



Women's Financial Strategies
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Have you received your invitation to the launch of Sheryl's latest book 'Money, Money, Money Ain't it Funny' with introduction from Mike Yardley? The event is being held at Embellish on Wednesday the 18th of July. See page 3 for more information or call 0800 64 MONEY (0800 646 6639)

Client Newsletter



Sheryl Sutherland
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Author of Girls Just Want to Have Fund\$ and Money, Money, Money Ain't it Funny.

July 2007

DOCTOR EXTOLS VIRTUES OF FRENCH RED WINE

An Auckland doctor, Erica Lauder has found the elixir of life, or something close to it, in the foothills of the Pyrenees. Wines from the Madrian were reported to be unusually high in procyanidin, a substance which lowers blood pressure, prevents clotting and the blocking of arteries, and reduces cholesterol related hardening of the arteries. "Nowhere in the world, where populations have been given drugs, have they managed to achieve the low levels of heart disease as they do in the Madrian, where they just drink the wine...with a glass a day, after two weeks your cardiovascular system will be benefiting," Lauder said.

IGNORANCE OF MATH FACTOR IN FINANCIAL ILLITERACY

Psychologist: You are all very good players.
Team (in trancelike tones): We are all very good players.
Psychologist: You will beat Shelbyville!
Team: We will beat Shelbyville!
Psychologist: You will give 110%!
Team (still trancelike): That's impossible, no-one can give more than 100%. By definition that is the most anymore can give.
Excerpt from The Simpson's.

If you were watching this episode of the Simpson's would you have picked up on this? Ignorance about math is a strong factor in financial illiteracy. A recent survey published by the Retirement Commission and the ANZ bank revealed that two thirds—that is 66% of those surveyed did not understand how compound interest works. Here are some startling facts for you...

- ⇒ 49% would give dodgy investments a shot
- ⇒ 1 in 4 mortgage holders did not understand the term 'equity' and the same number did not understand that making fortnightly payments would pay their mortgage off faster and save interest.
- ⇒ Only 56% realised that internet banking is cheaper than branch banking and one third had no idea how to reduce fees.
- ⇒ 36% said friends were their main source of investment advice.
- ⇒ 54% thought fixed interest investments outperformed shares over the longer term.
- ⇒ 40% of women, as opposed to 33% of men had poor financial literacy.
- ⇒ **71% had no written plan.**

But; don't despair 83% felt confident managing their finances, 44% of investors read prospectuses, 94% had a good grasp of how credit cards work and 68% would use a windfall to pay down their mortgages. Check out these websites www.sorted.org.nz for a mortgage calculator, www.consumer.org.nz for a bank account comparison and by all means **contact me on 0800 64MONEY (0800 646 6639) or email sheryl@strategies.co.nz** for your financial plan.

OR: Buy Sheryl's new book ' Money, Money, Money Ain't it Funny' - available in all good bookstores or at her launch on the 18th of July. See page 3 for more information.

WHAT DOES A FINANCIAL PLANNER DO?

Good planners deliver outcomes, not complexity. Creating investment complexity in the name of choice gives choice a bad name. It blurs investment outcomes and alienates you from your commitment to invest and save,

We empower you by providing focused advice about the things you can control. Like 'How can I save for retirement, meet current expenses and pay university fees for two children?', "Can I afford to buy a new car for my partner?", or "Should I buy a rental property or invest in shares?" Financial planners add value in their ability to work through the outcomes of specific decisions.

We qualify and quantify choices and help you stick to your decisions. To do this requires skills such as gathering data, sensitive and active listening, and an empathetic approach to problem solving. And it requires an in-depth understanding of the options available.

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Women are now at the forefront in a "green roading revolution." Today's hybrid cars offer a way for the modern women driver to save money while making significant steps towards environmental conservation. As hybrid cars are driven and fuelled like other cars, owners need not make lifestyle changes to achieve these results.

"Economics is extremely useful as a form of employment for economists." John Kenneth Galbraith

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0800 64 MONEY
(0800 646 6639)

CONFUSED & CONCERNED ABOUT CURRENCY & INTEREST RATES? ULF SCHOEFISCH COMMENTS:

New Zealand's high dollar is causing great discomfort in the export sector and most forecasters do not expect much relief any time soon. This is based on the view that it will take until well into next year before the Reserve Bank of New Zealand (RBNZ) decides to lower interest rates. The overvalued exchange rate can be attributed entirely to New Zealand offering the highest interest rates in the developed world.

The bottom line is that Reserve Bank interest rate policy designed to cool domestic demand, is holding the kiwi up. With global rates comparatively low, particularly in Japan and Europe, there is considerable international interest to invest in New Zealand for short term. Overseas bond issues denominated in NZ dollars—so called uridashis and Eurobonds—have reached record highs. These transactions where money is borrowed in a low-interest economy and invested in New Zealand. Taking Japan as an example, the current yield differential is about 7% a year.

