Your retirement and investment guide

Now's the time to get smart with your savings so you can enjoy the rewards of retirement. We profile five specialist providers.

As food and petrol prices climb and more of us start to feel the pinch, it becomes trickier but even more essential to squirrel away savings and investments to see you through your golden years. Retirement plans and investment options abound, but what are the ones that won't cause you sleepless nights, and will yield plenty of nuts?

They're nuts you'll need to crack. About one-third of Kiwis over 65 currently rely on NZ Superannuation for 95 per cent of their income (for singles that's $277 a week; for couples it's $426 – enough for the basics but not enough for the nice things in life such as trips and theatre tickets).

And for many of us, retirement isn't too distant a land. Whatever your age, the years available to save and scoop up investment returns are quietly ticking by. Don't be tempted to put off thinking about it or plonk it in the too-hard basket. Once a plan's in place, you can sleep easy at night knowing your financial future's assured.

To work out roughly how much you'll need, see www.sorted.org.nz's regular-saving calculator. Plug in the number of years you'll likely need an income (at least 20), how much you'll need each year (around

Get smart with Spicers

The "sleep test" is one method Spicers uses to gauge a person's appetite for financial risk. "If you wake up worrying about what's happening on the New York stock market, you're probably carrying more risk than you're comfortable with," says CEO Gordon Noble-Campbell.

Assessing your risk tolerance is an integral part of your first, free consultation with Spicers, one of New Zealand's top-performing financial-advice firms (www.spicers.co.nz). Long before you talk investment specifics, your adviser will find out about your life, plans and goals. Says Noble-Campbell: "We're focused on aspirations, so products come at the end of the conversation. Retirement itself is an aspiration: one goal may be continuing to lead the life you're used to. So our objective is to eliminate any unpleasant surprises and enable you to achieve your goals."

In general, he advises "a short-term bucket you can lay your hands on quickly, a mid-term bucket you don't need straight away, and a longer-term bucket, with which you can afford to take a more aggressive approach". Importantly, your adviser will carefully discuss and craft a diversified portfolio to your unique circumstances. "The tools in our tool kit allow us to respond to complex as well as simple circumstances."

So what are some tools and attributes? Noble-Campbell proffers five: longevity (an outstanding track record over 20 years or more); scale (around $1.5 billion of funds provides opportunity and clout in portfolio construction); people (advisers at 24 branches nationwide have local knowledge and are all certified financial planners or are studying towards this qualification); audit and governance standards (which apply to all advice), and networking (Spicers NZ exchanges ideas, information and expertise with sister Australasian companies).

Another attribute is community concern. As many of its clients are older, Spicers has witnessed the effects of "elder financial abuse" (when financial predators feign companionship with lonely older people, then play on their gratitude to ask for money or inveigle themselves into wills). In a year-old Noble-Campbell initiative, Age Concern may notify Spicers of serious cases and the firm offers an initial consultation and financial-plan advice on a "pro bono" basis, to stop and prevent further abuse. (If you're concerned about someone, contact Age Concern.)

As for market fluctuations, Noble-Campbell advises people to "make a distinction between news and noise. There's huge media sensationalism of short-term fluctuations in the global financial market, and you might think, 'Crikey, I need immediate changes.' But a short-term response to long-term plans needs to be carefully considered. Stay calm, diversify, and you're well on your way to achieving your financial goals and your kind of retirement."

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70 per cent of your current income) and your expected rate of return (say seven per cent). And click "calculate". Don't be put off by the size of suggested sums, as with smart and regular investing it quickly adds up. Say you save $170 a week for 25 years earning seven per cent – you'll be sitting on half a million dollars.

Online and hard-copy reading is a great way to get a grasp of investment basics. But unless you're extremely financially savvy, choose a financial adviser or fund manager. Don't just go with the first company you spot: see a few, read their disclosure statements and check their fees.

Investing's all about the delicate balance of risk and return. If the investment's too risky, the chance of losing capital may outweigh high returns, but low returns will let inflation eat into your capital. Our individual penchant for risk-taking, or "risk profile", depends on factors including age, personality and gender. Basically it's all about what you feel comfortable with, and could recover from. At 30 you have plenty of time left to fix stock market screw-ups; if you're 55, you'll treat stock market investments more cautiously.

We've all heard about the work-based retirement-savings scheme KiwiSaver. Ba-

Westpac: KiwiSaver Experts

The Westpac KiwiSaver scheme's investment options are designed to ensure you're comfortable with your investments' risk level. The Capital Protection Plan is for members who are uneasy about loss of capital, the Cash Fund is for people who want stable, non-volatile returns, the Conservative Fund is for people who want relatively low levels of risk, the Balanced Fund is for people who want medium potential returns for medium risks, and the Growth Fund is for people who want higher potential returns and are comfortable with greater fluctuations in return levels.

