



There are still a number of geopolitical issues to unfold through to the first quarter of 2017 so our defensive view continues...

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From Pete's Desk



As I look over last year's newsletter I see that I was warning of some turbulence to come through 2016 and I wasn't wrong! We've had the Brexit vote that unsettled the UK and Europe (and this isn't over yet), the Presidential election in the States and that also really won't become apparent until next year. There are still a number of geopolitical issues to unfold through to the first quarter of 2017 so our defensive view continues. Locally the NZ economy rolls along okay but that has translated into our share market being fully priced, as both local and overseas investors chase yield. Now we have had the earthquake in the South Island that has unsettled us all again; having the odds of a sizeable shock in the next month or two keeps you a bit on edge.

Also at the risk of sounding like the "boy who cried wolf" I still consider our Auckland property market taking a hit being our biggest risk with Australia also vulnerable in the property area. Around the world our appetite

"The Government's view of the economy could be summed up as: If it moves; tax it. If it keeps moving; regulate it and if it stops moving; subsidize it" Ronald Regan

to leverage up on more and more debt will have a price.

Opportunity is still evident, just a bit harder to find. I think the long downward trend of interest rates may now be on the turn. I will hopefully be returning after the break to find some value in this space during 2017.

As I write this our building is being reinforced to bring it up to around 70% of the new building code for earthquake compliance. I have to say that we have never really felt a quake in this building so this extra could be a little OTT but we'll take it. They hope to have it completed over the holiday period so if you are in before we break we apologise in advance for any disruption you may incur. Although most of the work is being done through the night it is a little dusty and we have gaps in a few of our walls.

Lynne and I are off to the South Island in early January for a family catch up with my siblings, all eight of them. We are gathering in our home town of Westport.

I would like to take this opportunity to wish you and your family a relaxed and enjoyable festive season. Take care if you are driving through the holiday period.

The holidays are here.



Residential Care Subsidy and Funeral Funds

With my client's and I getting older I find myself spending more time in assessing Wills & Estate Planning and along with this we will often get into discussion around eligibility for a Residential Care Subsidy.

Some of us are unfortunate to not keep full independence to the end and therefore may require residential care. Total annual cost of full care is up toward \$1,000 per week so after deducting NZ Superannuation there remains about \$3,000 per month gap to cover. For those that do not have sufficient capital or income to do the job then there is a residential care subsidy available, however your assets have to be within certain limits to be eligible.

Single person: - total assets must be \$219,889 or less

Individual with partner not in care: - \$120,416 not including the value of house and car.

The house is exempt from financial means assessment when it is the principal place of residence of the partner not in care.

Other assets taken into assessment are:

Cash & savings, bonus bonds, investments and shares, insurance policies, loans to others (including family trusts & children) boats, caravans and investment properties.

Assets not taken into assessment are:

Pre-paid funeral funds for you and your partner up to \$10,000 each, also clothing, jewellery, furniture and effects.

You can also gift up to \$6,000 within a 12 month period in each of the five years before you apply.

Funeral Funds should only be considered if you have a need and are getting close to these limits. It is a good idea to plan ahead and set up a funeral fund to ensure you have this expense covered before you make your application.

We have access to some funeral funds and would be pleased to discuss this with you. I would not recommend that you take up an insurance based funeral fund (as often seen advertised on television) especially the pay monthly options as these can be expensive, may have traps in them and are generally not a good deal.

The funds that we use are a simple lump sum with a modest interest rate paid over the time the funds are held. On notification of death the whole sum can be paid out to the Funeral Director directly, without having to wait for Probate. There is often a discount for prompt payment so this is a good option.

Regulation

The last five or so years has involved bucket loads of regulatory changes, The Financial Advisers Act (FAA) and Code of Conduct, Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT), Foreign Account Tax Compliance Act (FATCA). All of these have very prescriptive set of regulations and returns to be done along with attendant fees for the privilege, monitoring and audits.

Fund managers have also recently endured a lot of regulation changes as well and we now have in place the Financial Markets Conduct Act (FMC).

Next year will bring more as the FAA is being revised. We do need strong rules and regulation but I am hopeful not too much more will change. We seem sometimes to have a habit of trying to fix things that are not actually broken.

EMAIL ADDRESSES PLEASE

We have found that sending out reports via NZ Post has slowed the system up somewhat, with delivery only every second day.

We would therefore prefer to email reports to you, where possible. You will then be able to read the reports on the screen and store the last 12m on your computer—no need to print them off and take up space in the filing cabinet.

If you do not have access to a printer or scanner we can post out the forms that require signatures. By emailing first you will at least have time to consider the recommendations Peter is making before the form arrives.

Please contact either Lynne or Michele to update our records with your email address.

lynne@investcentre.co.nz

michele@investcentre.co.nz



Internet Security Tips

To secure your computer:- install anti-virus software and keep your software up to date.

Viruses and worms are malicious pieces of software that can attach to your computer and cause all sorts of problems. They can get in through email attachments, you could inadvertently download them from a website or even through software you install from a CD, DVD or USB drive.

Good anti-virus software will help protect your computer against threat. You will however have to regularly update and perform full scans to stay safe. Some reputable products on the market are:

Norton anti-virus (<http://www.symantec.co.nz>)

McAfee (<http://www.mcafee.com.au>)

AVG (<http://www.avg.co.nz>)

Get anti-spyware, this is another type of file that can find its way onto your computer and tell other people what you're doing on-line. In its worst form spyware can be used to access personal information such as bank accounts or credit card details.

Use a personal firewall, this is your first line of defence between your computer and the outside world. It will help control who can access your computer and also protect you from viruses. There is a free or low-cost firewall software at Zone Labs (www.zonelabs.com).

Be careful with emails, these are like postcards, it is easy for people to read anything you send. Emails are also a common way to spread harmful viruses or to trick you into revealing your personal details—this is called phishing.

What is phishing? This is the process of trying to get information by pretending to be a trustworthy organisation in most cases, you will receive a fake company email asking for personal information like usernames, passwords, etc. Typically a phishing email will ask you to click on a link that takes you to a fake website. These emails can look very real and sometimes offer money, refunds or essential updates to try and get you to act. If you think you have a phishing email—do not click on any links within the email or reply to it. Delete the email from your inbox, and your deleted items folder. If you follow a link accidentally; close your browser (Internet Explorer, Firefox etc.) immediately and perform a virus scan on your computer using your anti-virus software.



MERRY CHRISTMAS
AND A
HAPPY AND PROSPEROUS
NEW YEAR
FROM THE PERSONAL
INVESTMENT CENTRE TEAM

Michele

Personal Changes

Just a gentle reminder....

It is important that you advise us if you:

- ⇒ **Change your bank account**
- ⇒ **Change your address**
- ⇒ **Change your Will or set up EPA's**
- ⇒ **Change your Trustee**
- ⇒ **Change your email address**

Bank account and address/email changes are obviously important to ensure that withdrawals and correspondence get to the right place but it is also important if you change your Will or Estate structure. This could mean that your investments may need to be set up differently i.e. if you set up a Tenants in Common structure or a Trust structure. Our recommendation would be "if in doubt—give us a call" to ensure your portfolio meets current requirements

HOLIDAY HOURS

The office will close at lunchtime on:

Wednesday, 21st December 2016

And re-open on

Monday, 16th January 2017

We will remain available to some extent through this period - at work as needed so if there is anything urgent please phone: 0272 464 061

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