



Mackay

ON MONEY

(AND OTHER THINGS)

BY AUTHORISED FINANCIAL ADVISER CHRIS MACKAY

Regular readers will now be aware of two genetic predispositions recently identified.

Firstly, the Australian convict gene which has resurfaced and remanifested itself in the dodgy Australian bankers' activities over the ditch.

Secondly, the triple D gene (dumb dickhead dictator) which manifests itself in people with a power situation like politicians and officials.

I can now reveal a third gene in this genre – it's not a new discovery – it's been known forever. I'm referring to the plain old "Stupid Gene". And we've all got it – sorry! Me too from time to time.

For the past few months before bedtime, I've been reading a few pages of a Margaret George "autobiography" of Henry VIII. Now that guy had all three of these genes – in spades. He wasn't a convict, but surely should have been locked up a thousand times over for ordering and sanctioning multiple beheadings and stealing what wasn't his. It was fun being King. Henry Tudor would have been going to hell big time if Israel Folau was around with his checklist back in the 1500s.

Next of course, Henry was the ultimate dumb dickhead dictator. I won't list his many examples of bad decision making. Another time maybe.

But lastly – he was stupid too.

Here's an example. Back in 1540, mere minutes after he had got his (fourth) marriage to Anne of Cleves annulled, the besotted 49-year-old Henry married the 16-year-old Catherine Howard. Thirty-three years difference! Now Henry, that was stupid. There's no fool like an old fool as the saying goes. Kitty Howard lasted as

Henry's wife for less than two years, finally losing her head after being found guilty of fooling around with a couple of blokes closer to her age – Thomas Culpepper and Francis Dereham.

Now, in those days one was not supposed to shag the King's missus. This activity was regarded as high treason and therefore Tom and Frank were very stupid too. As a royal consequence, Thomas was beheaded and

the feckless Francis was hanged, drawn and quartered with both their heads being placed on spikes on London Bridge. A helluva way to see London!

A bit closer to home and to the 21st century, there are examples of stupidity popping up all over the place.

Jacinda's Labour government and the NZ Transport Agency's decision to defer

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the Melling Interchange to 2029 or later is stupendously stupid and also a good example of the triple D gene. What a pack of eggs! Hopefully Chris Bishop's petition against this dumb decision gains some traction. Apparently Bish was also excluded from a local MP's meeting to discuss a remedial strategy. How dumb to not include him!

Here's an example of stupid I sometimes heard in my early career. "My dad had Life insurance and he didn't die when he had it and therefore, I won't buy any. It'll never happen to me." Colleagues in Christchurch before the quake would hear a similarly stupid sentiment "why would I have Business Interruption cover? It's a waste of money".

My profession is littered with tales of clients who have committed to a strategy of medium to long term investment in a diversified portfolio of shares, property and fixed interest funds (being forewarned of the future ups and downs) only to ditch it when there's a bit of volatility in the markets. They head for those kindly foreign owned banks who are delivering record low rates. In a four-decade career, I don't think they've ever been this low. The smart theory is, to set a strategy, stick to it and not bail out when the market has a hiccup.

Have you ever had a discussion with an intellectually challenged individual about anything – rugby, politics, the health system, whatever? A really stupid person in my experience is often very "black and white"

and doesn't think around the periphery. You can't win an argument with someone who's stupid, someone who's drunk or with a politician. Furthermore, the three aren't mutually exclusive.

Some Vatican scientist, Brother Guy Consolmagno was quoted in the *Dom Post* on May 4, 2019: "There's an old saying ... I heard it from my dad, I think: knowledge is an island. The more you know, the bigger the island. But the bigger the island, the longer the coastline, which is the boundary between what you do know and what you don't know. If you find someone who thinks they know everything, it's because their island is really tiny." And those folks are really stupid!

There's a lending crowd who advertises on the radio called Moola. I checked out their website and found I could potentially borrow \$5,000 and repay it over 52 weeks at \$191.06 per week. That means I would pay back \$9,935.12. They reckon the maximum interest rate is 149.7 per cent. Or I could borrow \$100 over six weeks at \$32.44 per week or a total of \$194.64. They reckon the maximum annual percentage interest rate in this case is 620.5 per cent per annum. Yep, that's right. 620 per cent.

Now folks, these rates are very, very, very, very high. Borrowing like this doesn't make good financial sense. Heck, I hate it when I have forgotten to pay off my full credit card by the due date and end up paying 21 per cent pa. At times like that, I have called myself some seriously bad names and

thought myself very stupid indeed.

I got a follow up call from Oscar someone or other the other day. Oscar said he was ringing me from New York and told me he was a stockbroker from some fancy smancy "waspy" sounding name. Oscar told me he could pick the stocks on the New York Stock Exchange that were going to do well and he was giving me the opportunity to make a lot of money. I asked him if he were authorised or licenced to give financial advice in New Zealand and he gave me some BS story about being licenced in the State of New York and blahblahblah. Oscar then asked if I would like to start my relationship with him by investing US\$100,000 in such in such a stock. As it turns out – a big US corporation. I wish now I had stayed on the phone to see how he would have me do the transaction. I don't deal with people who flout our laws and regulations so I hung up. If there's almost nine million people in New York alone, why are we being targeted down under? Because these are slick salespeople and we're stupid. Watch the movie – *The Wolf of Wall Street* – if you want to see what slick is.

Hey, it may have been kosher, but most likely not. It's a scam. He would have eventually gained my trust because the stock may have done well, and then I would have sent some money or some additional funds to a foreign bank account after trying him out a couple of times and then – guess what? My hard-earned money would vanish – forever!

