

Thrive

with you for
generations
to come



Changes to protect your future



The past four years have been challenging for many New Zealanders. The Global Financial Crisis (GFC) has impacted some of the largest and most well known companies as well as some overseas governments. We spoke to Public Trust's Head of Investments, Colin Thomson, and Head of Financial Products, Dave Gordon, for their view on what has happened and what actions are being taken to prevent this happening again.

Beginning in 2007, the world changed for many of us as the largest financial crisis since 'The Great Depression' in the 1930s. It resulted in the collapse of large financial institutions, bailout of banks by national governments, and downturns in stock markets around the world. Here in New Zealand 'Mum and Dad investors' were hit hard as many had money invested in finance companies that failed.

What went wrong?

Many people have speculated on causes for the financial crisis. Colin describes the origins as "high levels of borrowing coupled with not enough understanding of the risks involved. This situation applied across the board from individuals to corporations to overseas governments world wide."

Continued overleaf...

Welcome to the latest issue of Thrive!

In the past two issues of Thrive I have talked about the Christchurch earthquakes. There seems to be no let up for the wider Canterbury community with ongoing seismic activity. From our nearly 90 employees in Christchurch we have an understanding of what the community is going through, but of course unless you're living through it, you can't truly appreciate the magnitude of the impacts.

In this issue we discuss the Global Financial Crisis (GFC) and recent changes aimed at increasing public confidence in the professionalism and integrity of financial advisers and brokers.

The Financial Advisers Act came into effect on the 1st of July 2011. It helps to ensure more accountability and transparency for investors, which means you get advice that's relevant and appropriate to you. We wholeheartedly support the changes and have a number of authorised and registered advisers who can assist you in meeting your needs and achieving your goals.

We've also included an article of how we were able to assist a Christchurch family. A touching insight is given on their circumstances and how they were able to purchase a new home with the help of Public Trust.

The planned abolishment of family trust gift duty in October will have many New Zealanders thinking about how they might protect their assets with a family trust. There have also been changes to residential care subsidies. More about these updates can be found on page two.

Regardless of what's happening in your life, we will always endeavour to provide you with a quality service. We thank those who have provided us with feedback on their experiences with Public Trust and for your ongoing support. We hope to be of service in the future.

With best wishes,

Grenville Gaskell
Chief Executive



Updates...

To find out more
call 0800 317 471
or visit our website

Countdown to Gift Duty Repeal

From 1 October 2011 gifting assets to a trust will become easier with government plans to abolish tax when gifting. This means that you can fully gift assets to a family trust all at once allowing your assets to be protected sooner.

Because family trusts remain a powerful and popular way of helping to protect your assets, many New Zealanders will be impacted by the change.

If you have a family trust gifting programme in place already, you may want to consider delaying gifting until after 1 October. Your decision to delay will depend on your circumstances. We'd be happy to discuss this with you.

Things to remember

The law changes will mean that proper administration becomes more important. Even if you've finished gifting, annual meetings between trustees should still happen as they help prevent the possibility of the trust being challenged in the future.

Like to know more?

If you don't have a family trust, gifting will be much simpler from 1 October. Whether you're looking to set up a family trust or want to get yours reviewed, there's no better time than now. Talk to us today.

Residential Care Subsidy changes

Residential Care Subsidy levels increased from 1 July 2011. These changes may affect anyone requiring long term residential care and applying for government subsidy. Here's an overview:

- Asset testing threshold will increase by \$10,000 as it does each year. If you have assets close to or below \$210,000 (for a single person), you may be eligible for government funding.
- Gifting amounts will also increase...
 - the allowable gift amount is increasing from \$5,500 to \$6,000 per application
 - the amount for a gift in recognition of care is increasing from \$27,500 to \$30,000.

If you think you, or someone close to you, may need residential care in the future, we can help structure your affairs or assist with the transition.

Changes to protect your future continued...

Prior to the GFC the New Zealand Government was in the process of making changes to help protect Kiwi 'Mum and Dad investors'.

"It had become clear that advice from some advisers on risk management, for investors, had not been fully explained or clearly understood in regard to high risk finance sector companies. Changes the government have now put in place will help remedy these issues," said Dave.

Introducing FAA

The Financial Advisors Act 2008 (FAA), fully enforced from 1 July 2011, is a new regulatory mechanism to help provide confidence to investors around the advice they receive. It is designed with everyday New Zealand investors in mind and from 1 July helps protect investors by setting new standards for advice provided by financial advisers. The protection of consumers through new adviser standards is good news. FAA aims to provide reassurance to all New Zealanders about the standard of financial advice received.

What's new?

The act separates financial products into two categories. Category One includes complex investments such as shares, all securities, and futures contracts. Category Two covers more simple investments such as term deposits, call accounts, and insurances.

There are now two types of advisers to support the new categories:

Authorised Financial Advisors (AFAs):

These advisers must be authorised by the Financial Markets Authority (previously known as the Securities Commission)

and can advise on Category One and Category Two products, and provide investment planning services.

Registered Financial Advisors (RFAs):

These advisers are able to provide personalised advice on Category Two products only. They do not need to be authorised by the Securities Commission but do need to be registered.

Advisors working for Qualified Financial Entities (QFEs) do not need to be individually registered as long as they are providing advice on the QFEs own products. Advisors can advise on Category One and Two within these boundaries.

"We wholeheartedly support the changes that these acts bring and our advisers meet or exceed the new standards. They're all either registered or authorised to give you financial advice," said Dave.

What about Public Trust?

Our authorised and registered advisers are able to offer you both estate planning and financial advice relating to your goals. To better understand your needs, we'll talk to you about your current situation, and what you want to achieve in the future. We'll then provide recommendations that are right for you. If you have more complex investment needs, our authorised financial advisers are qualified to help.

