

# Your 2016 'smart planning' financial checklist

Take the 5 minute, 10 key items review

NOW is an ideal time to review your financial health and take steps to update your financial plans. This list of important items will potentially help you save money, make money and avoid costly disasters. Tick all relevant boxes. If you have any questions or concerns, I will be happy to go over these with you and supply more information and options around how to best secure your financial future

**Call or email to schedule a review**

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### 1. KiwiSaver

- ☐ Am I in a default scheme or low risk scheme if wishing to buy first home and obtain the government KiwiSaver HomeStart grant?
- ☐ If not requiring access to all my KiwiSaver money within 5 or more years, then am I in a balanced or more aggressive fund?
- ☐ Does my KiwiSaver fund have a high rating, low fees, excellent risk adjusted returns and a life-stages type option should I chose to use it?
- ☐ Does my KiwiSaver match my risk profile?
- ☐ Am I contributing sufficient to maximise the member tax credits?
- ☐ Does my KiwiSaver investment complement my other retirement saving strategies?
- ☐ What will my current contributions and employer contributions be worth at age 65? Is this enough and how much more should I save into KiwiSaver?

### 4. Advice

- ☐ Have I sought advice on solutions from an Authorised Financial Adviser (AFA) who must put my interests first, act with integrity, and be able to prove knowledge, competency and skill in the areas in which he/she operates?
- ☐ Is my adviser only a Registered Financial Adviser (RFA) and do I understand the implications of using such an adviser?
- ☐ Do I fully understand the contract of engagement I have with my adviser and what the 'scope of advice' is that we have agreed upon?
- ☐ Should I widen the 'scope of advice' so my adviser can add additional value to my entire financial affairs?
- ☐ Should I contact my adviser NOW to discuss some of the issues that this checklist is highlighting?
- ☐ If I don't have a financial adviser then how do I ensure I get a highly professional, best practice compliant AFA who has the skills to assist me?
- ☐ If I have provided discretionary investment management powers to my financial adviser, then does he/she use an external reputable custodial service with appropriate checks and balances in place?
- ☐

### 2. Retirement

- ☐ How will I transition to retirement - at a specific age or gradually? How much will I need to have accumulated to meet either scenario?
- ☐ Do I want to preserve my capital or am I happy to erode my capital in retirement? What are the implications of either scenario?
- ☐ What is my risk profile and have I used a reputable tool to correctly assess it?
- ☐ What is the lump sum I need to have accumulated before I can retire?
- ☐ How much do I need to start saving right now to meet the retirement goal?
- ☐ Are my retirement savings with the right companies, am I paying competitive fees, are the funds appropriately diversified, are they performing in the top quartile over time?
- ☐ Does my retirement savings portfolio (including any property and other assets) match my risk profile?

### 5. General insurance

- ☐ Have I correctly established the rebuild replacement value of my home or other properties so I have the right amount of insurance in the event of a major loss?
- ☐ Do I know all the exclusions on all my policies and am I prepared to take those risks?
- ☐ Have I notified the insurance company of all the required changes to my circumstances or the items being insured (as per the policy wording) so they will honour a future claim?
- ☐ Do I know the likely risks of certain events occurring and what my potential loss will be if I was not insured?
- ☐ Have I got the right types of general insurance with the right companies and at the right price?
- ☐ Do I have 'specified items' that need to be noted on the policy schedule?

### 3. Taxes

- ☐ Have I provided to my financial adviser, bank and fund manager my updated PIR so I am not paying too much tax?
- ☐ Have I got my assets in the correct ownership structure
- ☐ Am I using a wrap platform and custodial service for my investment portfolio that will produce a consolidated tax report?
- ☐ Have I sought tax advice on any buildings I own, employment agreements signed, new business ventures or major changes in personal circumstances.
- ☐ Is there anything that I may be doing that could be regarded as tax avoidance or tax evasion? How do I know and do I understand the risks of getting my tax wrong?
- ☐ How do I know I am maximising the tax benefits available to me?
- ☐ Have I got the right accountant and is the fee good value for money?