The Financial Markets Authority (FMA) has multiple pages on their website www.fma.govt.nz devoted to scams. Check them out. There are a lot of crooks out there wanting to fleece you!

Kiwis are losing millions of dollars each year to scammers. I'm aware of one chap who is targeted on line now by multiple scammers. They send him something saying he's come second in a lottery he can't remember being in. All he needs to do is send a small deposit to secure the prize. A week or so later, another call or email asks that he needs to pay some more because hey presto the winner can't be found and now, he's been escalated to receive the major prize, and he only needs to pay another \$10,000 to claim it. Or else they say he's got some shares in a US or Canadian company that went into receivership and which he has no recollection of ever owning. But now, someone has found gold on the property the company owned and you wouldn't believe it, but those shares are now worth US \$85,000. All we need is US\$10,000 to free them up from the escrow account and then you can

YOUR UK PENSION



NEEDS YOU

The IRD have changed the tax rules on UK Pension Transfers. If you have a Personal or Company UK Pension Scheme, then you need to seek urgent financial advice if you want to reduce or avoid the costs of a large tax penalty.

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Poor chap, he's spent thousands of dollars on scams like this and yet he still believes the next one is a genuine one.

Just remember this my would-be stupid friends, if it looks too good to be true, it's probably too good to be true.

Apart from the government giving KiwiSavers a potential Government Contribution – previously called a Member Tax Credit - of \$521 a year, there is no big fat fella from the South Pole! Trust me! Don't be stupid!

In the *Sunday Star Times* of May 12, 2019, there was a sad tale of 20 leading social media and reality TV stars from Germany. They got lured to Turkey by offers of free travel and accommodation, handed over their passports to three nice ladies wearing the same uniform at the Turkish airport and ended up on a two-hour bus trip to nowhere. No accommodation and guess what – no passports. German passports can fetch up to 10,000 Euros on the black market. Good scam!

Then there's those nice chaps from "Microsoft" who ring you at home while you are watching *Game of Thrones* to tell you your computer is on the blink, or some bad peoples are trying to hack into your machine. They want you to give them remote access to your computer or to hand over your password. A good way to get rid of them is to tell them you have no computer. Personally, after putting the telly on pause, I express indignation and keep asking for the names and addresses of those bad peoples who are trying to hack me. After a few minutes of this, they get sick of me and they hang up. One of my mates blows a whistle into the phone. Not sure about the health and safety aspect of this though. What a way to make a living! But there must be some stupid suckers who fall for it. Be sensible. Hang up. Don't be stupid!

Now for regular readers, here's the second to last "true story". Kathryn's great grandfather Johannes Vlietstra wrote a journal of his time in Australia in the 1860s which was rediscovered and published by Dr Ron Vlietstra as *Dutchman's Gold*.

SECOND STORY

"The saying, "there is no wheat without chaff," also holds true in Australia as exemplified in the bad conduct of an English lawyer living in Victoria.

This gentleman was fond of attending all kinds of public entertainment, but he lacked the money needed to do so. As far as court cases were concerned, however, he was the best man for the job. One day a ball was about to be held and lacking the money, he

had to think of a way in which to acquire it to attend this ball.

On the day that the ball was to take place he found an opportunity. He had noticed that a rather simple-looking stranger had recently come into town and he decided to use this person for his purposes. Towards evening he put on an old suit and walked the streets in search of the stranger. He discovered him in a bookstore, where the stranger was looking over a couple of things. The lawyer joined him, and started talking to him. He soon found out what he preferred to talk about and made himself seem so trustworthy that they ended up walking along together.

Having arrived in a back alley the lawyer grabbed him, pressed a copper tap against his chest and forced him to surrender his gold watch and chain as well as his money. The stranger, believing he might lose his life through a gunshot, surrendered everything willingly. The lawyer then totally changed his demeanour, made an ugly face and withdrew, calling out to him, "Would you recognise this man should you meet him again?"

The stranger notified the police and from the description he had supplied, a man showing some resemblance to the lawyer was taken into custody. The man pleaded innocent and insisted on getting the best lawyer to plead his case. Our lawyer was recommended and upon being summoned he went in to see the man in custody, who told him what had happened. The lawyer explained that this was a very important case indeed, that a heavy sentence was to be

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expected for public assault with violence and that he stood in danger of losing his life or remaining prisoner for the rest of it.

He frightened him to such an extent that in the end the man offered to double his fee if he could get him off the hook. Four days later the case came to court and the lawyer stood up in court as counsel for the accused. The judge asked the theft victim whether the man taken prisoner was the same as the man who had violently robbed him on a public street, which he confirmed. Counsel asked him to take the oath and when the stranger was ready to do so he said, putting on the same demeanour as on that evening when he had withdrawn, "Mate, are you telling me that this is the man who robbed you?"

The man got flustered a little and called out, "It is you yourself."

"Well, well", said the lawyer in a severe tone, "What am I to believe now. First you accuse the man, who has been taken into custody, and are prepared to take the oath on this, and now you are saying I am that man."

Then he turned his face towards the judges and said, "Your lordships, do not speak to this stranger, or he will say that you all did it." To cut a long story short, the lawyer succeeded in getting the judges to declare the stranger partly insane, and the accused man was acquitted.

The lawyer profited well from his criminal conduct, first by robbing the stranger and then receiving a double fee for exonerating the accused." [Now, that's a great scam!]

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