



Estate and Taxation Planning Council New Zealand Inc

November 1997

Dear Member

Fourth Estate

At its October meeting, the Executive Committee liked seriously at our activities this year & into next. Generally, the programmes offered during this calendar year have been well-received and the attendance was, for the most part, respectable. However, while replies to our scheduled events are usually enthusiastic, the actual attendance on the day varies greatly.

Our conclusion was that especially this year, when so much energy was devoted to the Compulsory Superannuation Referendum and more recently, to the Investment Advisers Disclosure Regime, members are just a little jaded. The Committee has recognized that this may be the right time to pause.

In defense to the many other demands on members' time as the holiday season gets going, the Committee has decided not to hold an end-of-year social function,

Instead, the Committee will spend time planning and organizing next year's calendar events, which we hope to publicize in a newsletter early in the New Year. Any special requests or suggestions from members would be most welcome and may be directed to the Secretary's attention.

I wish to take this opportunity publicly to thank the Committee members for their individual and collective industry in making events happen this year.

Their consistent good humour and willingness to volunteer (i.e. / to accept delegation from the Chair) makes it possible to keep the Council viable!

Marguerite Brien, Editor

Michael Littlewood on Proposed Compulsory Superannuation

For the first time in a long time, the Executive Committee appears to have discovered a winning formula: a venue offering good food, good parking and a wonderful outlook over Waitemata Harbour.

Romfords on Tamaki Drive is proving to be a popular choice for our seminar presentations, judging by the enthusiastic response from members.

This was proven once again on Tuesday 19, August, when Michael Littlewood, until recently with Fletcher Challenge's HR/remuneration division, shared his views on the proposed Compulsory Superannuation regime.

In light of Michael's background and qualifications, which include membership on the 1990 *Todd Task Force review of Private Provision for Retirement*, plus a long standing and high-profile role in the Executive Committee of the *Association of Superannuation Funds of New Zealand* ("ASFONZ"), he had some quite definite opinions to share.

In addition, he has just published a book entitled *Will You Still Need Me?*, in which Michael reviews superannuation policy in some depth. The subtitle of the book states that it is "a retirement income primer for politicians, employers and meddlers".

Michael explained that, as a self confessed “meddler” with many years experience in dealing with retirement issued and pension schemes (both private and public); he had come to the view that NZ does not need a compulsory retirement savings scheme at this time.

In his view, the Todd Review Committee, which published its interim report in July and which will produce its final report at year end, had got it right in saying that our current programme of state-funded universal pension is sustainable for the short term.

However, what is apparent, and what the Todd Review Committee emphasised, is that, for long-term sustainability of the state-funded pension, some changes will become necessary and the time to begin to define and to shape those future changes is now.

Examples include, as possibilities only, increasing the age of entitlement beyond age 65, or decreasing the amount of the pension payable. A third alternative is to retain the age of entitlement/quantum of pension as it is now, but this very likely means increasing taxes to pay for the status quo.

As expected, this lively and entertaining speaker managed to attract some lively and entertaining questions and comments from the audience. In fact, the verbal sparring continued during the refreshment period.

Those who attended expressed their heartfelt appreciation for the presentation and the presenter, and we as a group appreciate the kind sponsorship from Spicers Financial Service which helped to make the event possible.

Contributed by
Colin McEwan, Assistant Manager
New Zealand Guardian Trust

Gabrielle Wilson - New Investment Adviser Disclosure Regime

Romfords was again the venue for the meeting on Wednesday, October 15th. With Daylight Savings firmly in place for the summer season, it was a delight for members and guests to relax before the meeting commenced by Wednesday night yacht racing series, the scheduled ferries, and the unscheduled windsurfers.

Once we got down to business, it was ALL business and pretty serious at that. Gabrielle Wilson is a Financial Planner of some years' experience who operates her own business in Parnell. She is also an active member of the IAFP and so she has good cause to know her subject, which we the Investment Adviser Disclosure Regime recently introduced by new regulations to the Securities Act.

Despite her modest protestations at the outset that she didn't have the expertise to be addressing the audience, the content of her presentation belied her statement. With the use of simple but clear overheads, Gabrielle walked us through the essential features of the Regulations.

She took care to point out that, in her view, there would be no-one in our membership / audience who would not be caught by the new legislation. Her topics covered the character statement, the initial disclosure and the request for disclosure, as well as the implication of each.

There were a number of practical questions from the audience, which provoked general discussion and comment.

Following Gabrielle's presentation, members and guests stayed for a pleasant interlude of drinks, nibbles, and fellowship.

New Edition of Prudent Person Text Published and Available

Trustee Investment.
The Prudent Person Approach
Davis&Shaw, Butterworths (1997)

Members are invited to purchase the above text directly from the author at a discounted price. The second edition covers a number of developments in overseas legislation and in common law which have occurred since the first edition was written in 1990. It includes practical information covering procedures for managing trust funds and special features of different forms of investment as they relate to estates & trusts.

The various states of Australia are progressively enacting legislation extensively modelled on the NZ act and the text, which was co-authored by a leader of the Australian trustee industry, covers both jurisdictions.

The book is aimed specifically at assisting trustees and those who may be asked to give advice on the investment of trust funds. However, it also gives a general overview and practical explanation of many of the legal issues including delegation, and the appointment of managers and custodians.

Normal retail price \$45.00 including GST. Cost to members \$40.50

To order your copy: fax R.L.Davis at 09 309 0281.

Invoices will be issued with delivery within 5 days to order.

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