### 6. Lending arrangements

- ☐ Do I have the right level of gearing for my risk profile?
- ☐ Am I getting the best possible deal from my lending providers?
- ☐ When is the best time to alter my mortgage structure to maximise low interest rate opportunities?
- ☐ Have I got my mortgage adequately insured and with the right company?
- ☐ Do I understand the risks I am taking with inadequate insurance and the implication on the mortgage and property if I die or become disabled and I have insufficient or the wrong type of insurance?
- ☐ Have I got my mortgage correctly structured with regards to fixed, floating, P&I, interest only, revolving credit etc to best suit my circumstances.
- ☐ Are there any 'bundling opportunities' with regards to better deals if have insurance, investment, loans etc with one provider?
- ☐ Has anything changed in my circumstances since I last met with my mortgage adviser?

## 7. Personal insurances

- ☐ Have I got the right types of personal insurance with the right companies?
- ☐ Do I know what exclusions I have with my policies and am I 100% sure they will pay out when I need them?
- ☐ Do I know the risks of certain events occurring and am I prepared to take the risk of not being covered?
- ☐ Am I getting ripped off in that I am paying too much, or paying premiums for a policy that will not deliver what I think I am paying for?
- ☐ Have any of the following events occurred since I purchased the policies and may now render the policies inappropriate or insufficient for my needs:
  - ☐ Increased or decreased my mortgage
  - ☐ Changed homes
  - ☐ Entered into a new relationship
  - ☐ Separated from partner or spouse
  - ☐ Had more children
  - ☐ Established a family trust
  - ☐ Changed trustees of my trust
  - ☐ Changed occupations
  - ☐ Had a pay increase or decrease
  - ☐ Accumulated a sum of money that enables me to now push your income protection wait period out to a longer date, thereby lowering your premiums
  - ☐ Stopped or started smoking
  - ☐ Had a change in health that may trigger a removal of an exclusion or loading on my insurance
  - ☐ Retired or stopped work
  - ☐ Transferred the ownership of my home or other insured assets to a family trust
  - ☐ Changed from salaried employment to self employed or vice versa
  - ☐ Changed my goals
  - ☐ Been hospitalised
  - ☐ Started or stopped other insurance policies - including group schemes and medical insurance.

## 8. Milestones in life

- ☐ Getting married: Are there any advantages in reassessing our insurances and investments to maximise efficiencies and obtain greater benefits?
- ☐ Having a child: On birth, have I added the newborn to our medical insurance at no cost? Have I increased the most appropriate insurance cover? Are there any benefits we might be entitled to?
- ☐ Kids growing up: Do we have the most appropriate medical insurance for their health status? Are we saving enough to fund their schooling?
- ☐ Aging parents: Have we determined how we will assist our aged parents? What is the cost?
- ☐ Death of a spouse: Are our wills and enduring powers of attorney up to date? What other asset protection and estate planning tools should we have in place BEFORE the event?
- ☐ Divorce or separation: What financial implication will this have on both parties? Have we adequately documented the existing ownership structure? What can we do right now to minimise the risk of divorce?
- ☐ Retirement: What advance planning should we do to achieve a smooth transition? Have we sufficient capital in the right places? What should we do with our home? What should we do with the business?

## 10. Goals are key

- ☐ Do I have documented goals that I am working towards?
- ☐ Are these goals in line with those of my partner or spouse?
- ☐ When did I last update these goals?
- ☐ How do I know these goals are achievable and how have I quantified them?
- ☐ Do my trusted advisers have my updated goals?

## 9. Asset protection and estate planning

- ☐ Do I have all the necessary structures/documents in place for my circumstances be it wills, enduring powers of attorney, pre-nuptial agreement, family trust, general power of attorney, shareholder agreements, etc?
- ☐ When was my will last updated and does it accurately reflect my wishes in the event I died tomorrow?
- ☐ Have I kept my solicitor adequately informed of changes in my circumstances?
- ☐ Am I confident I have the right solicitor and am I receiving value for the fees paid?
- ☐ Are my assets held in the most appropriate structures?
- ☐ Do I really need a family trust?
- ☐ Are my current trustees, attorneys, executors the ones I still want and are they competent for the role?
- ☐ If I have a family trust then do I understand:
  - ☐ The responsibilities and liabilities of a trustee;
  - ☐ How to avoid it being a 'sham trust';
  - ☐ How to correctly operate it;
  - ☐ The implications of the abolition of gift duty;
  - ☐ The potential changes being discussed by the Law Commission's review of trust law.

## 11. Notes and next steps