

SUMMER 2007/2008  
IDENTIFIER



## The start of the golden weather...

As well as being the chance for a 'spring clean', the better weather and longer days provide the inspiration for us to exercise, eat more healthily and get back into shape – in other words, to resume some good habits that may have been allowed to lapse during the colder months.

In this issue of *Identifier*, we'll show you how to exercise your finances and your body, as we prepare for summer. Read how you can make the most of the KiwiSaver opportunity, and 'swim your way to better health'. There's also advice on choosing the right life insurance product for your needs, and how the newly self-employed can now protect their ability to earn.

Have a safe and enjoyable summer.

Annabel & Fin Pavletich Maria Paterson



## Why do health premiums go up?

Many of you will have experienced recent increases in your medical insurance premiums, and may be wondering why this happens and how the premiums are calculated.

As explained in an earlier *Identifier* article ('What is Underwriting?' – Summer 2006), the premiums charged by an insurer must be appropriate to the risk involved.

Firstly, age must be taken into account. It's a reality that as you get older you are more likely to make a claim on your medical policy. Insurers can set premiums according to age, as long as they are based on reasonable statistical data or medical knowledge. As older people tend to claim more, there is an increased cost to the insurer and so their premiums are generally higher.

Secondly, both the cost and incidence of medical claims have risen rapidly in the last decade. Medical claims inflation has consistently outstripped general inflation.\* Since 1999, health insurance claims have grown at more than twice the rate of inflation. The rise in claim pay-outs has been particularly steep for the older age-groups – the average cost per claim in the over-65 age bracket has doubled in the past six years.

Thirdly, the increasing costs of medical insurance come as a result of technological advances and more sophisticated treatments being available, as well as higher consultation costs.

Remember, when planning your retirement income, it's important to allow for the cost of your future health needs. Call us to discuss how we can help manage these rising costs.

\*Statistics New Zealand, 2007



# Is your business checklist complete?

## Day One insurance for the self-employed



Starting your own business can be a major challenge. So, if you're serious about making your new venture work, you won't want to leave anything to chance.

Besides ticking off your business essentials – premises, bank, accountant, transport and tools – have you remembered to protect your most valuable asset, your ability to earn? What would you do if you were unable to work because of sickness or injury? Who would pay the bills, provide for your family and keep the business going?

Until recently, it's been difficult for the newly self-employed to obtain income protection, because they lacked the required financial records. Increasingly, however, insurance from day one is available from leading insurance providers, giving new businesses the basic cover they need while they get up and running. Typically, this type of cover requires no financial records and pays an agreed monthly benefit. An option to upgrade to a full insurance product is normally available, as is a waiver of premiums benefit.

If you're serious about success, attending to your insurance needs is an important part of getting ready for self-employment. Can you rely on ACC compensation?

If you would like to know more about insuring your valuable income while your business gets off the ground, talk to us today.

### Did you know?

- One in five men will be off work because of a disability for more than 12 months before age 65
- One in five women will be off work because of a disability for more than 12 months before age 65
- Two in five people will be unable to work for six months or more because of sickness or an accident at some time between the ages of 30 and 65

(Insurance Alert, winter 2000)

(Injury Statistics 2001/2002 report, Statistics New Zealand, 2003)



# Swim your way to better health

By professional swimming coach,  
**Haydn Woolley**

# Life insurance – protecting what matters most

## Which product is right for you?

There are many different types of life insurance, to suit a wide range of needs.

Life insurance is a term that embraces a whole range of products, including life cover, income protection, critical illness cover, disablement cover, and business protection such as overheads and locum cover.

Having adequate insurance is important for any individual with family, business or other financial commitments that could be placed in jeopardy in the event of their death or disability due to illness or accident – in other words, for protecting what matters most.

Life insurance provides some certainty in times of need. Without it, dependants can be left in a precarious position.

