



### The Government's New Winter Energy Payment



**The New Zealand Government has announced a new Winter Energy Payment.**

"The Winter Energy Payment is an investment in Seniors and others, to help them stay healthy over the winter months," says Minister for Seniors Tracey Martin. "What's great is that you don't need to apply for the payment. Everyone getting NZ Super or the Veteran's Pension will receive it automatically."

The Winter Energy Payment will be paid with your NZ Super or Veteran's Pension. The rate for single people (with no dependants) will be \$20.46 a week, and couples or people with dependants will get \$31.82 a week. Payments will be made from 1 July to 30 September in 2018, and 1 May to 1 October in 2019.

People who get a Residential Care Subsidy or a Residential Support Subsidy are not eligible for the Winter Energy Payment.

Not everyone will want to receive this payment therefore you can choose to opt out. If your circumstances change you can then choose to opt back in.

The Winter Energy Payment doesn't affect your eligibility for other support such as the Disability Allowance, Accommodation Supplement, Temporary Additional Support or Childcare Assistance.

If you travel overseas for four weeks or more your Winter Energy Payment will stop. Once you return to New Zealand you can restart payments by contacting Work and Income.

For more information visit [www.workandincome.govt.nz](http://www.workandincome.govt.nz) and search for *Families Package*.

### Australian Banking Royal Commission

**The Australian Prime Minister said it wouldn't happen, but it has. The banks said they didn't want it, but now they do.**

The Australian PM has spent a year-and-a-half stridently opposing calls for a royal commission into the banks, but in the end, resistance was futile. In December the Government ended the on-again, off-again debate and made it official: we will have a banking royal commission.

Australia's banks have been plagued with one scandal after another over the past decade. At the heart of it is the banking industry's promotion of an aggressive, sales-driven culture, which emphasises profit at all costs. In addition, there's the flawed compliance structure, and the refusal of banks to hold anyone in a senior position accountable.

Three years ago, ABC's Four Corners shone a light on the Commonwealth Bank's financial planning scandal. The bank's financial advisers misled its customers and recommended speculative investments, which resulted in them losing hundreds of millions of dollars. Commonwealth Bank's financial planners have also been accused of forging signatures, overcharging fees and creating unauthorised investment accounts for customers without their permission.

This event was a trigger for the Senate inquiry in 2014, which recommended a royal commission.

CBA [owner of the ASB] was not the only bank in trouble — Westpac, ANZ and NAB [owner of the BNZ] have also been implicated in the financial planning scandal.

Those banks allegedly rigged the bank bill swap rate, one of the key interest rates in the economy (which provides a benchmark for setting personal and commercial loan rates).

Since the financial crisis, Australian banks have forked out more than \$1 billion in fines and compensation for robbing their own customers.

— Sourced from *The McEwen Investment Report Issue 866*

### Do you have overseas accounts?

**If you have an overseas account with an offshore financial institution, including accounts maintained with certain offshore trusts, information about your overseas investments will soon be shared with Inland Revenue.**

**What you need to know**—New Zealand is one of 105 countries and territories that has committed to sharing financial account information to combat global tax evasion. These laws have been in place since 1 July 2017.

From August 2018, the Government will receive information about NZ tax residents with offshore financial accounts from other countries' financial institutions, which might include offshore trusts. If you have an account with an overseas financial institution (including offshore trusts) you'll be required to conform and disclose your tax residence status and tax identification number (TIN) with the overseas financial institution. The financial account information will be exchanged and will help Inland Revenue verify that everyone is paying the correct tax on these overseas investments.

**What you need to do**—you have an opportunity to make sure your tax affairs are in order before Inland Revenue receives the first automatic exchange from August 2018 onwards.

If you think or know there is an error in your tax affairs, Inland Revenue encourages you to voluntarily disclose it before they identify the error.

**Things to think about**—International tax laws are complex, and the way they are applied can depend on your specific circumstances and the different jurisdictions involved.

If you're a tax resident in New Zealand and another country or territory, or you earn foreign sourced income, you're subject to the tax laws of each. If both of those countries or territories tax their residents on worldwide income, or withhold tax on income earned, you could be taxed twice on the same income.

Double tax agreements (DTAs) have been negotiated between NZ and many other countries and territories to decide which country or territory has the first or sole right to tax specific types of income.

The fact that the income is taxed in the source country doesn't necessarily mean you'll avoid paying tax on that income in NZ.

Income from overseas is calculated applying the NZ tax rules, not the rules of the country where the income came from.

Foreign income (even if deposited in an offshore account or left on a foreign credit card) does not need to come into NZ to be taxed here.

There are cases when you need to attribute foreign company income before a dividend is declared by the foreign company.

A distribution / gift from an offshore trust might be taxable in NZ even if that distribution / gift isn't subject to tax in the source country.

If you pay interest offshore, eg on offshore bank / credit card / mortgage accounts, you need to pay non-resident withholding tax (NRWT) in NZ. You might also need to account for foreign exchange profits / losses on foreign mortgages annually, rather than when that mortgage is repaid.

