

The Red Letter



What's happening at RED

It's a while since we've done a newsletter, so here's a quick update on the last 12 months -

We farewelled Sam in September 2010, as she headed off on her OE. When we went to recruit a replacement for Sam we were lucky to find two great candidates and decided to take them both, preparing for an influx of new work!

Melanie and Sharika started with us just over 12 months ago, both working in Client Services and, fingers crossed, it seems that so far we haven't scared them away.

Alan's daughter, Lily, has also joined us. She's currently working on Reception but with Alan's blood in her veins who knows where she'll go or what she'll do in future.

After 7 years at Red Bruce is leaving us to work from his new home office in Whitby. We wish him all the best and thank him for his contribution to Red.

How would you cope?

For a long time now there has been lots of publicity encouraging New Zealanders to make financial plans for their own retirement. Whilst not everyone is in a position to do that we know that there is a lot more awareness and at RED we see evidence of many more people utilizing our funds management service for this very reason.

However there's not the same public awareness when it comes to losing your income before retirement age. If you become sick and unable to work you could apply for a Sickness Benefit or Invalid's Benefit; current weekly net rates for these benefits, for a single adult, are around \$200 (sickness) or \$250 (invalid). If you're in a relationship and your partner is working you probably won't get anything. For most people a benefit would hardly cover their accommodation expenses, let alone allow for a decent way of life. Stories of people losing their homes, living off the savings that were supposed to be for retirement and having to move in with family are not uncommon.

Fortunately, you can make plans for when illness strikes and it's not as hard as saving for retirement. You can take out an insurance policy today and immediately you have the security of knowing you could make a claim if you are unable to work. That claim could offer a variety of benefits – ongoing income, paying your monthly mortgage instalments or a lump sum that lets you make the decisions. As your insurance advisers we're happy to sit down and discuss your circumstances and the solutions that suit you best and we recommend that all our clients take some personal responsibility in this area, after all we get to see the difference the right cover makes when your health lets you down.



New Regulations for our Industry

It was a long time coming and finally, on 01 July this year the new Financial Advisers Act came into force, along with the establishment of the Financial Markets Authority which replaces the Securities Commission. All advisers must now be registered and you can check this at www.fspr.govt.nz. Also, anyone who gives investment advice must now be an Authorised Financial Adviser (AFA).

Becoming an AFA involves holding an appropriate qualification; for Alan this meant countless hours of study over the last twelve months and he now holds a National Certificate in Financial Services, Level 5. AFAs are also required to commit to a Code of Conduct and to document this in their everyday business practice, which can be verified by the FMA at anytime.

Abby also chose to complete the National Certificate, even though it's not required for the type of work she does at present, so clients can be even more confident knowing that Abby is qualified and is a Registered Financial Adviser.

It's always been our policy to apply very high ethical standards and we're glad that this is now required across the whole industry.



Was 2010 out of the ordinary?

We've been in the life insurance business a very long time so naturally we've helped a lot of clients at claim time but 2010 was exceptional.

In most years we would handle around 7 to 10 major claims for serious health issues or death. Last year that number jumped to around 20. We've yet to learn if that's the beginning of an upward trend but we suspect that it is.

- Advances in medicine mean we have more chance of surviving a major illness and thus more chance of experiencing and claiming for second and third events.
- People's lives continually get more stressful and there's no doubt that this affects both physical and mental health.
- Insurance continues to develop, offering new products that cover a wider range events so there are more claims possible.

Rest assured your RED advisers are continually reviewing all clients' circumstances to ensure your cover is up-to-date and appropriate.

Going to Atlanta

MDRT – it's like the Oscars of the insurance world. Whilst *Million Dollar Round Table* sounds like a corny idea dreamed up by Readers Digest in the 1950s, achieving membership is not easy, roughly 3% of NZ advisers reach the required standard.

You won't be surprised to learn that Alan achieved life membership many years ago but it was thrill for all of us at Red when Abby, at just 27, made the grade this year. To mark the occasion Alan and Abby went together to the 2011 MDRT conference in Atlanta.



Alan

I don't want to make myself sound too long in the tooth, but the first year I made it into MDRT was a long time ago. I still remember the sense of achievement, the recognition that I was good at my work and that what I do matters.

At the time I was a young man with a young family so I didn't get to an MDRT conference until the mid 1980s. I attended regularly from then, learning techniques and philosophies that have benefitted both my clients and my business. More recently I haven't gone to the conferences regularly but it was such a thrill to have my daughter qualify that we decided to go to the Atlanta conference together. To me, it felt like a rite of passage, sharing skills and experiences with the next generation.

Abby

Getting to an MDRT conference has become something of a holy grail to me in the last couple of years. I would have to confess to some small sense of competition with my dad but really, he's been so supportive that I felt my qualifying was as much a reward for him as for me.

The conference itself was exhilarating. 8,000 successful advisers from all parts of the world, trade exhibits showing the latest tools to help improve our service and a huge variety of speakers on so many topics. There was just so much to take in over 3 days but essentially what I gained were insights to help me connect better with clients. I hope you like the results.

