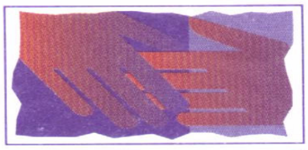
Client Newsletter

Autumn 2007 Page 1

Tobin Insurance Services

"Providing future dollars, when you need them the most"

The Tobin Tribune



Oxford Dictionary Meaning "TRIBUNE of the people" meaning official in ancient Rome chosen by the people to protect their interests.

Inside this issue:

Insurance Agents replies to people putting off buying Life Insurances

"You can put me off, but you can't put off my competitor - DEATH".

"Wives may not believe in life insurance, but Widows always do".

"If you're having a tough time getting by on your salary, how well do you think your family will get by without it?"

"Whatever reason you may have for not starting this policy now will only sound ridiculous to your widow".

" the premium is the solution"

"The trick is, you have to buy your insurance before you need it, insurance agents don't chase hearses, ambulances or fire engines for insurance business".

Jeff's Comments

Jeff Tobin CLU; ANZIIF (Snr Assoc) CIP.

Hello there,

Its been a while since I got to the business of a newsletter and caught up with you 'all. Recently, December to be exact, we made the move from suburbia to the wild west country of Taupaki. Taupaki, where on Earth is that you ask? You could say its just west of the Black Stump, actually its before Kumeu and after the suburb of Massey. Elaine the children and I have joined a growing number of families who have moved onto a lifestyle block. We now have approximately 11 acres. Now this makes for some pretty big changes for me. Instead of some chap coming around to mow my little suburban piece of lawn once a fortnight and not having used a mower for over eight years, I now have progressed to a ride on lawnmower, edger, scrub cutter and spray pack that gets used every week.

In the last 6 months we have been through two house auction programs, moved right on Christmas including the office, made hay and have been renovating accommodation to move elderly parents onto the property with us. That in itself is a growing family dynamic which appears to be happening to more families, where elderly parents or a parent move in with them, either in their own premises or separate accommodation.

The next project is to bone up on cattle. Not enough to call me Big Tex, just looking at 4-5 head of dry stock to mow those big lawns just over the house fence. All I know about beef is what I have leaned about BBQ'ing it, so it will be another learning curve for this city slicker.

I only have to allow an extra 10-15 minutes to travel to clients not living in West Auckland, it is certainly worth the extra drive when you come back to the green fields and open spaces.

We have plans to get 4-5 chickens for fresh eggs and of course the inevitable veggie garden. More on the good life in the next newsletter.

You will see I have attached an updated business card with the new phone and fax numbers. You can still dial the old numbers and get through to us thanks to a service called customer connect provided by Telecom, although I will phase the old numbers out over the next 12 or so months. You can still use the same email and the PO Box number, those have not changed.

In this issue I have included some information about KIWSAVER, which is being implemented by the Government effective from 1 July 2007. Some information on changes to the tax regime affecting investors, Sentinel and some claims information.

Thank you for your continued custom, please contact us if you have any questions about your policies and plans, we are always happy to help.

Best regards

Jeff, Elaine and Debbie. @TFS.

An over view of KiwiSaver , the voluntary, work-based savings initiative to help you with your long-term saving for retirement.

Employers

KiwiSaver is a work-based savings plan, so employers play an important role.
Employers give new employees, and others who are interested, a KiwiSaver information pack. They also pass employees' details to Inland Revenue to enable them to be enrolled, and deduct KiwiSaver contributions from employees' before-tax pay.
Employers must also give employees investment statements for the employer's chosen KiwiSaver scheme. Employers do not have to contribute to Kiwi Saver but can choose to do so.

- Automatic enrolment will apply to all new employees aged between 18 and 65 who begin a new job on or after 1 July 2007.
- New employees will be able to opt out by notifying Inland Revenue within 8 weeks after starting employment.
- Existing employees may opt in if they wish.
- Employers must advise IRD of a new employees name, IRD number and address within 3 weeks of commencing employment.
- The contribution rate is either 4% or 8 % (before tax) of salary or wages, the employee decides their saving rate. This can be made up of contributions from employee and employer.
- Savers can take a contributions holiday for up to 5 years after they have contributed to KiwiSaver for 12 months.

General

- Savings are locked in until age 65 or 5 years whichever last occurs.
- Withdrawals are only permitted on grounds of financial hardship, permanent emigration, serious ill health, death or as a deposit for first home purchase (conditions apply).

Government

Under the KiwiSaver initiative the Government:

- contributes $1,000 (tax-free) to each member's savings when they join for the first time
- contributes to members' scheme fees
- exempts employer contributions to members' KiwiSaver accounts from specified superannuation contribution withholding tax (SSCWT) up to a maximum of 4% of the employee's before-tax pay.

The Government has appointed six "default" KiwiSaver scheme providers for members who don't choose their own scheme. Default providers were selected using an open, competitive tender process.
There is no Crown guarantee of KiwiSaver schemes or investment products of KiwiSaver schemes. Every investment statement relating to a KiwiSaver scheme must contain a statement to that effect.

Opting out

If you are automatically enrolled and decide to opt out you can do so from the end of your second week of employment. To opt out, fill in the opt out form in the information pack you will get from your employer. If you opt out, any contributions already deducted from your pay will be refunded.

Opting in

If you are in a job already you can join directly through a scheme provider or your employer. This also applies to government employees working overseas. Those who are, for example, self-employed, under 18 or on a benefit can join by contacting a KiwiSaver scheme provider directly.

