

DecidingFactors

Q4/09

Help or hindrance?

By now everyone would have either seen on TV or read in the newspaper about the Consumer magazine carrying out a mystery shopping survey of financial advisers. The outcome was the statement by Consumer that "The standard of advice and analysis we discovered was scandalously poor". This is not the sort of thing we as financial advisers want to hear about our fellow advisers, but to be honest it comes as no complete surprise. So how do you know that your DecisionMakers financial adviser would be classified as an "Adviser Hero" as Consumer refers to the three advisers who provided plans that were rated good? Using the Consumer's rating criteria under 7 tips for getting good advice, this is how DecisionMakers (in italics) stands up:

1. Get prepared by doing some research first, e.g. Retirement Commission, Sorted website www.sorted.org.nz.

DecisionMakers encourage all their clients to learn as much as they can about investing so they can "Make better financial decisions"

2. Think carefully about the areas you need advice on and check the adviser will provide advice on these.

DecisionMakers advisers are all suitably qualified and have significant experience. They use the latest research and as members of the Institute of Financial Advisers, complete at least 30 hours continuing education per year.

3. Only use an adviser who relies on payment by the hour (or payment that's a percentage of your investment)

DecisionMakers advisers are fee based and therefore rebate all commissions and trails to the clients. All fees are fully disclosed in

our Disclosure Statement and Contract of Engagement.

4. Before agreeing to pay for financial advice, check that you'll receive a written report – and ask for a sample plan.

DecisionMakers advisers do not provide oral advice and therefore all recommendations will be written. We are preparing an introductory booklet on what you should expect to receive from your financial plan.

5. Look through the sample plan carefully. Does it clearly review the client's current strategy, compare different options, give clear recommendations etc.

DecisionMakers is confident that we will satisfy all these requirements in a clear and concise manner so that the client fully understands their options.

6. Financial advice can be clearly explained. ***This is part of DecisionMakers's vision to help empower people to make better financial decisions and therefore we encourage our clients to gain sufficient financial knowledge.***

7. Before acting on a financial plan you've bought check it against the criteria recommended in point 5 above.

DecisionMakers gives a "Money Back Guarantee" for our plans because we are that confident that we can not only meet your expectations, but exceed them!

Finally, while the negative publicity that the Consumer article gives financial advisers is surely a "Hindrance" to our profession, the opportunity to respond and to highlight the good aspects of what financial advisers and certainly a DecisionMakers financial adviser provides is certainly a "Help".



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WE WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK YOU, OUR VALUED CLIENT, FOR YOUR SUPPORT AND BUSINESS OVER THE PAST 12 MONTHS AND WISH YOU AND YOUR FAMILY A SAFE AND PROSPEROUS FESTIVE SEASON. WE LOOK FORWARD TO CONTACT WITH YOU AGAIN IN THE NEW YEAR.



DecisionMakers

The best financial decision you'll ever make



Ten lessons I have learnt in life

1. If you lend someone \$20 and never see that person again, then it was probably worth it.
2. Trust everybody, but still cut the cards.
3. The world is full of willing people – some willing to work and the rest willing to let them work.
4. The best time to plant a tree was 20 years ago and the second best time is now.
5. Some people drink from the fountain of knowledge, but others only gargle.
6. Never argue with an idiot – they drag you down to their level – then they beat you with experience.
7. Many a wise word is spoken through false teeth.
8. If your parents did not have any children, the chances are that you won't either.
9. If you like your passport photo, you probably need the trip.
10. Trust is the single most important factor in personal and business relationships.

Extracts from a speech by P S Alexander delivered at Grasslands Society of Southern Australia's 50th Annual Conference, August 2009.

life's tip #1

"Christmas is a time when kids tell Santa what they want and adults pay for it. Deficits are when adults tell the government what they want – and their kids pay for it." – Richard Lamm

15 tips for a pocket-friendly CHRISTMAS

The following 15 pocket-friendly tips are designed to make your Christmas holidays (and the months after) merrier.

1. **Set a budget.** Before going to the malls and shopping districts, sit down and determine how much money you can afford to spend.
2. **Make a gift list.** Create three lists: family, friends and work contacts. See which ones you would like to give a gift to, and which ones can benefit from a simple yet sincere Christmas card.
3. **Determine an amount for gifts.** From your budget, set aside a total amount for gifts. Don't go overboard.
4. **Set aside money for celebration.** Exchange gifts, potluck parties, New Years events have to be budgeted for too.
5. **Consider giving group gifts.** Instead of giving small gifts to your work colleagues, give them all a single gift they can all enjoy. For instance, a large box of chocolates always goes down well in the office.
6. **Go homemade.** Give gifts a personal touch by making them yourself. You can do scrapbooks, photo mosaics, and other craft items. Or whip up something yummy in your kitchen, like cookies, scones or cakes.
7. **Try shopping online.** You will save time, effort, and parking fees if you do your shopping online.
8. **Hit the markets early.** Good unique finds that are affordable can be had at markets and car boot sales.
9. **Buy supplies in bulk.** Gift wrapping paper, scotch tape, ribbons, boxes, and gift cards can all be bought in bulk at one time. You'll get a better price too.
10. **Choose affordable party venues.**
11. **Look out for sales.**
12. **Pay your bills on time.** In the rush of the season, people tend to overlook their bills. Pay them on time to avoid interest charges and late payment fees.
13. **Keep it simple.** From gifts to celebrations, you don't have to overspend to impress. Think of your favourite items and consider buying the more affordable and unique items for your friends. For example, that fantastic kitchen accessory may be equally appreciated by someone you know.
14. **Give to others.** Reduce the number and/or worth of presents you give and donate a sum to those who cannot give back, such as people affected by the recent tsunami, children in orphanages, or senior citizens in homes for the aged. You will feel good for doing so and if you budget correctly, you can ensure that you end up spending less overall.
15. **Plan for next year's Christmas.** To avoid the financial stress, start saving for Christmas expenses in January. If you save a little amount every month for Christmas, you'll be stress-free next holiday season.



