these issues and good on them.

Folks, here's something that just isn't quite right. Another article in the Dom Post on 22 January 2014. Gareth Hutchens wrote "Eighty five people control the same amount of wealth as [the bottom] half of the world's population. That is 85 people [control \$1.7 trillion in wealth] compared with 3.5 billion [people]". I reckon those statistics don't make good reading. It's very wrong.

What he didn't say was these people and other rich dudes haven't got to where they are financially by putting their dough in the bank at three per cent. They own companies and shares in companies which in turn make money selling their goods and services and charging rent. The share market value of the top 1,500 companies in the world went up for example by about 30 per cent for the year ended 31 December 2013. That is seriously good. This is in contrast to the Official Cash Rates (OCRs) or equivalents around the world. NZ's and Australia's are 2.50 per cent, USA and the European Central Bank are 0.25 per cent, UK is 0.50 per cent, and Japan's is 0.10 per cent. This doesn't get smart investors very excited.

Last year an old mate down on his luck asked me to redeem a watch he had pawned at Cash Converters. I wasn't aware of these financial arrangements until then but this is what happens. If someone wants an instant "loan" these guys will advance some money on the security of the item, in this case an expensive watch. They lent \$200 and held on to the watch. If you redeem the watch any time within one month, the amount to repay is \$260. That is \$60 interest or 30 per cent per month. It works out to be more than this, but in simple terms, the annual interest is 360 per cent or 12 times 30 per cent. If you miss redeeming it by even one day, a full lot of interest of \$60 is charged for the next month meaning it costs \$320 to get your bling back. I can't remember the details, but after so many months, the lender can sell the item to recover its principal and

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interest. Now, I don't know about you dear reader, but paying 360 per cent annual interest seems a bit on the nose and in fact even 30 per cent over a full year, let alone one month for a secured loan could be considered pretty rich too. Most believe that even paying only 19 per cent p.a. to the bank for credit card loans is a big rip when they only give you a few per cent on savings. What sort of margin or effective bank fee is that? About 16 per cent. Not bad eh?

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These payday loans that have hit the news make bad reading too. Borrow \$20 on Monday and pay back \$25 on Friday. This is not good. Get your kids saving some part of each dollar they earn, and yes putting it in a bank savings account is a good idea. Don't spend all you earn. Borrowing money to live from one week to the next is a seriously bad idea. Remember the fictional character Wilkins Micawber from Charles Dickens' 1850 novel *David Copperfield*? The Micawber Principle is "Annual income 20 pounds, annual expenditure 19 pounds and six, result happiness. Annual income 20 pounds, annual expenditure 20 pounds nought and six, result misery."

I have a mate in Queensland who used to talk about an old family friend. What Tommo used to do in the 70s was to lend local Ipswich bods a hundred bucks to buy a suit or pair of shoes. They would pay it back at \$2.50 per week over a year. Fair enough you may well say. That's reasonable. Well my trusty financial calculator tells me this works out to be just over 54 per cent p.a. interest. Nice work if you can get it. Tommo died a very rich man.

Over the holiday break we came down from Waikanae back to Wellington via MacKay's crossing – correctly spelt incidentally "MacKay" contrary to the Dom Post's failed campaign to rename it – and ended up crawling along in a traffic jam for 20 minutes back from where the road merges into one lane. How come idiots in cars cannot simply do as they are requested and "merge like a zip"? If everyone followed the rules, the traffic would keep moving albeit at just under half the previous speed and we would all be happy. An efficient King would sort this out.

And along the same vein, if my mate Steve were advising me as King, he'd have any driver who hogs the right-hand lane and doesn't keep left, publicly flogged and their car trampled underfoot personally by Crusher Collins. Very scary mind picture and one you shouldn't dwell on.

So if I were King, I'd be sorting a few things out. I'm not holding my breath though and neither should you!

[Mind you, my 22nd Great Grandfather was Robert the Bruce, King of Scotland from 1306 to 1329 so you never know – the call up could come!]

These are generalised comments only and should not be taken as personalised advice. Disclosure Statements are available on request and free of charge.



There's no place like Lower Hutt in summer. We're spoiled for choices when it comes to getting out enjoying the sun with regional parks, swimming holes, and beaches all on our back doorstep enticing us to make the most of the summer months.

To help you explore some of the natural wonderments of Lower Hutt, and beyond, Greater Wellington Regional Council is again running its Great Outdoors Summer Events Programme, with more than 50 events on offer.

Many of these events are happening right here in our very own Belmont and East Harbour regional parks and around the Hutt River. Popular events include a look at Lower Hutt's WWII history on the Old Coach Road History Trail walk, magnificent views over Wellington Harbour on the Lighthouse and Lakes walk, and Bike the Trail - a fun family bike ride along the Hutt River Trail.

New to the events calendar this year is geocaching along the Hutt River. For those of you who haven't heard of geocaching, it is a modern day orienteering where GPS units are used to find locations along the river to uncover clues and answer a riddle.

For many of us our summer holidays are becoming a distant memory as we settle back into the routines of work. However getting out and about with family and friends in some of the region's most beautiful natural settings is a great way to have a mini-holiday.

The regional council is also back to work with our first council meeting for 2014 taking place this month. We are gearing up for a busy year in 2014 as we settle into a new three year term as a council and work to build on the successes of the last triennium.

GET OUT THERE AND ENJOY LOWER HUTT'S MANY NATURAL WONDERMENTS

BY PRUE LAMASON

Last year saw the completion of the Boulcott Stopbank work and this year we will continue planning the next major section of flood protection stopbank through to the Hutt City Centre, which will boost the resilience of the CBD to a one in 440 year flood.

This year will also see significant environmental work being carried out in Lower Hutt, including the establishment of a Whaitua Committee for the Hutt and Wellington to collaborate on land and water management recommendations and inform the Greater Wellington Regional Plan in relation to the Hutt and Wellington catchments.

This will give the community greater input into cleaning up and maintaining the waterways and natural resources we are lucky to have in our backyard of Lower Hutt. Nominations for placements on the Whaitua Committee will be called for later this year and I encourage anyone with a passion for our natural environment to put their hands up and get involved.

By working together we can ensure a bright future for Lower Hutt and protect the many natural attractions that make it such a great place to live. I look forward to working with you all in the coming year and would like to wish everyone a happy and prosperous 2014.

For more information on the Great Outdoors Summer Events programme and to book in for an event visit <http://www.gw.govt.nz/summerevents>

*Prue Lamason represents the Lower Hutt constituency on the Greater Wellington Regional Council. She also chairs the regional council's Hutt Valley Flood Management Subcommittee and is Chair of Greater Wellington's Holding Company.
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