Westpac's KiwiSaver specialists can help choose the right investment plan for you, and answer your questions by phone, online or at any of Westpac's 196 nationwide branches. Further benefits are you can check your KiwiSaver balance any time online using internet banking, and you have the option of converting Hotpoints (credit card rewards) to KiwiSaver savings.

If you're serious about investing, it's crucial to get professional advice to help you put in place and achieve clear financial goals. Westpac's highly qualified Wealth Advisers, who are based throughout the country from Northland to Southland, are available for a confidential and obligation-free consultation. Your adviser will tailor an investment plan to your personal needs and recommend from a wide-ranging

You can check your KiwiSaver balance any time online using internet banking.

product suite, including term deposits, managed funds, retirement plans and Transact Direct, which allows investors to independently access a wide range of investment opportunities.

Look at investing through Westpac's Cash Plus Trust which is a PIE (Portfolio Investment Entity) compliant fund. This means your returns are taxed at your PIE tax rate rather than the higher personal tax rates. If your personal tax rate is 39 per cent or 33 per cent, the maximum tax you'll pay on your returns is 30 per cent and it can be as low as 19.5 per cent. Your adviser will discuss the details of how to make Westpac Cash Plus Trust work for you.

If you'd like to see a Westpac Wealth Adviser, visit your local Westpac branch, call 0800 400-600 or see www.westpac.co.nz for more information including a list of the Wealth Advisers in your area. If you'd like to see a Westpac KiwiSaver specialist, drop into a branch, call 0508 WPAC KIWI, or visit www.westpac.co.nz/kwisaver for more information.

You'll end up with twice as much in a KiwiSaver account as you would in an ordinary account.

sically, it makes retirement saving easier by signing us up for automatic pay-packet deductions. And it doesn't hurt that the Government chips in $1000 upfront, then matches your savings with up to $1043 per year (and subsidises fees). Employers, who currently subsidise staff members' contributions to the tune of at least one per cent of their salaries, will increase that to at least four per cent in April 2011. Unless you withdraw the money for a first home, you can't touch a bean until you're 65, which removes temptation.

But what's compelling is you'll end up with twice as much in a KiwiSaver account as you would in an ordinary account. Say you save $20 a week for 15 years with a five per cent return. You'll have $48,000 in your KiwiSaver account but only $23,000 in a non-KiwiSaver account. So even if you're in your 50s or 60s it's worth joining. You'll choose from a list of providers vetted by the Inland Revenue Department, but the biggest decision's picking a scheme. With KiwiSaver, people often take the lowest-risk option, but consider slightly higher-risk options to get the best possible returns. Talk to your adviser; see www.kiwisaver.govt.nz, www.sorted.org.nz.

Guardian Trust: managing wealth wisely

A comfortable and financially secure retirement doesn't happen by accident, and even those with a very high level of wealth must plan well in advance. So says Kevin Peacock, manager of Guardian Trust's private wealth management division.

"Fortunately, if the wealth base is already there we don't have to look for immediate short-term gains and extraordinary returns, so a balanced, conservative approach to investing is the wisest tactic," he says.

Many of New Zealand's wealthiest families have chosen Guardian Trust, a leading wealth management and trustee company, to grow and protect their wealth. The private wealth management service is tailored specifically for those with a significant asset base and provides a highly personal level of service delivered by senior, experienced client managers throughout the country.

The wealth planning process takes into account your personal situation and your goals, the lifestyle you want to enjoy, the people you want to provide for, the interests you wish to pursue.

"It's all based on a very personal interaction with the client," says Peacock. "We get to know our clients and their family situations intimately so our advice is tailored specifically to their needs."

Investment selection flows out of the initial consultation process and follows an extremely rigorous system, based on high-level input from external experts and a conservative long-term view.

"Our track record shows our investment management systems have served our clients well in all market conditions," says Peacock.

And no wealth management plan is complete without looking at the other side of the equation: asset protection and estate planning. This takes into account and manages personal and family risks including broken marriages, new relationships, business risk and other unforeseen events.

"Building the wealth base is something we do very well, but protecting and passing on wealth for the benefit of future generations – whether to your own family or by way of a philanthropic legacy – is at the heart of what we've been doing for 125 years."

The riskier the investment, the higher its long-term return. The riskiest options [in order of risk] are shares, then property, then corporate bonds, then cash.

As worthwhile as KiwiSaver is, other smart investments will help to cushion your retirement fund. The first step's a rainy-day sum of three to six months' salary handy in the bank. Then start directing money into an account marked investment. You don't need $50,000; it's worth investing even a thousand or two. Spread your risk by diversifying investments across sectors and institutions. Diversifying's like taking out insurance: it means your overall financial portfolio will remain healthy even if a single investment has poor returns.

All investments carry some risk. You don't need to rote-learn the intricacies of each (that's what your adviser's for) but remember: the riskier the investment, the higher its long-term return. The riskiest options are shares, then property (although shares in property-development firms can be high-risk), then corporate bonds (a tradeable loan), then cash (bank deposits and Government bonds). Remember that shares and cash require nothing from you while property requires active involvement.

