



### FIVE REASONS WHY YOU NEED A CURRENT WILL

Many New Zealanders still do not have a Will or have a Will that is very out of date. Here are five reasons why it is important to have a Will that is current:

1. **Circumstances can change**—you should be looking to update your Will whenever your circumstances change. For example, if you get married, separate or enter into a new de-facto relationship, obtain an expensive asset such as a house, have children, or if a person you have appointed as Executor passes away. All of these factors can have an impact on your Will.
2. **To ensure your estate is left to the person(s) you want**—a common misconception is that if someone dies intestate (without a Will) then their Estate will just be transferred entirely to their spouse/partner. This is not the case. The Estate will be distributed in accordance with a set formula outlined in the New Zealand Administration Act. You also need a Will if you want to leave any specific gifts.
3. **Providing testamentary guardians for your children**—your Will allows you to appoint a Testamentary Guardian for your children. A Testamentary Guardian must be appointed for children who are under the age of 16. Whilst Testamentary Guardians do not automatically get day to day care of your children, they are involved in important decisions regarding your children and their upbringing.

4. **Giving someone a life interest in your property**—this will be best illustrated using an example: Pete and Janine are in a de facto relationship and have children from previous marriages. Pete and Janine own their own home as tenants in common and have left their respective shares to their children in their Wills. Tragically, Pete is killed in a car crash and Pete’s children inherit his share of the property. Pete’s children insist that the property is sold and the cash divided among them. Janine is then left with her share of the sale proceeds but she cannot afford to buy another property. To prevent this happening, Pete and Janine should have included in their Wills a clause giving each other a life interest in their share of the property. A life interest gives that person the right to reside in the property until they die or enter into another relationship.
5. **Less paperwork, time and cost**—If you die intestate, it makes it very difficult for those who are left behind to administer your Estate. Estates can be administered without a Will but orders must be obtained from the Court in relation to who can administer the Estate and if no agreement is reached between family members, orders outlining who is entitled to what from the Estate. The Court process is not quick and legal costs will also mount up.

The above illustrates that not having a Will, or not keeping it updated can cause serious issues for your loved ones after you pass.

—Sourced from Freya Boyd, Collins & May Law

“I thought being President would be easier than my old life.” —Donald Trump

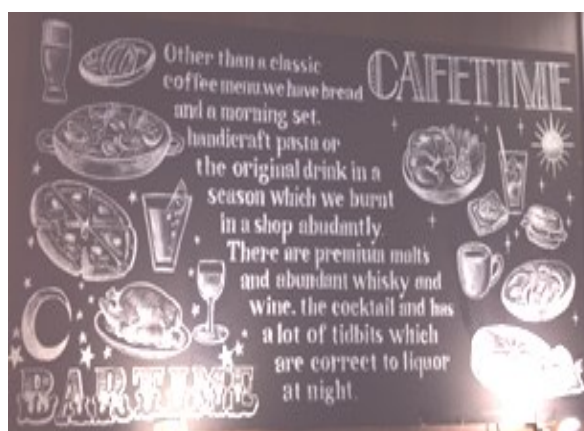
### GLOSSARY OF INVESTMENT TERMS

Investment Term	Meaning
Balanced Fund	A managed fund that is diversified across multiple asset classes and has a balanced weighting to both growth and income assets (typically between 40%-60% growth assets).
Basis Point	One-hundredth of one percent, or 0.01%. For example, 20 basis points equals 0.20%. Fees and interest rates are often express in basis points.
Benchmark	A standard against which an investment’s performance can be compared, often an index of securities in the same asset class as the investment.
Beta	An expression of how volatile an investment is compared to the overall market. A beta of 1 means the value of the investment moves in-line with the market, a beta of less than 1 means the investment is more volatile than the market, and more than 1 means it is less volatile than the market.
Bond	The debt instrument (or ‘IOU’) of a company or government entity that promises to pay the investor a specified amount of interest for a specified time period, with principal to be repaid when the bond matures.
Bond Rating	A rating or grade that is intended to indicate the credit quality of a bond, considering the financial strength of its issue and the likelihood that it will repay the debt. Agencies such as Standard & Poor’s, Moody’s Investors Service, and Fitch issue ratings for different bonds, ranging from AAA (highly unlikely to default) to B (a 1 in 5 probability of default over five years) to D (in default).
Broker	A person who acts as an intermediary between the buyer and seller of a security, insurance product, or mutual fund, often paid by commission. The terms broker, broker/dealer, and dealer are sometimes used interchangeably.

### Is it review time again?

If you would like a financial review of your insurance policies, your retirement plans, your investments or your KiwiSaver plan, please call your Financial Adviser here, at MacKay Financial Advice & Solutions.

“I only have clubs, spades and diamonds”.  
—said Tom heartlessly



When Chris MacKay was in Tokyo recently, this was on the wall of a bar. This is what it says ...

Other than a classic coffee menu we have bread and a morning set, handcraft pasta or the original drink in a season which we burnt in a shop abundantly. There are premium malts and abundant whisky and wine, the cocktail and has a lot of tidbits which are correct to liquor at night.