- The healing process has started, but some countries will recover faster than others
- The only person who pays when you overspend at Christmas, is you



8 REASONS WHY TRAVEL INSURANCE IS A MUST HAVE

As the recession takes its toll, more and more of us may be tempted to skim on travel insurance. Before doing so, take note of the following, which highlights just how much it could end up costing you by not having the appropriate cover in place:

1. Ensure you have sufficient cover for events that could happen. A burst appendix that requires an appendectomy could cost you up to \$50,000 in the USA.
2. Remember too, that should you also need help getting back to NZ following an accident, you could be looking at a massive bill for even a relatively minor problem. For example, once you take into account that something as straightforward as a broken leg could mean you need a first-class or business-class seat on a flight just so you have sufficient leg-room, it starts to become clear how quickly the costs of an accident abroad can mount up. Add in the pay and expenses if you require a qualified medical practitioner to escort you, and you begin to appreciate that travel insurance is very worthwhile, even for a straightforward case.
3. Spare some thought for the type of holiday you are going on and ensure that you will be covered for all the activities you intend to experience. For instance,

you may intend to do some diving, skiing or yachting. The more adventurous activities may not be included as standard cover.

4. Make sure that your insurer provides 24-hour assistance – you don't want to be laid up with a suspected broken leg listening to an answer phone telling you to call back during office hours.
5. Consider getting cancellation cover, so that if you have to cut your holiday short or cancel before you even set off, you can recoup your costs.
6. We all know that flights can be delayed, which can be a real issue, if you have a connecting flight to catch. Determine whether a policy covers flight delays and how important it is for you to have this cover.
7. Personal liability should be included in your policy too. This means that, should you damage anything or anyone while you are abroad, you are covered if they sue you.
8. For an extra fee most insurance policies will give you a level of baggage cover, which you can claim if your luggage or belongings are lost or stolen while you are abroad. But before you sign up for this, check your home contents insurance. It may be that the valuable bits you want to insure are already covered when they are out of your home.

Make sure you check the small print of a policy before you buy it as some of the cheaper ones may not provide enough cover and before heading to the airport, remember to pack a copy of your insurance documents and keep the emergency number handy. There's no point in buying insurance only to find you have no idea how to claim when you need to. Contact us for further information on travel insurance or for recommendations on the most appropriate cover for your needs.

life's tip #2

"Your mind will answer most questions if you learn to relax and wait for the answer." – William S. Burroughs



Miser's Final Wish

There was a man who had worked all of his life and had saved all of his money. He was a real miser when it came to his money. He loved money more than just about anything, and just before he died, he said to his wife, "Now listen, when I die, I want you to take all my money and place it in the casket with me. I want to take my money to the afterlife."

So he got his wife to promise him with all her heart that when he died, she would put all the money in the casket with him.

Well, one day he died. He was stretched out in the casket, the wife was sitting there in black next to her closest friend. When they finished the ceremony, just before the undertakers got ready to close the casket, the wife said: "Wait just a minute!" She walked over to the casket and placed a shoe box inside it.

Then the undertakers locked the casket down and rolled it away.

Her friend said, "I hope you weren't crazy enough to put all that money in the casket."

She said, "Yes, I promised him that I was going to put that money in that casket with him."

"You mean to tell me you put every cent of his money in the casket with him?"

"I sure did," said the wife. "I got it all together, put it into my account and I wrote him a cheque."

summing up

- A few minutes planning for bad luck will make your travel arrangements happier
- Don't forget to pack your insurance details in a safe place and have a copy if you lose them!



Making smarter decisions about property investment

Few could deny the fact that New Zealanders have a love affair with direct residential property investment. Thousands of New Zealanders have entered the market and many have had some outstanding success due to high tenancy rates and strong capital appreciation. Whether or not direct property investment is the right move for you is a complicated question, which ideally, we would like to discuss with you on an individual basis. Some of the factors you would need to weigh up include:

- Your current level of debt and financial assets
- Whether you have the time and money to put into managing a rental property
- Your goals and objectives

- How you would deal with a worst case scenario
- The current state of the market, interest rates, etc.

If, after you have been through that process and you decide you would like to enter the market, here are the top 15 tips to help you make a quality, property investment decision

1. Always buy quality (look at location, tenant and lease as the three key factors)
2. Buy for income, not capital gain (favour security over speculation)
3. Look more closely at other forms of property (e.g. commercial property is often more affordable than you think

- and can be less time consuming, with attractive yields)
4. Look for 'plums', e.g. unoccupied properties or dilapidated properties in good areas
5. Beware of lemons, e.g. specific use properties or offices which are not functional
6. Be patient – do your homework
7. Work hard to secure the best lease terms possible
8. Buy in the bust, sell in the boom (don't follow the herd!)
9. Increase value by making improvements and increasing rent
10. Remember that areas and properties change over time
11. Make your debt as tax efficient as possible
12. Be organised and compelling when approaching lenders
13. Claim as many costs as possible, but beware with depreciation
14. Manage the risks carefully
15. Don't forget about transaction costs

All of the above are important in their own right and we would be happy to discuss these further with you.



life's tip
#3

"A true friend is the greatest of all blessings, and that which we take the least care of all to acquire" – François de la Rochefoucauld

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