



Marlborough Financial Services | Ph: 03 578 9029 | service@marlboroughfs.co.nz

Summer 2009

Dear #First Name#,

Welcome to the Summer edition of our regular newsletter.

Late last year we indicated that the new National Government were likely to make [changes to the KiwiSaver retirement savings scheme](#). These changes are to take effect from 1 April 2009 and you can read more about the [changes to KiwiSaver here](#). We also have an interesting article on remaining 'Cool, calm and collected in the face of market volatility'.

In these uncertain economic times, clients are also telling us that having the appropriate insurance cover in place is even more important than ever - if you need to revisit your cover requirements, please [contact us for a confidential review](#).

This month we welcome back Amanda Snowdon as our Receptionist - Amanda worked for us previously before leaving for Auckland. We are pleased to have her back as a part of the team at Marlborough Financial Services.

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

Changes coming to KiwiSaver

The new National Government have made a number of key changes to the KiwiSaver retirement savings scheme to take effect from 1 April 2009.

A summary of key changes follows:

- A reduction in the minimum employee contribution rate to 2% of gross salary or wages,
- Compulsory employer contributions capped at 2% of gross salary or wages,
- Discontinuing the employer tax credit from 1 April 2009,
- The Employer Superannuation Contribution Tax (ESCT) exemption will be capped at the compulsory 2% employer contribution level.

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KiwiSaver hits 900,000 mark

More than 900,000 New Zealanders are now saving for their future through the KiwiSaver scheme, Revenue Minister Peter Dunne recently announced.

By 31 December, just 18 months since the scheme began, KiwiSaver's total membership had reached 900,509.

- Employer contributions above this level will require ESCT to be paid,
- Removal of the \$40 annual member fee subsidy.

The new Government has retained the \$1,000 'kick-start' payment, member tax credits (but if you are employed, reducing your contributions rate from 4% to 2% may reduce your member tax credits), mortgage diversion and first home buyers package from the initial KiwiSaver launch.

What does this mean for KiwiSaver?

We believe that the reduction in minimum employee contributions to 2% will encourage many more employees to join KiwiSaver that previously could not afford to do so at the current 4% rate.

Employers should also have a degree of certainty about the shape of KiwiSaver for the next three years which will provide some comfort for business planning and employee remuneration packages.

Please [contact us](#) if you need further advice on KiwiSaver and the options available to you.

Cool calm and collected in the face of market volatility

By **Susanna Stuart**

It's hard to believe that at the start of 2008, economists world-wide were arguing whether or not the economy was entering a period of recession. They talked about the R-word in hushed tones, as if by ignoring the signs they'd go away. But one by one, the financial businesses that had been built on what's known as sub-prime debt (basically loans made with little or no equity) teetered and in many cases collapsed. In the USA, the biggest insurance company, which had branched out into the sub-prime market, found itself mired in debt and was bailed out by a \$US120 billion loan from 'Uncle Sam'.

By October, when the US Senate passed a \$US700 billion rescue package, the markets were beyond normal reason. In thirty years the world share markets have not seen so many rapid rises and falls.

The problem is that financial markets, unlike commodity markets, run almost entirely on confidence. The price of oil might rise or fall, but most of us continue to use petrol for our cars. But when money markets lose confidence, there's apt to be a freefall. After all, the Dow Jones lost 700 points when the US bailout package failed to go through – but lost even more after the bailout did go through. The cash was there: the confidence was not.

The fear of so many "unknowns" can create an emotional response. Should we sell up our investments before they disappear? Or is now the time to buy?

[Read more.....](#)

Worst of downturn over: AMP

By **Rob Hosking**

AMP Capital Investors is shifting "from a very defensive to a less defensive stance" for the coming year.

"That's a tremendous take-up rate for the scheme by any measure, and it's particularly pleasing to note the very even spread across all age groups and both genders," Mr Dunne said.

"I think that basically confirms that Kiwis are very supportive of this scheme. Young and old, men and women - it's proving to be a scheme for all New Zealanders."

He said that the rate of adoption among younger New Zealanders was particularly important.

"With 46 per cent of KiwiSaver members under 35, it's good for the country's future to see younger people saving." From April 1, members will be able to elect to contribute two percent of their pay towards the scheme. [Read more....](#)

More information about changes to the scheme, effective April 1, is available at www.kiwisaver.govt.nz

NZ Government Press Release

Paying pocket money makes a difference

Saving habits formed early can make a life time's difference when it comes to managing money, according to a recent survey, "Attitudes to Money" released by AMP Financial Services.

The survey explores the link between behaviour with money as children and "good " money management as adults. The survey suggests that "Being good at handling money", means saving money regularly and paying the mortgage/or having paid off the mortgage and not having debt.

The survey suggests that

New head of investments Jason Wong says although 2009 is not likely to be a good year for the world economy, the worst of the downturn is probably over.

"The good news for investors is the downturn is priced in already," he says.

"Although it's still a bear market, equities can still see some big 20% or 30% rallies – we saw one from November. Those gains have been wiped out over the past couple of weeks but it shows it is a good dealer's market right now." AMP remains underweight in New Zealand equities and the New Zealand dollar and "underweight in global equities, but not as underweight as we have been," says Wong.

The drop in international interest rates means a slight sift back towards equities is now more attractive, he says. [Read more....](#)

Source: [Good Returns](#)

Marlborough Financial Services Ltd

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service@marlboroughfs.co.nz

www.marlboroughfs.co.nz

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putting money into the bank as a child makes us more likely to save as adults and more likely to be good at handling money. Over half of those who saved as children, 59%, say they save as adults, whereas less than half, 47% of those who did not save as children, do so now. [Read more....](#)

Source: [Good Returns](#)

Recommended website

Visit the Institute of Financial Advisers website for further information on getting good financial advice and help on choosing a good financial adviser - check out www.ifa.org.nz.

Thought for the day

"Everyone has talent, it's just a matter of moving around until you've discovered what it is."
~George Lucas

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