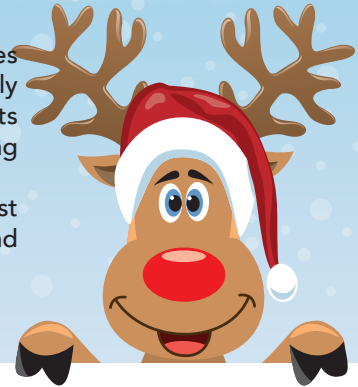


Xmas Greetings from the evolving team at CFS

While the team may change, our service to you remains the same; qualified, friendly and personalised. If you haven't met with Yupar, Adam or Sherilyn in the last 2 years please call us and make an appointment. Tax rates, tax deductibility, ACC levies, KiwiSaver rules, insurance policies are continually changing. To quote the 43rd US President, 'You don't know what you don't know!'

While the media outlets remain full of stories about people doing, saying or reporting silly behaviour, we would rather have our clients making informed decisions before embarking on silly activities!

Enjoy summer and try and avoid the ACC list of extraordinary claims, or become a legend like the following gentleman!



The Bad Day

A man was working on his motorcycle on his patio and somehow the motorcycle slipped into gear. The man, still holding the handlebars, was dragged through a plate glass window and dumped onto the floor inside the house.

His wife, hearing the commotion, ran into the dining room, and found her husband laying on the floor, bleeding and dazed, the motorcycle lying next to him and the patio door shattered. The wife ran to the phone and summoned an ambulance. Because they lived on a fairly large hill, the wife went down the several flights of long steps to the street to direct the paramedics to her husband.

done to his motorcycle. He became despondent, went into the bathroom, sat on the toilet and smoked a cigarette. After finishing the cigarette, he flipped it between his legs into the toilet bowl while still seated. The wife, who was in the kitchen, heard a loud explosion and her husband screaming. She ran into the bathroom and found her husband laying on the floor. His trousers had been blown away and he was suffering burns on the buttocks, the back of his legs and his groin. The wife again ran to the phone and called for an ambulance.

After the ambulance arrived and transported the husband to the hospital, the wife up righted the motorcycle and pushed it outside. Seeing that petrol had spilled on the floor, the wife gathered some paper towels, blotted up the gasoline, and threw the towels in the toilet.

The husband was treated at the hospital and released to come home. After arriving home, he looked at the shattered patio door and the damage

The same ambulance crew was dispatched and the wife met them at the street. The paramedics loaded the husband on the stretcher and began carrying him to the street. While they were going down the stairs to the street accompanied by the wife, one of the paramedics asked the wife how the husband had burned himself. She told them and the paramedics started laughing so hard, one of them tipped the stretcher and dumped the husband out. He fell down the remaining steps and broke his arm. ACC claim pending...



Humans - 'The Rational Beasts?'

by Adam Currey



How to Retire in Style

Apparently this appeared in The Times:

Outside the Bristol Zoo, in England, there is a parking lot for 150 cars and 8 coaches, or buses. It was manned by a very pleasant attendant with a ticket machine charging cars £1 (about \$2) and coaches £5 (about \$10). This parking attendant worked there solid for all of 25 years. Then, one day, he just didn't turn up for work.

"Oh well", said Bristol Zoo Management, "we'd better phone up the City Council and get them to send a new parking attendant..."

"Er...no", said the Council, "that parking lot is your responsibility."

"Er...no", said Bristol Zoo management, "the attendant was employed by the City Council. Wasn't he?"

"Er... NO!" insisted the Council.

Sitting in his villa somewhere on the coast of Spain, is a bloke who had been taking the parking lot fees, estimated at £400 pounds (about \$800) per day at Bristol Zoo for the last 25 years. Assuming 7 days a week, this amounts to just over £3.6 million pounds (\$7.2 million dollars). And no one even knows his name.

In economics 101 we are taught the simplicities of supply and demand using ordinary everyday activities such as shopping.

If one visits the shop and finds that our favourite chocolate bar has doubled in price, from \$1 to \$2 we will probably pay the increase, an extra \$1 can be absorbed in our budget. If however we find our favourite cut of meat, leg of lamb, has increased from \$10 to \$30, we'll look around and possibly look for a lesser amount or most likely find a substitute, size 16 chicken at \$15. The amount of the increase and the proportional affect on our budget will contribute to this decision. Whilst some amongst us may decide that damn the torpedoes are, we having lamb tonight, most will make this determination and the meat manager at the supermarket knows this and orders accordingly, less lamb ordered, more chicken. Our rationality is easily understood.

Transport and housing costs are excellent examples of the complete breakdown of rational thought and wonderful insights of 'group think', where a strongly expressed opinion sways us from rational actions. When we individually spend 2 to 3 hours of our day in our vehicles, surrounded by other individuals, enjoying the luxury of motoring and thinking 'when are those bloody transport planners going to do something about this nightmare traffic?' Where has the rational beast gone? We know Auckland's population is growing, we know more people will want to travel but never do we ask ourselves why are we living so far away from our place of employment?

Again with respect to house prices, why is someone paying \$1.2M for a house

removal project in Grey Lynn? Yes the media is full of opinion that house prices are continually rising and will always rise, fuelled in no small part by the self-serving industries benefiting from the situation.

But why can't individuals act rationally? Perhaps it is because unlike the supermarket example, there is no numerical value placed on the decisions. No one is placing a figure or figures on the substitutes.

Let me have a go, just with the \$1.2M Grey Lynn house removal. Assuming a modest \$400K build, this property is now costed at \$1.6M. Now compare with a property in Papakura at \$600K. Both properties offer protection from the elements and convenience to local stores as well as the city. Papakura has use of the rail system, soon to be electrified. This will be 45 minutes way by train rather than 20 minutes by bus from Grey Lynn, not a large difference. Assuming the deposit on both houses is \$600K, the difference in financial well-being is dramatically different however, as per the following: Assuming a 5% interest rate the Grey Lynn resident has to pay a bank \$50,000 p.a. of their income for the use of the money. Assuming principal repaid and 30 year loan this figure is \$65,000 p.a. or \$1.95M.

A Papakura house owner has all of their income available for enjoyment of life, travel and investment – round the world first class, designer clothes, eating out – every night, eating lamb! Or saving some of this and allow for an earlier age at which part time work can be self-funded. Without a large debt one wouldn't have to have large amounts of life insurance! Then again please take on large debt and help the bankers and me fund our holidays!



"If debt is a measure of consumer confidence, we have become very confident indeed."

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