

Women's Financial Strategies
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Quarterly Newsletter

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COMMENTARY

For a rational clear discussion on the current market crisis go to the "Finance and Investment" section of our blog by visiting:

<http://moneyaintifunny.blogspot.com/>

This commentary by KBC Asset Management is quite long but definitely worth the read.

KBC are a major Dutch bank with a market capitalisation of NZ\$44.2 billion - the NZX50 is currently NZ\$35.6 billion, they have around 12 million customers, 60,000 employees and are rated A+, Aa3 and AA- by the main credit agencies

NEWSFLASH

Look for Sheryl's next book co-authored with the witty Chartered Accountant Martz Witty

TAX SMART

Due Spring 2009

NEW LOOK

Our Quarterly Newsletter will have a new look as of January '09. Keep an eye out!

FINANCIAL HEADLINES - DOOM AND GLOOM



There is no way you can have missed the financial gloom and doom in the headlines, on the radio and on TV. You know (because you are smart) that every part of your financial life involves risk of some sort. The risk of a downturn may see you lose your job, the risk of volatility in your investments, risk that you may become sick or injured and thus unable to earn an income.

It seems as though the sky is falling in. This makes it extremely hard to rationally assess the risks to your financial life and come up with a decisive plan of action. The temptation is to either

make drastic changes to your financial life or do nothing and hope that you'll be OK.

So how about this, consider some simple but concrete things you can do that can assist in reducing your exposure to the four big areas of risk; investments, job security, your mortgage and insurance.

Examine your investments – if you are under fifty your biggest risk of all is outliving your savings. In fact the most acute long term risk is too little risk. You need consistent exposure to share markets to produce a suitable retirement fund.

Job security is an issue as slowing economies can ultimately affect employment levels everywhere. Brush the cobwebs off your CV and get it up to date. Don't just idly contemplate the notion of further study and obtaining more qualifications.

The biggie for most of us is the **mortgage**. Most of us are smart enough to buy a fixed rate mortgage which means that to a degree we can control interest rate risk. Put any extra money you can find towards your mortgage – if your mortgage is 8% you are effectively earning 8% by getting rid of that extra debt.

And finally, **insurance**. Yes I know you hate the idea but you have insured your house, your car and your other earthly possessions. Repeat after me: "Insurance covers the risk of losing my income. I am worth it!" If you earn an average of \$40,000 over 35 years you are worth \$1.4 million.

If you can't handle any of this yourself - remember my mantra – get yourself a financial planner.

INSURANCE COST TO SKYROCKET?

In 2009, there may be an increase of up to 30% in your insurance premiums. This is due to new tax laws for Life Insurance companies.

It is essential therefore that you review your Life Insurance, Trauma Insurance, and Income Protection cover to ensure you are receiving competitive premiums and appropriate cover. **Make an appointment with me for a Risk Management and Insurance Review and get a free copy of "Cover Your Breasts" by Alison Renfrew. Her story of breast cancer, mastectomy and reconstruction is educational and inspiring. She had trauma and health insurance!**

But wait...there is more...if you are one of the first five appointments you get a free copy of Girls Just Want to Have Fund\$. Call me on 0800 64MONEY or email tamyra@strategies.co.nz .



A KiwiSaver investor on a \$45,000 salary who invested for the last year would have made 119 per cent return on their contribution in a balanced fund despite a fall in value. That was thanks to the \$1000 kick-start, employer contributions and tax credits of \$1020.

DOES THIS CLOUD HAVE A SILVER LINING?

To quote Dickens from the Tale of Two Cities "It was the best of times; it was the worst of times." This is the best time to reorient how you think about money (Read Money, Money, Money Ain't it Funny for more on this). Ask yourself what is your worst fear? Dying impoverished? Time is on your side. Managing your money is a process that unfolds over decades, not days. If you have a well thought out investment strategy you will weather the storm. It certainly doesn't feel good to look at your portfolio and find that it has dropped substantially from last year but take a look at where you were a decade ago. Chances are you have made a lot of progress since then—especially if you have been continuing to save and are reinvesting.

If you are already retired and have little or no earning capacity you could be feeling especially helpless if you see parts of your portfolio disappearing—remember however you don't need all of that portfolio today - you only need a certain amount.