If you steal someone’s coffee, is it a mugging?

Money can buy you a fine dog, but only love can make him wag his tail.  
—Kinky Friedman

## INVESTING 101—DOLLAR COST AVERAGING

One of the benefits of making regular contributions into your KiwiSaver account is that you get to take advantage of dollar cost averaging (DCA).

DCA involves buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. As a result, more shares or units are purchased when prices are low, and fewer are bought when prices are high. DCA can minimise the risks associated with

market psychology—including market-timing and panic buying or selling. For example, all KiwiSaver members that made regular contributions into their accounts throughout the GFC were buying shares at great prices that have increased in value dramatically (as a whole) since. It is unlikely many of these members would have made equity investments outside of KiwiSaver at the time given the fear in the market and alarmist headlines that were prevalent at the time.

## MILFORD IN THE GUN ... NOT ONE OF OUR PREFERRED PROVIDERS ...

Mr Mark Warminger has withdrawn his appeal against the High Court judgment in the Financial Markets Authority v Warminger and as a result the FMA has withdrawn its cross-appeal. The judgement from March 2017 and penalty decision from June 2017 stand and this brings these civil proceedings to a close.

In the High Court Venning J found that in relation to two of the causes of action, Mr Warminger had committed market manipulation. The court found he had engaged in conduct which had, or was likely to have had, the effect of causing the creation of a false or misleading appearance, relating to the extent of active trading in the relevant securities or the supply of, demand for, price for trading in, or value of those securities.

The High Court ordered that Mr Warminger pay a penalty of \$400,000 for these breaches of the Securities Markets Act 1988. The penalty imposed will go towards the FMA's costs.

As result of the finding, an automatic five year management ban applies to Mr Warminger. The penalty judgement notes, "The Court has found it was deliberate conduct by a very experienced market trader in an attempt to take advantage of parties on the other side of the transaction."

Rob Everett, FMA Chief Executive, said "this result demonstrates there are serious consequences for this type of misconduct. Market participants and the public want to know that the law is being upheld, & where there are instances of market manipulation and misconduct, those responsible will be held to account. We are satisfied that our regulatory objectives have been achieved in taking these proceedings.

Maintaining and promoting the integrity of New Zealand's financial markets is a core part of our mandate and we will continue to respond

vigorously where we see misconduct."

On 18 June 2015, the FMA announced an agreement with Milford Asset Management arising from this trading conduct. Milford and its board accepted responsibility for inadequate oversight and control of the trading conduct, and the failure to identify and monitor the activity, or to assess whether the activity was appropriate.

Following completion of the FMA investigation into the trading conduct, Milford made a payment in lieu of a penalty, of \$1,100,000 and contributed \$400,000 to the FMA's cost of the investigation. It has completed implementing changes to its trading systems and controls recommended in an external review by PwC.

The legal proceedings relating to these matters are now complete. The

FMA will continue to engage with market participants about the market conduct issues that arose in this case and the lessons that can be taken from it. —Sourced from FMA

### TEAM NEWS

Congratulations to George MacKay (dad) and Chris (grandfather) on the safe arrival of Charlotte MacKay on 25 July.

Congratulations also to Chrissy Williams on becoming a grandmother for the second time to Cohen.



#### Chris MacKay

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Investments, Insurance & KiwiSaver



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George MacKay  
Registered Financial Adviser

Insurance & KiwiSaver 'Class' Advice

"The lack of money is the root of all evil."

—Mark Twain

### Vodafone Announcement

We feel it is important to ensure that you're aware of the announcement made by Vodafone recently, informing their customers they would be shutting down about a quarter of a million email accounts.

The addresses affected are [vodafone.net.nz](http://vodafone.net.nz), [clear.net.nz](http://clear.net.nz) and [paradise.net.nz](http://paradise.net.nz).

The accounts closed on 30 November 2017.

Here at MacKays, email is an important means of communication with our many clients. If you're affected by this announcement, please **remember to update us on your new email address when you've got this organised**, and that way you won't miss out on any important information from us.

Contact Vodafone directly for more information.

### 10 Real Words That You Will Probably Never Use\*

**Floccinaucinihilipilification** (n.): the act of estimating something to be worthless

**Erinaceous** (adj.): of, pertaining to, or resembling a hedgehog

**Nudiustertian** (adj.): pertaining to the day before yesterday

**Tyrotaxism** (n.): to be poisoned by cheese

**Qualtagh** (n.): the first person one encounters after leaving one's home

**Tarantism** (n.): an illness characterized by the sudden urge to dance

**Xylopolist** (n.): someone who sells wood

**Aglet** (n.): the plastic coating at the end of a shoelace

**Jumentous** (adj.): smelling strongly of horse urine

**Jentacular** (adj.): pertaining to breakfast

### Idioms

#### 'Feeling blue'

If you are sad and describe yourself as 'feeling blue' you are using a phrase coined from a custom among many old sailing ships. If the ship lost the captain or any of the officers during its voyage, she would fly blue flags and have a blue band painted along her entire hull when returning to home port.

Oh so blue...



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