



Wills and KiwiSaver

Many New Zealanders have opted into a KiwiSaver Scheme for saving towards retirement. However, many of them do not understand what happens to their KiwiSaver fund when they die.

Upon death your KiwiSaver fund forms part of your estate and if you have a Will your KiwiSaver is distributed in accordance with your Will. However, if you do not have a Will, then it will be distributed in accordance with the Administration Act 1969 ("the Act") and you will have no say in who receives it.

If the balance of your KiwiSaver fund is over \$15,000, then your KiwiSaver provider will freeze your fund and your family will only be able to access the fund once Probate or Letters of Administration have been granted by the High Court. Probate is granted where there is a Will and can take 6-8 weeks to be applied for and granted. Whereas Letters of Administration is granted where there is no Will and can take up to 6 months to be granted. Therefore by not having a Will, there will be delays in your family accessing the funds.

Take the examples of Barbara and Kath. Barbara and Kath both have \$365,000 in their KiwiSaver funds. They are both married with three children and want their KiwiSaver funds to go their husbands for their retirement. However, Barbara has a Will and Kath does not.

Barbara's Will provides that her estate is to go to her husband and if he doesn't survive her then equally between her children.

So upon her death (after Probate had been granted), Barbara's husband received all of her KiwiSaver funds.

Kath assumes that her KiwiSaver will automatically all go to her husband, so doesn't create a Will. However, as per the Act, Kath's husband receives the first \$155,000 of the KiwiSaver fund, with the balance of \$210,000 being split into thirds, with Kath's husband receiving one third and the other two thirds being split equally between her children. So Kath's husband only receives \$225,000 and her children receive \$46,666 each.

Therefore by having a Will, Barbara was able to decide who received her KiwiSaver fund whereas Kath was not. This illustrates why it is so important to have a Will.

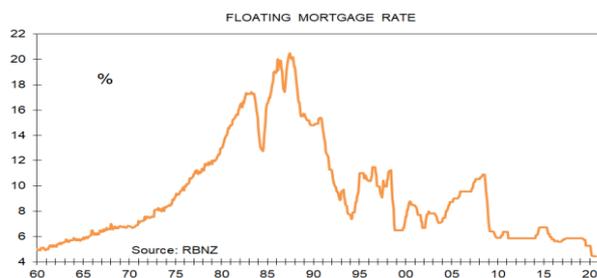
If you do not have a Will in place, then we would highly recommend you have one so you can ensure your KiwiSaver goes to who you want it to go.

— Article supplied by Collins & May Law



"I'm not interested in any diet plan unless it lets me use rollover calories." —@sbellelauren

Historical & Current Term Deposit and Floating Mortgage Rates



Over the coming year, \$203 Billion worth of mortgage lending in New Zealand will reprice. Some \$41 Billion is on floating rates and the rest is on fixed rates. People will roll off fixed rates higher than the ones they will refix at, and this will free up money for spending, investing, or accelerating repayment of principal.

— Tony Alexander, Tony's View

Spotlight on investing—PLPF

Investment Objective and Strategy

The Private Land and Property Fund's (PLPF) investment objective is to provide investors with a complementary and enhanced risk / return outcome compared to traditional listed property investments. It aims to generate average annual long-term returns of about 8% (before tax and after all fees, charges and costs) over rolling 7 year periods from a combination of income distributions and capital growth. The fund aims to invest primarily in a diversified range of agricultural and horticultural land and property in New Zealand, which may be supplemented with investments in industrial, commercial and retail properties. The fund obtains its property exposure by buying units in the Private Land and Property Portfolio managed by Booster. The underlying fund, may borrow to invest in more land and properties or to develop land or properties already held. The level of gearing can vary between 0-65% of the fund's asset value.

Key Facts (as at 30 October 2020)

Fund Size	\$51.5 million
Inception Date	7/01/2019
Manager	Booster Investment Management Ltd
Supervisor	Public Trust
Fund Type	Portfolio Investment Entity (PIE)
Suggested Investment Timeframe	7 years +

Ask your Adviser for a Product Disclosure Statement

"It has not been easy for me. And, you know, I started off in Brooklyn. My father gave me a small loan of a million dollars."

—Donald Trump

Changes to the Residential Tenancies Act 1986

On the 11 February 2021 changes to the Residential Tenancies Act 1986 ("the Act") will come into force. Here are some of the main changes you need to know.

