

A Christmas without the money worries

Christmas can be very stressful financially, so here are some thoughts on reducing the stress.

Shop Online even if it's just to compare prices before you go to the shops. Saves a lot of time and money.

Set a limit. It's easy to get carried away buying Christmas presents. Set a limit of say \$30 per person.

Fill Up Your Freezer Before Christmas. There's always specials on this time of year and on Boxing Day.

Don't worry about that moron you have as a relative.

Remember the Christmas holidays only last for a few days so don't risk falling out with the whole family because of one person you don't like. He or she will be gone soon enough.

Allow a mess Christmas for kids is not a tidy affair it's all about letting go so don't worry about the mess. People visiting will expect mess if you have kids. Let kids be kids for the day.

Stay away from the malls You'll only come home in a bad mood ready to kill someone.

Let things go wrong Christmas doesn't have to be spot on perfect. Things will go wrong, laugh about it and get on with it.

Make sure you have a camera It's important to capture every Christmas with photos.

Never mind the Jones' Christmas is all about joy, it's not about who has the biggest tree or whose child got the flashiest bike.

Keep receipts Keep Christmas receipts in a special box so you can return duplicate or faulty gifts.

Pay all your bills before Christmas If you can do this it will save you the stress of worrying about the money situation. 

Kiwisaver is only one part of it!

So you have Kiwisaver? Congratulations. That's an excellent start to your retirement fund. But it is just that – a start! If you have any additional discretionary funds then we strongly suggest you look to start a second retirement fund that builds alongside Kiwisaver.

The reason is that you are limiting yourself in the amount you will have to retire on. We find that many clients think they have it covered, since they have Kiwisaver. But as we point out, they are starting at the wrong end.

Start with dreaming of the lifestyle you want in retirement. Then we can help you work out what you will need to have saved. The next step is to plan your investment funds to achieve that. Kiwisaver will obviously be a key component of this, but in most cases only a component and rarely enough.

Ask us to do some calculations for you. Many are pleasantly surprised at the small additional amount required. 

Putting it in perspective

The odds are that you won't be struck either by lightning or luck. The chances of being struck by lightning are one in 600,000. The odds of being dealt a royal flush are worse – just one in 650,000.

Your chances of winning Lotto are estimated to be one in 5 million and of winning Power Ball are one in 18 million. Despite these odds, people clamber to play each week.

You are 40 times more likely to die falling out of bed than win Lotto. You are 4 times more likely to die in a plane crash than win Lotto. Chances are only 1 in 1.7 million that the plane will even crash!

But despite the irrational fear of dying in a flying accident, or the forlorn hope of winning Lotto, you have a 1 in 3 chance of contracting cancer, serious heart disease or having a stroke and yet few do anything about it. 



We have been recognised for our commitment to excellence

SwainWoodham is part of the largest financial advisor group in New Zealand, called 'The National Partnership'. This group consists of 450 advisors all over New Zealand, a key purpose being to promote excellence and consistency in processes and standards. To do this, The National Partnership operates a training academy.

At a recent ceremony, SwainWoodham received an award for "The greatest achievement, progress and commitment to excellence in all aspects of the client process".

We strive very hard to meet our client's expectations in advice and service. It's nice to be recognised for it. ♪

What will 2013 bring?

- It's not a good idea to read predications on the Internet. But if you do, these are some of the ones you may come across. They range from highly likely to depressing to just nutty. You decide which is which.
- The US will experience a double-dip recession in 2013.
- Japan and China will go to war over an island.
- Unemployment will stay high in NZ.
- The NZ Labour Party will almost implode through infighting.
- There will be an increasing mis-match between the skill base of those unemployed and the jobs that need to be filled.
- Australia's Prime Minister will be assassinated.
- Personal debt levels will rise, primarily due to house price rises.
- A global security issue will erupt in the Middle East, which will be severe enough to disrupt air-travel and exports to that region.
- Tom Cruise and Rachel Hunter will become a couple.
- 3D technologies will be become the norm for new TVs, computers and at the cinema.
- The much awaited launch of the Playstation PS4 and Xbox720 are in 2013! (so expect an expensive Christmas next year if you have teens)
- Movies for 2013 include Jurassic Park 3D, Iron Man 3, The Texas Chainsaw Massacre 3D, The Hangover 3 and The Little Mermaid in 3D. Seems all new movies have to have a '3' in them! ♪



A fundraising adventure that teaches kids the value of money

SwainWoodham recently launched a fundraising campaign to allow kids from Riccarton Primary School to attend a school camp. But it wasn't a handout. The idea was a calendar that the kids sold. Here is how it happened.

