



Estate and Taxation Planning Council New Zealand Inc

August 2001

Dear Member

Seminar Notes

We have run two seminars in fairly quick succession. The first seminar was held in early May at The Auckland Club and was well attended with 35 members and guests to hear a panel discussion on the topic of "Is it time to fire your Financial Adviser?" The panel members were financial advisers Gabrielle Wilson and Greg Moyle, and journalist Mary Holm.

It came as no surprise that both financial advisers were less enthusiastic about the idea of firing your financial adviser, than Mary Holm was. All three panellists agreed that no adviser should be fired solely because share investments performed poorly last year. Many overseas investment markets fell over 25% last year, and while clients and advisers were feeling some pain, both Gabrielle and Greg said the same clients were more than happy the previous three years when markets were rising. Mary felt that investment performance should not be judged by what happens in one year, but should be taken over a five-year period.

Gabrielle felt that if you are thinking of firing your adviser after a bad year, you are probably using the wrong adviser. All presenters felt that good advisers would have educated their clients to the volatility of investment markets, so last years performance should not have come as a surprise. Both Gabrielle and Greg spend time educating their clients before they make investments, but unfortunately the quality of financial advice is mixed, and some advisers clearly need to be fired for giving poor advice.

The bad advisers tended to be product jockeys, pushing products that were "flavour of the month" without explaining the risks, and clients were guilty of hearing only what they wanted to hear. When investors were buying development bonds with a 14% interest rate, not much was asked about the risks, compared with Government Stock paying 7%. While much has been done to raise the standards of financial advice over the past ten years, there is still scope for improvement from the Financial Planners and Insurance Advisers Association, and their members.

Greg made the point that many people spend more time planning their next overseas holiday, and what the best deals are, than who they are going to work with on building their financial well being. With far more choices of where to invest, many investors make poor decisions because they don't understand how markets work, and they need a structured plan and advice to keep them on target for meeting their financial goals.

Mary had quite a different view, and felt that people could run their own investments simply by putting short-term money into term deposits, and investing the long-term money into international and New Zealand share index funds. Mary added that index funds had lower costs, and over the long-term tended to perform better than most active funds.

Gabrielle felt that a good adviser should acknowledge that they can't control the markets, and it was their role to set a clear long-term strategy, and to fully explain the risks and rewards of various types of investments. Apart from giving the client peace of mind, the good advisers have usually spent time advising their clients on tax and estate planning issues, so it is a full relationship, rather than just placing a few investments.

Greg felt that there are a greater number of good advisers who have successful practices, and have very strong client relationships, but are never mentioned by the media, who tend to focus on issue like the Metropolis Bonds to

prove that all advice is bad. Unfortunately most of the poor advice comes from advisers who are not members of the FPIA, and so it tends to give a distorted view of financial advice.

The discussion got a little heated over whether advisers should charge hourly, rather than fees or commissions. Some favoured hourly charges, but others felt that New Zealanders were unwilling to pay on that basis. The session concluded with Gabrielle and Greg stressing the importance of the relationship between adviser and the client.

New Members

Lois Wilson is a manager with accountancy firm Gosling Chapman. Lois is a member of the Institute of Chartered Accountants, and has been actively engaged in giving estate and taxation planning to clients of the firm for the past eight years. Prior to joining Gosling Chapman, Lois worked as a contract accountant in London, and worked for several accountancy firms in New Zealand before heading to London.

Trevor Peacock is a client manager with New Zealand Guardian Trust. Trevor is a member of the Executor and Trustee Institute, and has been involved in estate planning for the past twenty years with both Guardian Trust and Trustees Executive.

Gerard Shortall is a Senior Investment Adviser with Spicers Portfolio Management, Auckland Office. Prior to joining Spicers, Gerard worked in various management roles with Air New Zealand. Gerard is a graduate of Auckland University, and has successfully completed the IPAC Securities course in Financial Planning. He is also a member of the Financial Planners & Insurance Advisers Association.

In 1999 Gerard was named Spicers Adviser of the Year. This annual award is given by the executive and management team of Spicers, who select the top adviser from Spicers nationwide team of 58 advisers. The key criteria in judging this award are top technical skills, high quality of advice, good interpersonal skills and outstanding client care.

Vivienne Bishop is a solicitor with Simpson Grierson, and a member in good standing of the NZ Law Society. Vivienne has been actively involved in the area of estate planning with both NZ Guardian Trust, Remuera and with Wood Ruck at Manukau City. Vivienne has a law degree from Auckland University, and a B.Com from Waikato University.

Martin Jago is a Senior Investment Adviser with Spicers Portfolio Management, Pakuranga Office. Martin has been actively involved in estate and tax planning with Spicers for the past eight years, and has regularly presented seminars with several law firms on the subject of estate planning and the use of trusts. Martin is a graduate from the University of Wales, and is a member of the Financial Planners & Insurance Advisers Association.

Prior to joining Spicers, Martin worked in Australia for several years in the Insurance and Superannuation sector. He previously worked in the UK with several firms specializing in Superannuation and Savings.

AGM

The Annual General Meeting is provisionally set down for Thursday 30 August at 12.30pm on the 20th Floor, Simpson Grierson Building on Albert Street, and this will be followed by a regular committee meeting. The committee would welcome your attendance at the AGM. More precise details will be forthcoming.

General

We have recently updated our database of members and their e-mail addresses. Please help us keep the database current by letting us know if you change firms, or if your e-mail address changes. Thank you.