—Sourced from *Ministry of Business, Innovation & Employment (May 2018)*

### Listless

Today this means to be without energy. It comes from the days of sail when a ship was becalmed and rode on an even keel without the port or starboard list (leaning to one side) experienced under a good breeze. No wind meant no list, so listless means lifeless.

“The art of being wise is the art of knowing what to overlook.”



“I’m just saying, relying on change under the couch cushion is a risky retirement plan.”

 <b>Income Securities Portfolio (ISP) *</b> <small>making sense of money</small>	
<b>On call</b>	2.75% p.a.
<b>3 months</b>	3.00% p.a.
<b>6 months</b>	3.35% p.a.
<b>9 months</b>	3.50% p.a.
<b>12 months</b>	3.40% p.a.

\* Ask for a Product Disclosure Statement

“When a man opens a car door for his wife, it’s either a new car or a new wife.”  
—Prince Philip

## THE MFAS TEAM OF FINANCIAL ADVISERS



### Chris MacKay

AFA, BCA, CFP<sup>CM</sup>, CLU, Fellow Financial Advice NZ  
**KiwiSaver, Insurance, Retirement Planning, & Wealth Management**

Chris MacKay is the Managing Director of Chris MacKay Financial Planning Ltd (CMFP) trading as MacKay Financial Advice and Solutions (MFAS) and apart from a short spell with an Accounting firm, has been providing financial advice for all his working life.



### Ian Jordan

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**UK Pension Transfers, KiwiSaver, Insurance, Retirement Planning & Wealth Management**

Ian joined MFAS as a Financial Adviser in 2008. He advises on British Pension transfers, Risk Management, Retirement and Investment Planning. Ian immigrated to NZ from the UK in 2008 with his wife and daughter.



### Blair Bennett

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Blair joined MFAS as a Financial Adviser as our Mortgage Broker in 2010 and has over 20 years experience in the banking & financial services' industry.



### Chris Cornford

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**KiwiSaver, Insurance, Retirement Planning & Wealth Management**

Chris joined MFAS as a Financial Adviser in 2011. He previously worked for a financial advisory company for almost 4 years, and 18 months before that, as a risk management consultant for an insurance broker firm.



### George MacKay

Registered Financial Adviser  
**Insurance & KiwiSaver 'Class' Advice**

George joined MFAS early in 2016. He is currently studying towards a National Certificate in Financial Services.

“Older brothers are supposedly the cool ones. I’m a younger brother but I’m much cooler than my older brother.”  
— Prince Harry

## Glossary of Investment Terms

Investment Term	Meaning
<b>Depreciation</b>	A decrease in the value of an investment.
<b>Diversification</b>	Diversification means ‘Don’t put all of your eggs in one basket’. Investment diversification is a risk management strategy involving investment across a range of asset classes, (Cash, Fixed Interest, Property & Shares), countries, industry sectors and individual companies. The objective of diversification is to hold a mix of investments, the prices of which react differently to the same event. A successful diversification strategy means that the asset values in your portfolio don’t all rise or fall together.
<b>Dividend</b>	Payments made by a company to its shareholders from past and current earnings (company profits). The amount an investor receives is based on the number of shares in the company they own.
<b>Dollar-cost Averaging</b>	Investing a fixed amount of money in a specific investment at regular intervals. More shares are purchased when prices are low and fewer shares are purchased when prices are high. In a fluctuating market, the average cost per share is generally lower than the average price per share.
<b>Duration</b>	Duration is a measurement of interest rate risk, it measures how much bond prices are likely to change of interest rates move. Duration is measured in years. Generally, the higher the duration of a bond or a bond fund (meaning the longer you need to wait for the payment of coupons and return of principal), the more its price will drop as interest rates rise.

## Three questions to ask yourself if you want to be happier...

The thing about tips to being happy is they sometimes seem so obvious. “Be grateful? Of course it’s a good idea to be grateful. I don’t need you to tell me that”.

Of course part of the reasons these suggestions are so useful is that people are busy and often don’t take the time they should to do the little, easy, important things. In her 2015 Top of the Table Annual Meeting presentation “Living a happier life”, Nataly Kogan shared several seemingly simple questions people can ask themselves to help increase their happiness, including:

- 1. What was I grateful for today?** “More than 11,000 scientific studies have shown the incredible power that developing a more grateful mind-set has for your wellbeing. And all that a grateful mind-set means is that you take your brain off autopilot, pause and notice the small moments of goodness or beauty or just something positive. They are already there; you don’t have to do anything. They’re already part of your life”.
- 2. Was I mindful and in the moment?** “There’s a study I read recently that 47% of the time, we’re not focussed on whatever it is we’re doing. And research shows that when you’re not focused on what you’re doing, you’re less happy. It actually matters less what you’re doing than where your focus is. I know that mindfulness has become a popular topic, and we think of mindfulness as meditation. But the easiest way to be mindful is just to focus on whatever it is that you’re doing.
- 3. How did I nourish my body today?** “It’s very difficult to feel happy if you eat poorly and you never see the sunshine and you never move. Research shows 20 minutes per day outside is all you need to significantly improve your mind-set. So get outside”.

—Sourced from Round the Table (MDRT magazine), May/June 2018

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