Some products are suited to the short term, while others are designed to meet your longer-term needs. Each type has its advantages, depending on your circumstances. If the unexpected happens, would you be able to cover the cost of your mortgage and business loan repayments, your monthly bills, and schooling expenses?

Thinking about life insurance is especially relevant at the pivotal moments in your life, such as marriage, buying a home, and starting a family or business. At these times, it is advisable to consider or review your life insurance needs, taking into account these added responsibilities.

It may have been a while since you last reviewed your insurance needs. What has happened in your life since then? Where are you vulnerable? Perhaps you need to top up your insurance, or arrange to extend your cover to other areas.

To help you decide on a personal insurance plan, it's best to seek professional advice. So why not call us today?



## Do you want to get fit and improve your general health and wellbeing, but are put off by the gym?

Recreational swimming is an increasingly popular pastime – whether in the pool or the ocean – and is an activity that everyone can learn and enjoy during their entire lifetime.

There's no better way to improve or maintain your fitness: swimming is a low-impact, non-weight-bearing exercise that uses every major muscle group. Not only is it a great cardiovascular workout but it also improves flexibility and body shape.

Swimming is fantastic for adults and children alike and, in a country with such easy access to beaches and waterways, provides valuable safety benefits too.

There's also nothing quite like a swim to help you relax after a hard day's work. It's the perfect antidote to being seated at work for eight hours a day. For the office worker, a regular swim can reduce stress and produce a general feeling of wellbeing and alertness. The incidence of injury, meanwhile, is very low.

If you don't fancy the thought of following a black line on the bottom of a pool, then there are squads to train with at most pools, helping to add some variation and interest to your exercise programme. Or why not head to the beach and sign-up for an ocean swim event in your area?

For more information on swimming for fitness and fun, check out the following websites:

[www.swimcoach.co.nz](http://www.swimcoach.co.nz)  
[www.oceanswim.co.nz](http://www.oceanswim.co.nz)

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## KiwiSaver – the sooner you start, the more you could benefit...

If you are one of the people who think KiwiSaver is a great idea, but haven't done anything about it yet, now is the time. Every month you delay could mean fewer KiwiSaver savings for you later in life. The sooner you start, the more you could benefit from any earnings on your savings, the start-up payment and tax credits from the Government.

The Government is providing each KiwiSaver investor with:

- A one-off \$1,000 kick-start contribution when a person joins a KiwiSaver scheme for the first time
- A tax credit paid to a member's KiwiSaver account matching the member's contributions up to \$20 per week (subject to eligibility)
- A \$40 annual contribution towards scheme fees.

And that's just for starters...

- From 1 April 2008, employers will be required to make contributions, where an eligible employee is contributing to KiwiSaver from their salary or wages, starting at 1% of an employee's gross salary, increasing by 1% per year to 4% from 1 April 2011.

As an employee, you will need to contribute either 4% or 8% of your gross salary or wages – but, if you join before 1 April 2008, any contributions your employer agrees to make can also count towards the minimum of 4%\*.

You don't have to worry about choosing a fund manager at this stage, unless you are self-employed or not currently in paid employment. The most important decision you should make now is about joining KiwiSaver – the choice of fund manager can wait. However, if you do not choose a scheme provider, your savings will go into your employer's chosen KiwiSaver scheme. If your employer hasn't chosen a scheme, your savings will go into a default scheme selected by the Inland Revenue. You can transfer to another KiwiSaver scheme at any time.



### What if I already have an existing superannuation scheme?

If you are already accumulating a retirement nest egg, you may wish to consider contributing to KiwiSaver alongside your existing superannuation plan. That way you get the benefits of KiwiSaver and retain any accessibility and flexibility your existing scheme may provide.

\*From 1 April 2008, employer contributions will not count towards an employee's required contribution rate, however, the Government has proposed transitional arrangements for any members who join prior to 1 April 2008 and count employer contributions towards the minimum 4% rate.

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