



Marlborough Financial Services Limited
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Protecting your life and your lifestyle.

Summer 2006

Dear #First Name#,

Happy New Year!

This month we welcome Amanda Snowdon to the Marlborough Financial Services team. Amanda has joined us in partnership with a Scholarship scheme through the Nelson Marlborough Institute of Technology (NMIT). Amanda is the friendly face at reception and the first person you will speak to when you phone our offices. Gail will now be providing more client support to Anthony and Ross and enhancing our service offering to clients. We know you will make Amanda feel welcome.

And the winner is.....

Congratulations to Kevin & Anna Sim, the winners of our Christmas hamper draw for returning their updated contact details to us. We had a massive response, thank you to everyone who took the time to respond. We delivered Kevin & Anna's hamper just in time for Christmas. We hope you enjoyed the goodies!

Again we hope that you find this newsletter useful - but if you'd rather not receive it - simply click on the 'unsubscribe' link at the bottom of this email.

If you have a friend that would enjoy reading our newsletter, you can also [send them a copy](#) to read.

Kind regards

The team at Marlborough Financial Services

Survey highlights need for life insurance

Three quarters of New Zealanders are trapped in a vicious cycle of debt and underinsurance leaving their families exposed to the risks of financial hardship if a wage-earner dies or is too ill to work, according to an internet poll carried out on behalf of American International Assurance New Zealand (AIA).

The survey shows that 40% of Kiwis would not be able to cope for more than three months if anything happened to their ability to earn a living.

The AIA research shows that almost half of all New Zealanders have absolutely no cover on their lives or their health and only a quarter are confident that their level of cover would be sufficient to look after their family in the event of death or serious illness.

"We know from actuarial studies that around 880 people with dependent children will die in New Zealand each year," AIA chief executive Nick Scarlett says. "Our new research found that three quarters of Kiwis worry that their families would be exposed to financial hardship because of inadequate insurance; they claim they cannot afford to pay the premiums

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Credit - your easy pathway to trouble

Four golden rules for reducing the cost of credit

1. Restrain yourself. Retrain yourself. The first golden rule about credit is that it is a personal decision. Nobody forces us to use our credit cards, pay the minimum payments, top up our mortgages or buy things for which we have no hard cash. This is a personal choice, and usually comes down to our human conflict between wanting things now versus knowing that perhaps we ought to wait.

2. Pay it back quickly. Take a credit card debt of \$2,000. Imagine you decided to pay off \$50 per month. If the bank is charging 19% on the credit then the debt will take five years and four months to pay off - and on top of the \$2,000 you owe, you will have paid an additional \$1,148 in interest. The rule: pay your debts as quickly as possible.

even though their unearned expenditure funded through borrowings has risen by 16% over the past year to an historic high."

"The average family has \$125,000 of borrowings in mortgages, personal loans and credit cards and many of them have no idea how they will be able to pay that off if anything untoward happens." [Read more.....](#)

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The great debate – NZ vs International shares

By **Mary Holm**, independent financial writer. Article reprinted from Holm Truths with permission from Mary Holm.

Most New Zealanders hold more shares in local companies than in international companies, either directly or via managed funds.

But there's a strong case to be made for the opposite – more international shares. And it can be summed up in one word: diversification.

Even if you own a wide range of New Zealand shares, there are many industries not represented on the NZ share market. Examples are car, pharmaceuticals and computer manufacturers.

And you are heavily exposed to a single economy, especially if you also own a home and hold a job in this country.

If disaster should befall New Zealand – such as a severe earthquake or a foot and mouth outbreak – the value of most local shares may plunge. But if you hold shares in many countries and one suffers a disaster, it won't greatly affect the total value of your savings.

Also, because one country's boom can offset another country's downturn, a diversified investment in international shares is usually less volatile than in NZ shares – despite recent atypical trends.

However, there are counter arguments. [Read more....](#)



How to raise money-savvy children

They say children learn what they live. Among the many lessons we can teach our children, there are few more valuable than providing them with a sound understanding of the concepts of money, budgeting and saving.

In these modern times of EFTPOS, credit cards, direct credit and automatic payments, it's becoming increasingly difficult to teach children good monetary habits. Other things have changed too. Rather than receiving a weekly amount of pocket-money, many children now exist on an as-needed supply from their parents, which can often seem limitless in demand, if not supply.

We as parents need to teach our children the value of money, and stress the benefits of saving and budgeting. It's important that children are aware that a bottomless pit of money does not exist, and only certain things can be afforded each week. It's also vital they realise that "needs" have to be met before "wants" and once the money has gone, it's gone. Consider sitting down with your kids and explaining how much you earn, and what percentage of that money needs to be spent on rent/mortgage, bills and food before other "luxuries" can be afforded. [Read more....](#)

3. Keep an emergency fund in place. One reason people get into credit difficulties is that they're hit by emergencies or cashflow crises. A better technique is to have an emergency fund in place, earning interest and always ready in case of emergency.

4. Seek out the less expensive debt. All credit is expensive, but some is more expensive still. If you must borrow, then use the least expensive credit sources, and try to avoid the expensive options.

If you find yourself in trouble with a lot of expensive debt, a good move may be to consolidate your debts into one place, preferably onto your mortgage where the debt is cheapest. You would only do this if your monthly repayment amount were lowered. If you have a serious problem with credit, seek help. [Read more....](#)



It's not the income that's important, it's the outcome.

How much do you think you could earn during your working life?

Would a million dollars surprise you? Well, if you earned \$25,000 a year for forty years, that's what it would add up to. But it's not the money you earn that's the important thing – it's what you do with it.

No matter what your income is, a savings and investment plan can help you make the most of it. Developing a savings and investment plan is simple if you get advice.

An AMP Adviser will first help you work out what you want to save for. A holiday? A deposit on a home? A comfortable retirement? Then they'll work with you to develop a plan to reach these goals within the timeframes you'd like. You may choose short-term savings, or you may like to put some of your income into a longer-term investment portfolio. [Read more....](#)



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[Contact us](#) to discuss starting your own personal savings plan.

Quote of the month

"You have a shilling. I have a shilling. We swap.

You have my shilling and I have yours. We are no better off.

But suppose you have an idea and I have an idea. We swap.

Now you have two ideas and I have two ideas. We have increased our stock of ideas 100%". ~**A. S. Gregg**