Unlawful Acts and Fines

Landlords need to ensure that they comply with the requirements of the Act. If they do not then they will be committing an unlawful act or infringement offence and could be looking at a fine. Here are some examples, such as where a landlord:

- Fails to record the tenancy in writing;
- Fails to sign the tenancy agreement;
- Fails to provide the tenancy agreement to the tenant;
- Fails to include in the tenancy agreement certain information such as address, start date, bond, rent payable, rent cycle, end date etc;
- Fails to tell the tenant if they sell the property;
- Fails to notify the tenant of change of name or address;
- Fails to appoint an agent if out of the country for more than 21 days;
- Charges a letting fee;
- Charges a bond that is more than 4 weeks rent;
- Fails to provide a receipt for payment of bond or rent;
- Fails to keep records of rent and bond payments;
- Fails to state how much the rent is when advertising;
- Requests more than 2 weeks rent in advance;
- Increases the rent within 12 months of the start date or within 12 months of the previous rent increase.

Cancellation of Tenancies

A landlord is no longer allowed to cancel a periodic tenancy with 90 days' notice for no reason. A landlord can only terminate a

periodic tenancy in one of the following situations:

- If the landlord requires the property within 90 days as a principal place of residence for themselves or a family member, by giving at least 63 days' notice;
- If the landlord is to put the property on the market within the next 90 days;
- If the property has been sold unconditionally, by giving at least 90 days' notice;
- If extensive alterations, repairs etc are required and the tenant cannot live there by giving at least 90 days' notice;
- By applying to the Tenancy Tribunal for an order due to anti-social behaviour that has occurred on three separate occasions over a 90 day period.

Previously if a landlord was selling the property, they needed to make sure that settlement was at least 42 days after the agreement becomes un-conditional. This has now been increased to 90 days, so landlords need to be aware of this when accepting offers on their rental properties, to ensure there is sufficient time to provide vacant possession if required.

For example, if you had an agreement to sell your rental property and it became unconditional on the 4 February 2021 then settlement would need to be after 25 March 2021 (i.e. 42 days later). Whereas, if the agreement became unconditional on 12 February 2021, then would need to be after 13 May 2021 (i.e. 90 days later).

— *Simone Seddon* — 'Collins & May Law Vol 16, Nov 2020'



Income Tax Brackets

The table below shows that in the tax year 2019 / 20 which ended in March, the following proportions (some rounding done) of the \$37 Billion income tax take were paid by the country's 3.9 million adults in the various income brackets. Basically, 24% of income tax is paid by the 3% of people earning above \$150,000 a year and 42% of income tax is paid by 9% of people earning over \$100,000.

Income \$	000s	Population %	Tax paid %
0	218	6	0
10,000	374	10	0
20,000	644	17	3
30,000	588	15	5
40,000	342	9	5
50,000	337	9	6
60,000	311	8	8
70,000	246	6	8
80,000	190	5	8
90,000	154	4	8
100,000	105	3	6
125,000	145	4	11
150,000	74	2	7
>150,000	122	3	24
	3850	101	99

— *Tony Alexander*—*Tony's View*, 17 Sep 2020

"I mean, part of the beauty of me is that I'm very rich."
—*Donald Trump*

How do Christmas angels greet each other? A "Halo!"

THE MFAS TEAM OF FINANCIAL ADVISERS



Chris MacKay
AFA, BCA, CFP^{CM}, CLU, Fellow Financial Advice NZ
KiwiSaver, Insurance, Retirement Planning, & Wealth Management



Ian Jordan
AFA, Dip FA, Cert PFS, CeMAP
(Contractor to Chris MacKay Financial Planning)
UK Pension Transfers, KiwiSaver, Insurance, Retirement Planning & Wealth Management



Blair Bennett
AFA, MBS, Dip Bus & Admin, Dip Banking, F Fin.
(Contractor to Chris MacKay Financial Planning)
Mortgages, KiwiSaver, Insurance, Retirement Planning & Wealth Management



Chris Cornford
AFA
(Contractor to Chris MacKay Financial Planning)
KiwiSaver, Insurance, Retirement Planning & Wealth Management



George MacKay
AFA
Insurance & KiwiSaver

Chris MacKay Financial Planning Ltd

Level 5, MacKay House, 92 Queens Drive, PO Box 31 440, Lower Hutt, 5040, New Zealand.

P: 64 4 570 2233 or 0800 622 529 E: office@mackay.co.nz W: mackay.co.nz W: britishpensions.co.nz W: plus4.co.nz

Disclosure Statements are available on request and free of charge