In the absence of other mechanisms the economy will therefore have to rely on market forces to get the dollar down. The key to this is a change in the RBNZ's aggressive policy stance. The bank's latest projections suggest that interest rates will not be lowered until the second half of 2008 and then only in a gradual way. The exchange rate is projected to follow a similar path. However, not too much should be read into that. The RBNZ has to pretend that rates will stay high for that long to prevent the market from factoring in an easing too early and thereby pushing mortgage rates down sooner than desired.

The real issue is therefore not what the RBNZ is now projecting, but how close the economy is to a turning point. The boom of late last year and early this year has faded. Consumer confidence has been falling, credit-card billings recorded a drop in April, car sales were weak, house sales had a 5% decline last month, net inward migration has reached a low point, inbound tourism recorded a decline, and business sentiment has deteriorated.

These data suggest that the economy is finally responding to the headwinds of extremely tight monetary conditions. If evidence of a renewed economic slowdown continues to mount, market sentiment will turn quickly. The expected timing of interest-rate reductions will be brought forward, causing carry trades to be unwound and new issues of overseas NZ dollar bonds to fall short of maturities. Nearly \$12 billion of those bonds will mature during the second half of this year alone. Just as ever more businesses and commentators seem to have resigned themselves to the view that the high NZ dollar will be with us for a considerable time, early indicators suggest that the long-overdue correction may not be that far off.

BRIDGECORP—FOR YOUR INFORMATION

WE HAVE NOT USED BRIDGECORP FINANCE IN ANY CLIENT PORTFOLIOS.

FINANCIAL ASSETS OUTPACING HOUSING

For the first time in more than six years, financial assets have grown faster than housing assets. During 2006, New Zealanders' housing assets increased by 10.4% while their financial assets increased by 10.6%, according to the latest *Spicers Household Savings Indicators*. During the year, financial net worth rose 11.1%, the strongest result in 13 years. However, in dollar terms, housing assets easily made the greatest contribution to gains in Kiwis' total net worth in 2006 (of the \$66.8 billion increase in total assets, housing assets accounted for \$52.4 billion of it).

The average net worth of New Zealand households rose by \$26,600 to \$352,200 over the year, while during the quarter it rose \$11,700 – the greatest quarterly increase since December 2003.

The other significant development during the quarter was that households deposited \$9.6 billion into bank deposits – the largest amount for any quarter ever recorded in the 16 years the Household Savings Indicators have been compiled.

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**CONTACT US FOR
A NO OBLIGATION
APPOINTMENT ON
0800 64 MONEY TO
DISCUSS YOUR
FINANCIAL LIFE.**

**WE ARE FIERCELY
INDEPENDENT
AND NOT
ALIGNED WITH
ANY INSTITUTION.**

**We can assist with:
RETIREMENT
INVESTMENTS
INSURANCE
KIWISAVER
MORTGAGES**

AUSSIE GIRLS TAKE CONTROL

International Research from Wizard Home Loans shows Australian women are more property-savvy than their counterparts in New Zealand, the UK and Canada. "Australia boasts the smallest percentage of women happy to stick with just one property, the UK 40%, Canada 35% and New Zealand 24%."

"Women are poised to dominate the property market as they invest more of their funds in this asset class." On a global front, women are more attracted to property than other assets:

- ⇒ 65% prefer property over superannuation, managed funds, shares and stock options.
- ⇒ 99% are not daunted by stocks, shares or managed funds.
- ⇒ 75% believe the property market will continue to experience strong growth and demand over the next 10 years.
- ⇒ Almost four-fifths of women bought their first property between the ages of 18 and 29, with the majority (72%) doing so with their partners.
- ⇒ 29% bought property because they had started a family, or wanted to, and needed a home.
- ⇒ 33% bought property because they were sick of paying someone else's mortgage.

INDIA NEGLECTS WOMEN'S POTENTIAL FOR LIFTING PROSPERITY

There are hundreds of millions of women workers in the informal job sector, the invisible heart of India's economy, who are denied access to official employment because of cultural and educational limitations.

Comparing India with Brazil, Russia and China—the other fast-developing nations—the report found that Indian women fared the worst on all counts. They have the lowest labour-force participation rate, the lowest share of parliamentarians, the lowest life expectancy, the lowest literacy rate, the lowest level of enrolment in tertiary education and the highest maternal mortality rate, "Addressing these problems will require significant investment and innovative policies," Sandra Lawson, the report's co-author, said. "Education is not the problem...the problem is there is no formal access to employment. The informal sector is abundant in India and women make up most of it. They are economically active, but their contribution is unaccounted for," Pratibha Pandya, a Sewa administrator, said.

A QUIET REVOLUTION IN ALGERIA: GAINS BY WOMEN

In this tradition-bound nation scarred by a brutal Islamist-led civil war that killed more than 100,000, a quiet revolution is under way: women are emerging as an economic and political force unheard of in the rest of the Arab world. Women make up 70 percent of Algeria's lawyers and 60 percent of its judges. Women dominate medicine. Increasingly, women contribute more to household income than men. Sixty percent of university students are women, university researchers say.