Half the hospital beds in NZ may be denied to you!

Medical insurance has a habit of hitting the headlines quite regularly. Sometimes it's because it hasn't paid out the full amount of the operation, while in other cases it is due to rising premiums. Whatever the reason for the publicity (which is invariably negative), here are a few facts to help you come to your own decisions.

There are about 25,000 hospital beds in NZ, with just on 13,000 of these in our public hospitals and 12,000 in the 360 private hospitals. So this means that without medical insurance (unless you have a large bank balance) about half the hospital beds in NZ are denied to you! 

SwainWoodham put in a few hundred dollars and helped find others to do the same which in turn paid for the calendar. But not just any calendar. It features quirky shots of Christchurch post rebuild. Examples include



The calendars were then given to the kids who sold them to friends and family. The money raised went directly to the kids concerned which in turn has gone towards their attendance at camps, which was \$135 each, plus ski trips, leavers dinner and sailing trips.

The calendars sold out quickly and more are being printed. If you would like to purchase a calendar, at a cost of only \$12 each, please contact Andrew Wilkinson at Riccarton Primary School by email on andrew.wilkinson@riccartonprimary.school.nz 

It just grows all by itself!

Sometimes referred to as the '8th wonder of the world', compound saving means reinvesting the interest or dividends from your investments. The effect of this has been compared to a snowball rolling down a mountain: to start with, the increase in your investments is hardly noticeable, but it rapidly gains momentum as time goes on.

For example, say you have \$10,000 in an investment fund earning 6%. That interest rate remains constant over the years and the interest is paid in one amount at the end of each year. So at the end of year one, you will have \$10,000 plus \$600, or \$10,600. The following year, you will earn 6% on that increased amount (that is, 6% of \$10,600) so your total will increase to \$11,236. By the end of year seven, your total investment will have increased to \$15,036. In reality, your total would be even greater as interest is usually paid monthly or quarterly, hastening the compounding effect.

Rule of 72 says that if you divide 72 by the annual return of the investment, the answer will be the number of years it takes your capital to double. For example, for an average return of 6% a year, your total capital will double in 12 years (72 divided by 6). If 8%, it would take just 9 years. 

Good, bad and ugly debt

While it's hard to say that any debt is 'good', there are acceptable circumstances for having it at times. But some is bad and some is downright ugly when defined according to how it affects your financial health.

GOOD DEBT: A mortgage, so long as the repayments are comfortably within your means to service. Business loans so long as they have been thoroughly calculated by your accountant or bank to be appropriate to the return and considered risks.

BAD DEBT: Hire purchase on cars, boats and furniture. This is often at 14% or higher. On average, new cars lose 60% of their value within the first four years! Consolidating all debt (apart from mortgage) into one large loan is rarely in your interest. Think very carefully about all your options before doing this.

UGLY DEBT: Unpaid credit card debt. This is most often between 16% and 23%. Cut them up! Owing money to friends or family is also an extremely bad thing to do. Expect to destroy the relationship.

And remember that with all debt, since many of the reasons it can turn nasty are beyond your control (death or bad health), adequately insure against such eventualities. 

“ We care for all of our clients and thank you for your ongoing trust and support.

It may be timely for you to have a review with one of our advisors due to circumstantial change.

Contact us as below. ”



*Our Team wishes you
and your families a Safe and
Happy Festive Season
and Prosperous 2013*



The information in this newsletter is of a general nature, does not take into account your financial situation or goals, and is not a personalised adviser service under the Financial Advisers Act 2008. You should seek advice from a financial adviser which takes into account your individual circumstances before you acquire or dispose of a financial product.

SwainWoodham Group
65 Durham Street, Sydenham, Christchurch 8023
P O Box 25-206, Christchurch 8144
Phone (03) 366 4220 Fax (03) 365 0048
Email: info@swainwoodham.co.nz

swainwoodhamgroup

Insurance with heart!