KiwiSaver schemes

With KiwiSaver you can choose a savings scheme to suit you. There will be a range of scheme providers and several investment types, from conservative risk to growth funds. You can change KiwiSaver schemes but can only belong to one scheme at any time.
If you don't want to choose your own scheme IRD will allocate you a default scheme, or to your employer's preferred scheme, if they have one. You can change this later if you wish.

First home deposit subsidy

KiwiSaver offers a first home deposit subsidy of $1,000 each year of membership in a scheme, up to a maximum of $5,000. To be eligible you must have been saving through a KiwiSaver scheme for at least three years and meet criteria. Income and house price caps will apply.
The first home deposit subsidy is administered by Housing New Zealand and will be available from 2010. To find out more visit the Housing New Zealand website. **www.hnzc.co.nz** enter KiwiSaver in the search facility

In or out?

KiwiSaver suits different people at different times in their lives. It can be a good option if you're just getting into your career, or are older and want an easy way to save.
KiwiSaver may not be right for you if:

- you would be better off repaying debt (this would apply to most people who have a mortgage and or long term credit card debt/loan debt).
- you think your retirement income from NZ Super and other savings plans /investments will be enough.

If you already have a retirement savings scheme

If you already have a retirement savings scheme, you have several options including:

- continue with it and opt out of KiwiSaver
- contribute to both your existing scheme and to KiwiSaver.

Everyone's circumstances are slightly different and they will be able to judge the value of KiwiSaver to them. People who are yet to purchase a first home may well be attracted by the first

Tax Changes are good news for most investors

Tax changes coming into force later this year will be good news for most investors. In essence, the changes mean that many of the tax benefits enjoyed by direct investors will now be available to investors who use managed funds.

Introduction of Portfolio Investment Entities (PIEs)
These allow income from managed funds to be taxed at the investors personal tax rate, to a maximum of 33%. This will advantage those investors at the 19.5% marginal tax rate. PIEs will be available from 1 October 2007.

Capital gains on overseas shares will be taxed at 5% of the value. From the start of the tax year 5% of the market value of overseas shares (other than Australasian shares) will be taxed. Previously, the capital gains on offshore shares were taxed at 33% in managed funds. No Tax on Capital gains from New Zealand and Australian shares on the introduction on PIE funds introduced from 1 October 2007 (previously taxed at 33%).

"*Imagine being able to release some of the value you've built up in your home without having to move. Just thinking about it has probably brought a smile to your face.*"

I prefer the Sentinel Lifetime loan and have written dozens of these loans over the last couple of years.

A Sentinel Lifetime loan allows you or your parents if aged 60 years or older to maintain financial independence and give them the freedom to use their money for whatever they wish, like home improvements, a new car, holidays, medical treatment or paying off existing debt that requires regular repayments.

One of my Sentinel clients Bill, who is a retired accountant said to me "Jeff, we paid $40,000 for our house 30 years ago. It is now worth $500,000, all we want is some money to keep the place maintained, we don't want to move house we love it here and my wife and I want to take a holiday overseas, all we are doing is taking some of our profit, do you see any problems with that?"

I thought Bill's way of describing his viewpoint was well made. Many people over the age of 60 are sitting on assets worth hundreds of thousand of dollars but are struggling day to day because of insufficient cash flow or don't have the lump sum of cash to do what they want to. Why? when you now don't have to. And remember your property will generally increase in value over time which will help offset any loan and interest. I have seen in many instances a modest 3% growth in a property's value will more than offset a loan of $20-30,000 dollars or more.

The main points are

- You can loan from 15% of the value of your home at age 60 up to 45% at age 90.
- No regular repayments.
- The administration and valuation fee can be added to your loan.
- No penalty for early repayment of the loan in part or whole.
- You can protect a portion of the equity in your home with Sentinels Equity Protect Option.
- You can use your money for whatever purpose you like.
- Independent legal advice is a requirement to protect you and your estate.
- You can make lump sum draw downs when needed, if you haven't taken the maximum loan up front.
- Your home is guaranteed to be yours for the time you live in it, the loan and interest is repaid when the property is sold.
- An estate will not have to repay to Sentinel more than the loan and interest or the value realised for the property when sold, whichever is the lesser.

If you would like a Sentinel information book and/or projections, or just a chat about it, just call me to arrange accordingly.

One of our preferred insurance companies Sovereign Insurance provided us with some interesting insurance claim statistics which I will show here for you. 2006 claims statistics.

In an average month Sovereign pays out

- $8.1 million in Life cover claims
- $1.7 million in Trauma Insurance claims
- $2.1 million for Disability Income claims
- $2.5 million in Health Insurance claims.

Insurance polices are often perceived as an expense or a luxury, but in reality, you are protecting yourself, your well-earned lifestyle, and the people who mean the most to you against unforeseen circumstances that could otherwise result in significant financial hardship for many families.

TOBIN INSURANCE SERVICES
Life, Medical and Fire and General Insurances,
Sentinel Lifetime Loans
Mail to: **FREEPOST**
PO BOX 83-183
EDMONTON
AUCKLAND

Telephone: 09-4125997
Fax: 09-4125996
Email:
info@tobininsuranceservices.co.nz

"Providing future dollars when you need them the most"

When calling us please leave a message with our answer service. Your call will be returned just as soon as possible.
Your call is important to us and will be treated with priority. We do like to hear from you and welcome the opportunity to assist you any way we can.

Thank you!

Ask us about a **Sentinel** Lifetime equity release loan to help make life easier.

If you have all your funds tied up in bricks and mortar in your own home and are aged 60 years or older, this may be of interest to you.

Call us for a full information pack.