In a region where women have a decidedly low public profile, Algerian women are visible everywhere. They are starting to drive buses and taxicabs. They pump gas and wait on tables. Although men still hold formal power, and women make up only 20 percent of the work force, that is more than twice their share a generation ago, and they seem to be taking over the machinery of state as well. Researchers say the change is not driven by demographics; women make up only a bit more than half of the population. They said it is driven by desire and opportunity.

We invite you to attend the book launch for **Money, Money, Money, Ain't it Funny...How to Wire your Brain for Wealth by Sheryl Sutherland**

Date: **Wednesday the 18th of July**, Venue: **Embellish**, 154 High Street, Christchurch, Time: 6.00pm-7.30pm. Light Refreshments will be served.

Introduction by Mike Yardley, radio broadcaster, columnist and television host. **Please RSVP by calling 0800 64 MONEY (0800 646 6639)** or email tamyra@strategies.co.nz.

Proceeds from book sales on the night go to the Waipuna Trust.



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HEALTH INSURANCE A MATTER OF LIFE AND DEATH

Some dates are memorable; weddings, the birth of children, and diagnosis of cancer. The latter is a life-changing event. One day we are "normal" relatively healthy people and the next we have been given a potential death sentence. I was no different from every other person with cancer. We celebrated my mother's life at her funeral on November 20 last year. Two weeks later I was driving up the West Coast of the South Island after a short break down south with my husband, Richard. We were talking about serious things like business planning, extending the house and buying new furniture.

I had a full mastectomy on December 13 and on January 26 I started my first round of chemotherapy. That's all rather matter of fact, isn't it? The reality is highly emotional. Major issues for everyone diagnosed with cancer are: "If our income stops how do we make ends meet? How do we pay the mortgage?", and in our case: "How do we run the business if the chief isn't around?"

Banks don't care if you have cancer, have had a stroke, or suffer a nervous breakdown. If you don't honour your obligations, they will request full payment of loans. If you cannot meet these payments, there will be a fire sale of your assets, which could be sold for discounts of 30%-70%. For people in this position, trauma insurance is vitally important.

Frankly, mine wasn't good enough. Enough trauma insurance to actually pay off some of the debt rather than just funding the repayments for about two years would have been preferable, though, like my clients, I optimistically believed cancer might come to others but not me. Most of us are optimists, even though the statistics show that not many of us die in our sleep in our 90s. I was understandably also somewhat half-hearted about paying out thousands per month on insurance premiums, but I'm glad I had the insurance I had because I couldn't get any more at the moment. It's good that I have life insurance, because trying to get it now would be challenging. I also had medical insurance with Southern Cross. I'm not HER2 positive, but if I were, Southern Cross would not have paid for Herceptin, which costs up to \$120,000 a year. My trauma insurance would have had to pay for that.

In retrospect, I should have asked a colleague to review my insurance programme. That person would have looked at my situation more objectively and stressed my true needs. A subjective approach is ineffectual and this is why you must seek professional advice rather than just trying to figure it out yourself.

To read Alison Renfrew's online diary, visit www.lyfords.co.nz and select the client tab.

Special Offer

Congratulations to our lucky winners last quarter who received a copy of Girls Just Want to Have Fund\$.

SPECIAL OFFER

Complete the following sentence and you will be in the draw to win a copy of Sheryl's latest book 'Money, Money, Money Ain't it Funny'

An Auckland doctor has found the elixir of life, or something close to it, in the foothills of the Pyrenees. The wines were reported to be unusually high in _____?

(Hint—see page one for answer)

Please email your answer to sheryl@strategies.co.nz by 20th July 2007 with your name, postal address and daytime contact number.

Chicken with Pancetta, Pork Sausage & Tempranillo

Ginny Grant, Issue 122, Cuisine - This is a very hearty winter dish, which is full of flavour. I like to use a simple pork sausage with garlic as its flavouring. Using a sausage with a coarse texture suits the rustic nature of this dish. Substitute streaky bacon if you are unable to get pancetta.

Ingredients

100g pancetta in the piece, cut into thick chunks
300g coarse pork sausage, skin removed and broken into chunks
1 chicken, cut into 8 pieces
sea salt and freshly ground black pepper
1 onion, finely chopped
1 stick celery, finely chopped
few sprigs thyme
1 cup Tempranillo or other aromatic red wine

Method

Brown the pancetta in a casserole (you shouldn't need to add oil as the pancetta will release its fat). Add the sausage and fry until browned. Remove the pancetta and sausage and set aside. Season the chicken then brown in the pancetta fat. Set aside.

Gently sauté the onion, celery and thyme (adding a little olive oil if necessary) until soft. Return the meats to the pan. Add the Tempranillo, allow to boil, add the chicken stock, bring to boiling point, then lower the heat to a gentle simmer and cook covered for 30 minutes. Serve with boiled or mashed potatoes and garnish with coarsely chopped flat-leaved parsley. Serves 4-6.

Wine match - Arrocal Ribera Del Duero 2004 \$25

Arrocal is a well-made example of Tempranillo, the popular red wine grape of Spain. A perfect match for this dish, the 2004 is now ready to drink. It is not overpowering and its herbaceous flavours work well with the pork and thyme.