At some point the panic will subside but I am sure we will continue to see further strains over the next quarter. Like many nightmares this one feels as if it will never end.

IS THIS A TIME TO INVEST?

The Economist quotes Winston Churchill. On losing the 1945 election his wife remarked that the defeat may be a blessing in disguise. "At the moment" replied the great man, "it seems quite effectively disguised."

It may be in hindsight that we will see recent events as a turning point for markets. If so can we discern any good news? The blessing seems well disguised indeed.

The Economist identifies some positive trends, referring to a Merrill Lynch poll, which identified risk appetite as being at its lowest level for a decade. This is interesting because depressed sentiment normally precedes a bull market.

Secondly, although we see government bailouts, governments are not the only buyers. Banks are also buying which suggests that executives see value in today's prices. Thirdly, inflationary issues have receded dramatically thanks to a large fall in commodity prices and as we have seen central banks have not been shy to cut rates. Fourthly central banks are undertaking extraordinary measures to support markets taking equities as collateral against lending.

Finally, valuations in equity markets have improved substantially. It is quite plausible that those who buy shares today will look smart in say five years time, but values over the next six months may bounce around.

BAILOUT—RIGHT OR WRONG

Clarification of the current crisis is essential (See our blog for more on this).

One common theme is capitalism has failed and the American \$700 billion bailout plan is a seminal event. Certainly seven hundred billion dollars sounds like a large chunk of change but the actual outlay won't be anywhere near this.

The government is purchasing assets which they will sell back into the markets when the credit markets thaw. The exercise will probably cost around a couple of hundred billion dollars, about 1.5% of the US economy. The current collapse was triggered by the Clinton administration insisting that Fannie Mae and Freddie Mac lend to those who couldn't afford it. Here and in Australia, banks would never lend 110% to someone who was unemployed! This whole mess closely resembles the Swedish banking collapse of 1991-92 - Sweden is now thriving. Furthermore this is not the first American bailout, the most recent was in the early 1990s when the savings and loan industry was shored up.

Still coming to grips with KiwiSaver?

If you are an employer or an employee call us for advice:

0800 64 MONEY
(0800 646 6639)



"About the time we think we can make ends meet, somebody moves the ends."

Herbert Hoover



“My problem lies in reconciling my gross habits with my net income.”
Errol Flynn

STRATEGIES FOR ‘ENOUGHISM’

If you want to stop shopping try the following:

1. Don't shop with a friend. To maintain self-image in front of others, you will choose the most expensive brand. If you are on your own, you will spend less.
2. Don't buy that item until you ask these questions: Do I need it rather than want it? Has my desire for it been triggered by marketing? How many more hours will I have to work to pay for it? What else could I do with that time to bring more fulfilment than the consumer item? Is there anything I already own that I could substitute for it?
3. Avoid special offers because they make you buy more. It's called the "spill over effect."

WE OFFER A FIRST FREE INITIAL HALF HOUR APPOINTMENT.

Please make use of this by calling to make an appointment on 0800 64 MONEY.

WE ARE FIERCELY INDEPENDENT AND NOT ALIGNED WITH ANY INSTITUTION.

We can assist with:
RETIREMENT INVESTMENTS INSURANCE KIWISAVER MORTGAGES

LOTTO FACTS - FROM MONEY, MONEY, MONEY AIN'T IT FUNNY

The statistics:

- Winning anything on a Lotto Lucky Dip: 1 in 20.
- Winning Lotto Division One on a Lucky Dip: 1 in 373,838.
- Winning on one Lotto ticket bought weekly for 50 years: 1 in 150.
- That you'll keep buying and not win the jackpot after 50 years: 149 in 150 (99.33 per cent).
- Winning Powerball Division One on a Power Dip: 1 in 3,070,704.
- Winning on one Power Dip ticket purchased weekly for 50 years: 1 in 1,250 (99.92 per cent don't win in all that time).



And what did those winners do?

- 67% of winners won with a lucky dip type of ticket
- 58% of the big winners have kept working

The unusual purchases: Bagpipes, Buffalo hunting in Australia, a land yacht, Vietnamese snake and egg.

The very first purchase: Bottle of Moet, Bread and Milk, Fixed House Plumbing, Two hydraulic armchairs.