For over 135 years New Zealanders have turned to Public Trust for sound advice and financial services. You can be sure Public Trust has qualified advisers who can provide expert financial advice.

If you'd like to know more about how we can help with your financial or legal plans, visit your nearest Public Trust customer centre or call 0800 371 471.





FOCUS ON HOME LOANS

Another move in life's journey

There's a point in most people's lives where it comes time to move home; in fact, two out of three New Zealanders will in the next five years. In light of the situation in Christchurch, here's a real story, with names changed, about a Kiwi couple who are moving forward despite being knocked about by the shaking.

Brad and Linda have lived in Christchurch all their lives. They raised their four children there, who have now all left home. When the Christchurch earthquakes began to rattle the city, their home was one caught in the devastation of the Eastern suburbs. Their home was relatively undamaged, but the land around them suffered significantly.

Since the initial quakes back in September 2010, Brad and Linda's home has been designated in the 'red zone'. With the New Zealand Government stepping in to help, they will be presented with options for payout on their property. Eager to push forward while they wait for payment, they came to see if we could help them out.

Beginning the move

In order to get the ball rolling, Brad and Linda approached Bronwyn Cameron

from Public Trust's Christchurch customer centre. Bronwyn is the long term adviser of the couple and makes sure their Wills and enduring powers of attorney are kept up to date and their family trust and investments (including term deposits, investment funds, and on call account) are well maintained.

Bronwyn began by discussing with Brad and Linda what they wanted to do. She said "It became clear that they wanted to get away from Eastern Christchurch and head south to Ashburton. They needed a home loan to do so." Bronwyn helped them complete a home loan application and collect the supporting documents required. Whether it was information from one of our legal experts or our conveyancing specialists, Bronwyn remained a friendly face that Brad and Linda would communicate with.

Moving forward

Brad and Linda's application for their home loan has since been approved and they are currently waiting for the purchase of their new home to be confirmed. They are pleased to have their home loan, Wills and enduring powers of attorney with Public Trust. It means they can take care of all the things that help protect their family and assets, in one place. We are proud to be a first port of call for Brad and Linda and wish them the very best of luck in their new home.

Wherever you're at in life, we can help you make your next move with a home loan to suit you.

We make the buying process easy for you by offering home loans with competitive interest rates. We understand that one size doesn't fit all, so we can tailor a loan to suit.* As well as a home loan that's right for you, we can even help arrange insurance and take care of the legal work that's involved.

Benefits of our home loans

A Public Trust home loan combines competitive rates with some great features, including...

- a no deposit option if a guarantor with a supporting mortgage is available
- no up-front establishment or application fees on standard residential loans
- pre-approval so you know how much buying power you have
- the ability to borrow up to 80% of the home's value
- the ability to make lump-sum repayments without penalty.**

Check out our great rates at the home loan section of our website www.publictrust.co.nz.

*See back page for terms and conditions
** Limits apply

Visit our website
www.publictrust.co.nz
to find out more

Your digital legacy

Have you ever wondered what might happen to all the emails, photos, music and conversations you store online, after you're gone? At Public Trust we think it's worth talking about so we asked John Donovan, senior solicitor at Public Trust for his views.

The amount of information stored online by individuals is growing exponentially. Researchers recently published that 94% of the world's information storage capacity was in digital form and that global storage capacity doubles roughly every couple of years, in 2007 reaching 295 exabytes (295,000,000,000,000 megabytes). That's a lot in storage.

Facebook, Gmail, Flickr, MySpace and Twitter are all secure portals allowing you to store your digital effects online. Amazingly, an estimated 1-1.5 million of the world's Facebook profiles alone will outlive their users this year which will force people to ask what happens to your digital assets?

Are there solutions?

Currently there are few solutions to issues faced when retrieving digital assets of loved ones passed away. "I anticipate that the issue will continue to grow as long as our lives become more ingrained in the digital space," said John.

There is no standard practice across web services for what happens to a person's digital assets after they die. Not taking care of this can mean a difficult task for family should they try to collect information like important emails, treasured family photos or even games. High profile law cases are already beginning to emerge, with families taking the likes of Yahoo to court to retrieve photos belonging to deceased family members.

The importance of leaving instructions

John suggests that leaving instructions can be as easy as telling a person you trust your passwords, or writing them down in a safe secure location that can be accessed when you are gone. "If information you store is important to you or the people in your life, make sure you leave instructions for what happens to it," states John. "This is not just the case for your online assets, but anything valuable in your life."

Did you know...

Public Trust is one of the largest conveyancing specialists in New Zealand. We prepare documents for the transfer of nearly 2,000 properties each year.

How we're helping New Zealanders...

We do the conveyancing for around 1,000 properties from the estates we manage, helping our Personal Assist customers and transferring property into trusts.

We also do conveyancing for customers who are buying, selling or refinancing (changing home loan providers) their home and need an expert for the legal work and advice. We have a specialist team of experienced solicitors and legal executives to help.



Break from your Bills Winner

We ran a prize draw for anyone who attended an appointment with us between 10 January and 30 June 2011.

Congratulations to Richard and Carole Hunt on winning a break from their bills. The Hunts came into Public Trust for a family trust appointment in April and as a result have won the \$5,000 Prezzy Card presented by their advisor, Maryanne in Porirua. They will be taking a holiday to England to celebrate. Enjoy your trip!

Get in touch!

We're located in the heart of communities across the country, so why not pop in and see us? Visit www.publictrust.co.nz to find your nearest Public Trust customer centre.

Or you can...

Call us on **0800 371 471**
email info@publictrust.co.nz
or visit www.publictrust.co.nz