

On a General Note

Seasons Greetings from Bill, Adam, Jenny, Craig and Nicola at Currey Financial Services.

Unbelievably we approach the end of another year as we race through this millennium. It has been a year of change for us, with a move to 1 Olive Road Penrose and the addition of Craig Cook, our new Business administrator. He joins Jenny in the office and will add to our administrative efficiency. This change has been relatively minor compared to the dramatic changes New Zealanders have experienced in the financial world. These include:

- Tax changes in April affecting capital gains tax on managed funds; specifically affecting funds invested in Australia & New Zealand versus other international markets
- Initiation of KiwiSaver in a new improved form from 1 July, where the added inducements have made this scheme highly recommended
- Implementation of Portfolio

Investment Entities (PIE) in October, which brought further tax changes to those investing in managed funds that comply with PIE regulations. (See article overleaf)

- The collapse of a number of finance companies which has brought a lot of media attention and misinformation to the attention of many.

Unfortunately our sporting year has been disappointing when looking at the major codes and I do have to admit that my ability to choose Rugby World Cup winners is no better than every sports reporter in New Zealand! In summary I think the true marvel and the reason we enjoy our sports is that chance of throwing up a surprise, especially in soccer, cricket, hockey, basketball - just not rugby!



"OK. The forward rate for dollars rose in March and April, combined with a sharp increase in Reserve Bank reserves and heavy borrowing in the Eurokiwi market, while United States liquid reserves had dropped to fourteen billion dollars, causing speculation that the dollar might rise and encouraging conversion on a large scale. Now do you understand?"

From all of us at Currey Financial Services, we hope that the surprises over Xmas are enjoyed by all and you find some warm lazy hazy days of summer wherever you holiday.

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Portfolio Investment Entity (PIE)

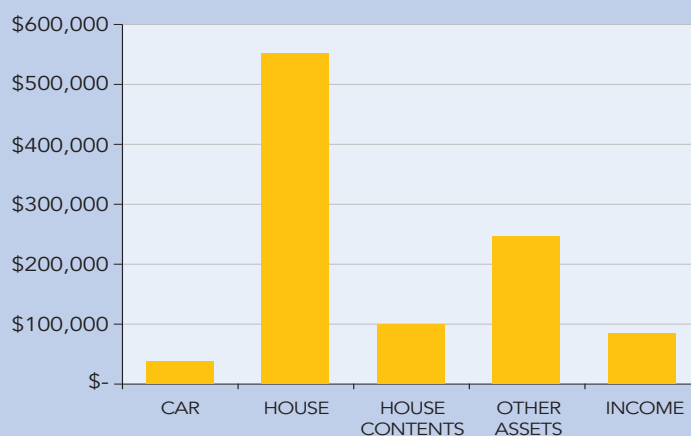


This is essentially a change to the way managed funds or PIE compliant funds are taxed. Rather than taxing all investors at the company rate of 33%, from now on you will declare your personal investor rate, 19.5% or 33% depending on income, and the gains on your investment shall be taxed accordingly.

This will obviously have quite a significant affect on your fund returns, though if the fund is co-owned by a husband and wife the tax rate will be decided by the highest tax class of either spouse. Therefore a strategy of changing ownership to the lower income earning spouse will bring distinct financial benefit. This is as long as income is below \$38,000 or income plus investment earnings are below \$60,000. If you are a Goldline, Flexipol or Linksave policy owner then the opportunity to increase returns may be available and if you wish to discuss the benefits specifically please call Bill or Adam.

Why Do We Have Income Protection?

TYPICAL ASSET VIEW



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