MORE ON KIWISAVER



There are thirty plus providers and schemes to choose from. Are you suffering from the paradox of freedom of choice? Not sure which is the best for you? Have you signed your children up yet? The most costly mistake you can make is waiting to get in. Once you have your KiwiSaver account, if you don't like your provider you can easily change. On a salary of \$70,000, you could have received approximately \$2193 in

government contributions, and \$274 in employer contributions – makes sense. Contact us for more details.

TRUE WEALTH

A recently published study in the UK established that although Britons are twice as rich as they were in 1987 they are no happier. We are rarely satisfied with the status quo. It is not surprising to learn that as wealth increases so do expectations and so does being accustomed to the lifestyle that the new level of wealth brings. For most people it is likely that wealth has to improve in order for their happiness level to remain constant; if their wealth were to decline so would happiness.

This survey validates the wise teaching that the philosophers and poets of antiquity never tires of repeating: a rich person is one who has enough.

CONSIDER THE ENVIRONMENT

Elect to receive this newsletter by email, simply email tamyra@strategies.co.nz to be added to our email list.

“The only time to buy these is on a day with no ‘y’ in it.”
Warren Buffet



AND FROM THE WOMEN'S FILE....

In Britain: Women are not waiting around for Mr Right; free-males (manless women) are too busy living life to the full juggling careers and busy social lives. A report from the Office for National Statistics shows that the number of women living alone aged between 25 and 44 has doubled in the past two decades. And, more than two thirds of those surveyed believed they did not need a partner to enjoy a happy and fulfilled life.

In Malaysia: Women are outraged at government plans to impose restrictions on women travelling overseas alone. The mainly Muslim country is considering requiring women to obtain written consent of their families or employers before being allowed to travel alone outside the country. The proponents of this scheme claim it will prevent women being used as drug mules. There was no comment on any plans to prevent Malaysian men from the same fate.

In Afghanistan: Far away from the Taliban, in Bamian, a revolution is taking place, according to the New York Times. Women are driving cars, a rarity in Afghanistan, working in public offices and police stations, and sitting on local councils. There is even a female governor, the first and only in Afghanistan. This is occurring against the backdrop of women's life

expectancy at 45 years (lower than men mostly due to the very high rates of death during pregnancy) and the illiteracy of 80% of Afghan women. It is hoped that these changes point the way to broader possibilities for women and perhaps eventually peace in a conservative Muslim society which has been dominated by war over the last 30 years.

BBQ Marinated Chicken Pieces, Baked Potatoes with Herb Butter and Garlic Green Bean Salad

By Laurie Black - Cuisine Magazine

This'll easy convert to dinner for 2 or 10, so it doesn't matter who you're left with by dinner time. Just make a dash to the supermarket once you know who's staying and how much to get.

BBQ Marinated Chicken Pieces

4 chicken drumsticks and 4 wings
2 teaspoons minced garlic
1 tablespoon wholegrain mustard
1 tablespoon balsamic vinegar
1/4 cup olive oil
a few sprigs of fresh rosemary

Baked Potatoes with Herb Butter

2 tablespoons soft butter
2 teaspoons chopped fresh herbs
e.g. basil, parsley, chives, thyme
4 medium baking potatoes

Garlic Green Bean Salad

3 cups blanched green beans
2 teaspoons minced garlic
2 teaspoons white wine vinegar
3 tablespoons olive oil
2 tablespoons toasted pine nuts

BBQ Marinated Chicken Pieces

Mix everything together and refrigerate for about an hour. Barbecue the chicken or cook on a rack over a foil-lined dish in a hot oven.



Baked Potatoes with Herb Butter

Mix the butter with the herbs, then form it into a roll using baking paper. Refrigerate to set.

Bake the potatoes at 200°C for about 40 minutes until tender (or wrap them in foil and cook near the coals of the barbecue). Cut the potatoes open and pop a slice of herb butter in the top to melt.

Garlic Green Bean Salad

Toss the beans with the garlic, vinegar, oil and salt to season. Scatter pine nuts over when you serve.

Serves 4.

To serve: Wine suggestion: Semillon Chardonnay if you prefer white, or try a Shiraz.