A familiar retirement approach is to not worry much about savings but simply pay off the mortgage, as you'll eventually free up retirement cash by selling the house and »

Getting to know you: Perpetual Trust

Exactly how much money will you need for your retirement? Wealth management specialists Perpetual Trust – a 100 per cent New Zealand-owned trustee company – can talk you through everything needed to calculate that and make a plan.

Its "Fact Finder" booklet (which you can complete on your own or with an adviser) gives Perpetual an understanding of your personality, situation, goals, investment timeframe, risk tolerance, how much you're realistically able to save, and myriad other factors from the gamut of your life. Your advisers won't even start drafting a plan before they've talked about your responses with you at length. Because catering to each individual's unique needs is the basis of the Perpetual philosophy.

"We like to sit down and really get to know a person, not just their finances," says Perpetual Trust senior investment adviser Gill Allan. "Your personality and the things you do are all clues about you. For instance, people are often surprised they're within the guidelines in some budgeting areas, and that they blow out in others. Those coffees in the morning and odd wine on Thursday night all add up!"

But Perpetual isn't trying to take life's little luxuries away from you – it's working out a way you can live well and achieve financial security for retirement. With this detailed information at hand, Perpetual tailors an investment plan that is diversified across sectors and institutions. Managed funds are key: in particular, they mean people investing smaller amounts can access a range of companies minus large brokerage fees.

Not all managed funds are the same, however, and at Perpetual, "best of breed" fund selection is critical. Talk to Perpetual about which of its five managed funds is right for you: perhaps the Superannuation Investment Fund or the New Zealand/Australia Share Fund.

Since Perpetual was born in Dunedin in 1884, 124 years of strong performance has testified to the success of a conservative investment approach focusing on long-term gain. A professional committee analyses, screens and regularly reviews Perpetual's list of investments. Says Allan: "We still cater to 'aggressive' investors, but we don't go gung ho into unpredictable things we can't get a lot of information on, or which you've heard about from a taxi driver…"

And as well as managing and reviewing your investments, Perpetual can (as part of its asset-planning approach) ensure that unforeseen events, such as business risk or matrimonial dispute, won't endanger your assets, using tools such as establishing various types of trusts.

You might also like to try a PIE. Unlike the mince version, with a financial PIE (Portfolio Investment Entity) you know what you're getting. And that's less tax.

downsizing. Yes, moving somewhere more manageable is a sensible option. But don't put all your eggs in one basket: selling in the middle of a market slump can play havoc with your nest egg. Property can be a good notch on your investment belt, but it shouldn't be your only investment.

You'll probably invest at least some money in the share and corporate bond markets. You can either do it directly (you or your broker buys shares in your name) or opt for managed funds.

Institution-provided managed funds do the work of diversifying across a large number of shares/bonds for you. Don't stress about market ebbs, or scaremongering soundbites; the value of a strong diversified portfolio will steadily grow.

You might also like to try a PIE. Unlike the mince version, with a financial PIE (Portfolio Investment Entity) you know what you're getting. And that's less tax. If you invest through a PIE structure, you can forget paying the 33 per cent company tax rate: returns are taxed according to your personal tax rate, at a maximum of 30 per cent and as low as 19.5 per cent.

At first glance it might all sound like jabberwocky, but your financial advisory company can translate the jargon. By following the advice of our featured financial institutions, your finances will be in rude health by the time you're ready to ditch the alarm clock and start taking it easy. +

HEALTH TIP

Medico makes sense of your medication

Does your medicine cabinet look like a lolly scramble? Do you or someone you know take multiple medications at various times over the day? And do you often worry whether you took that pill, and sometimes forget your appointment with the pill packet? Staying on top of your medication can be a logistical nightmare: some pills must be taken with food, some on an empty stomach, some with other pills. And more than a third of people regularly miss doses.

Banish counting and stressing by asking your pharmacist to pack you a Medico Pak. An easy way to keep track of which medications to take and when, the Medico Pak simplifies all your prescriptions into one easy-to-use package. A tray with 28 individual doses – divided into seven vertical columns for each day of the week, and four horizontal columns for times of day – arranges all your medicines into handy tear-off doses.

Medico New Zealand manager Liz Bosley says: "The New Zealand-made Medico Pak makes medications perfectly clear, and having your medications packed by your pharmacist makes life so much easier."

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A label on the back of each blister tells you the name of your medication and when to take it. You can see at a glance if you've taken your medicine so there's no doubling up or missing out, and no messing around with a cluster of containers.

If you're going out for the day, just pop off the dose for the day and put it in your pocket or bag. Or if you're going on holiday, you can tear off a strip for the week.

You should be able to enjoy your life without worrying about pesky pills, so make your medications fit your lifestyle, not the other way around.