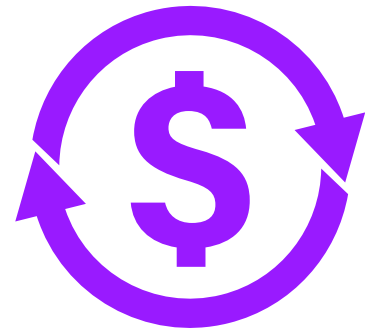


WEALTH CREATION:

Involves the building of assets by means of careful investment, usually over a long period so as to achieve an income stream or capital growth that will ensure a continuation of a high-quality lifestyle in the years to come.



Income vs. You



Wealth Creation

Property

KiwiSaver

Shares / Managed Funds

Savings



Wealth Protection

Net wealth

House, contents, cars

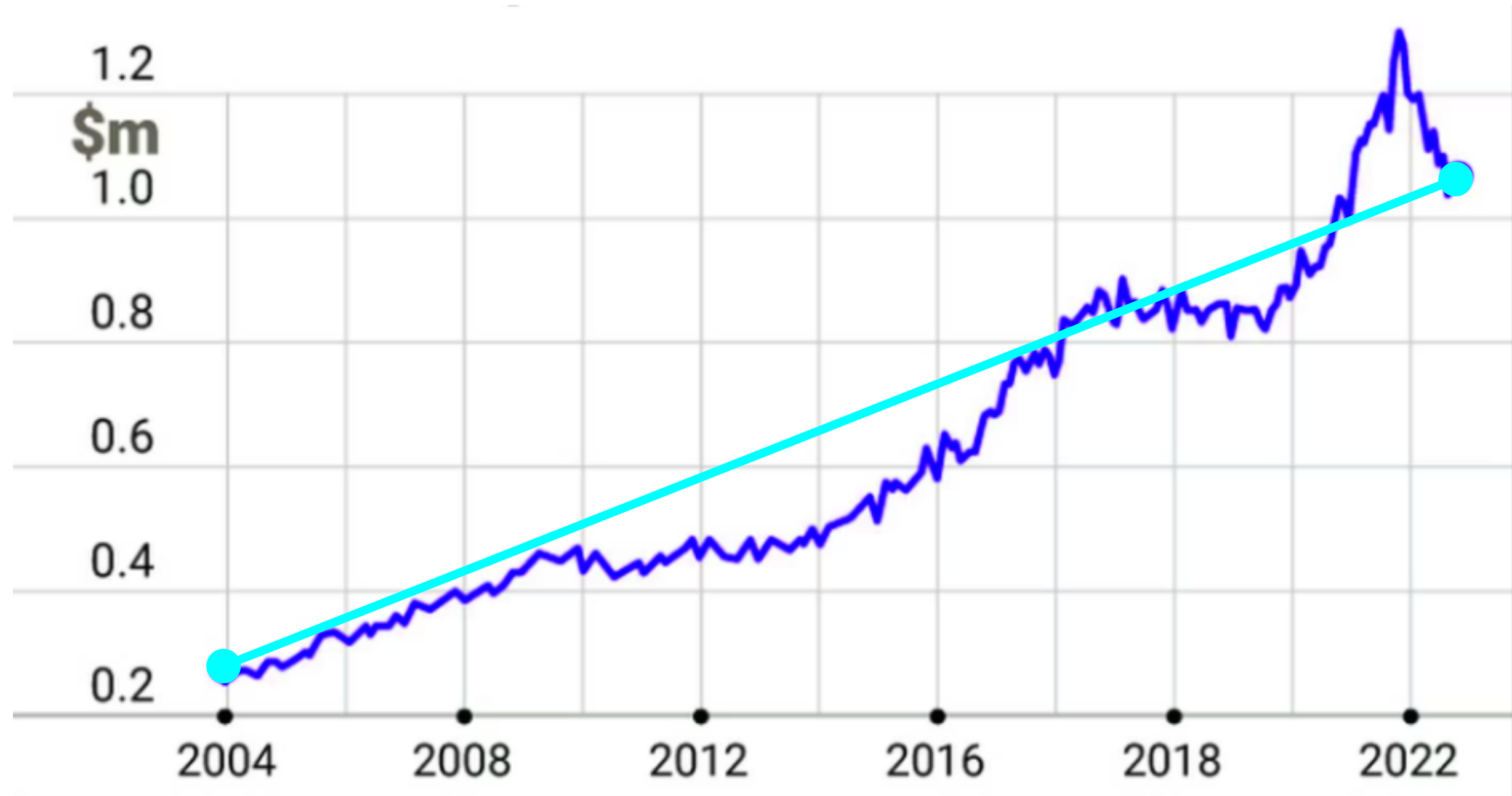
Personal and medical insurance



Investing is all about
time in the market
not timing the market

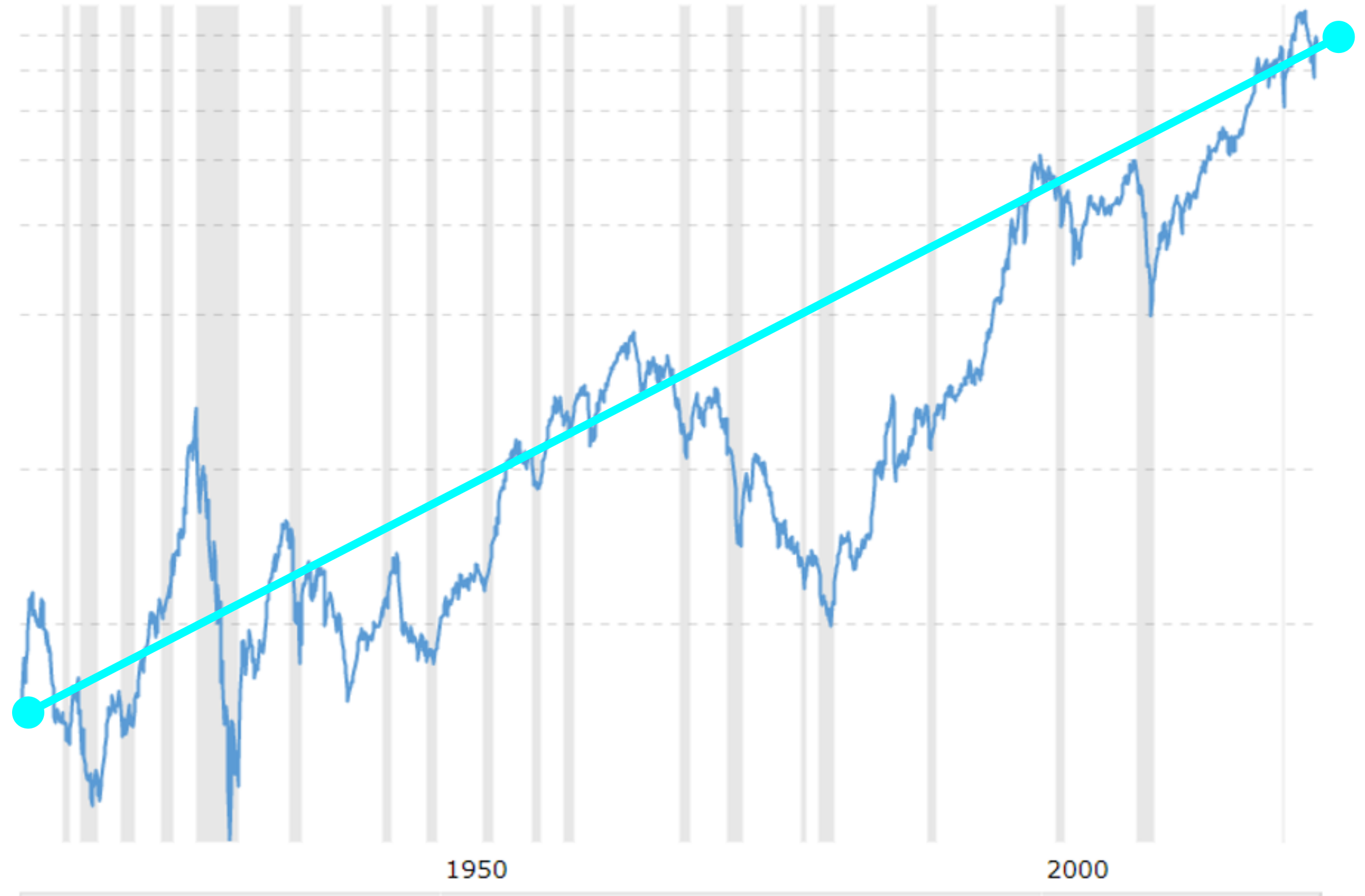


Auckland Property Market



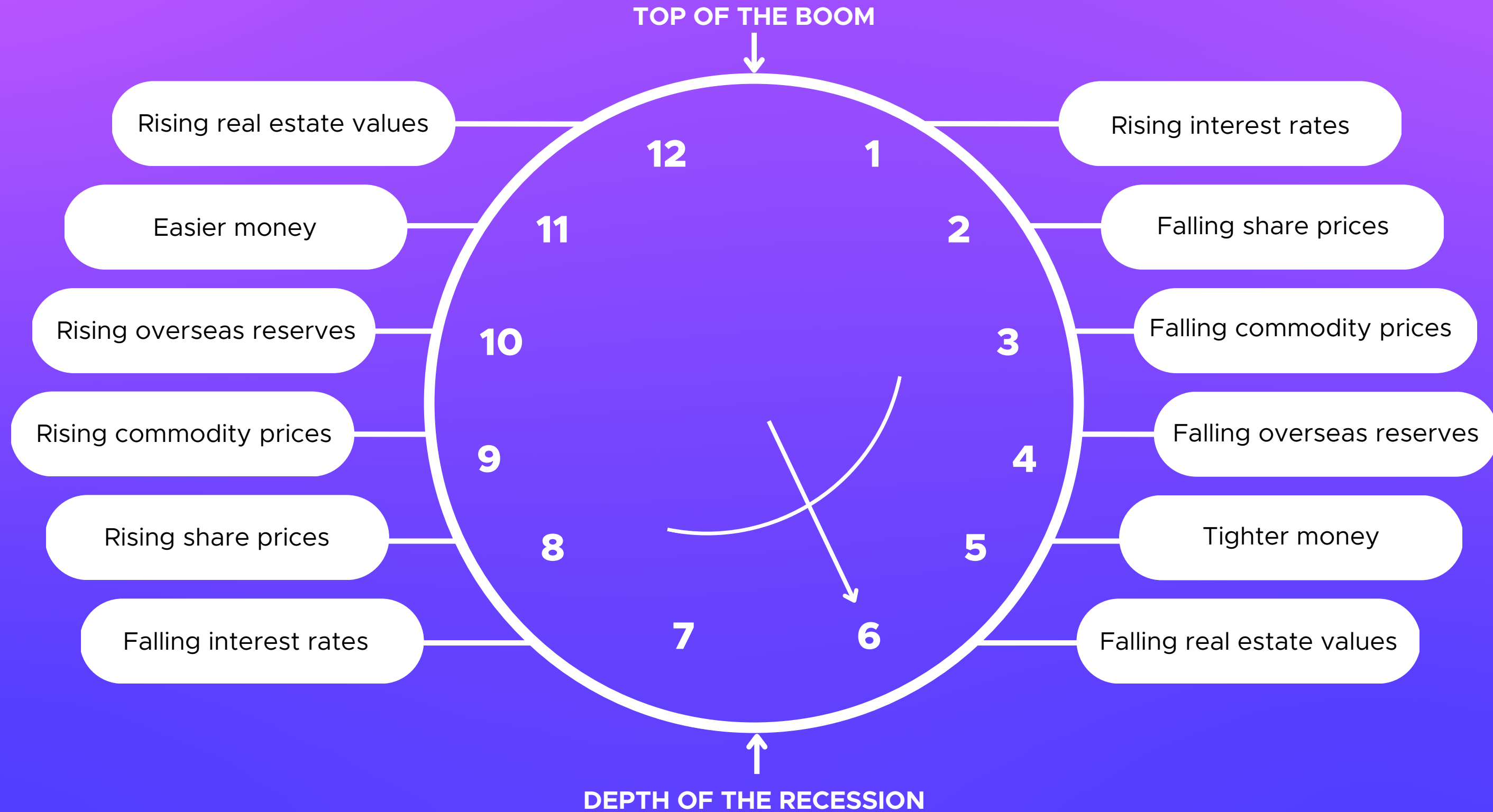


New York - Largest Stock Exchange





The Cycle





GOOD DEBT

Student loan, mortgage, business loans



VS.



BAD DEBT

Credit card, afterpay, layby, car finance

FINANCIAL LIFE STAGES



Financial Life Stages

1



Foundations

2



Asset Building
& Protection

3



Wealth
Generation

4



Retirement
Planning

5



Retirement



Financial Life Stages

1



Foundations

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Retirement



Savings

A good rule of thumb is to save 10% pa of your gross annual income





Kiwisaver

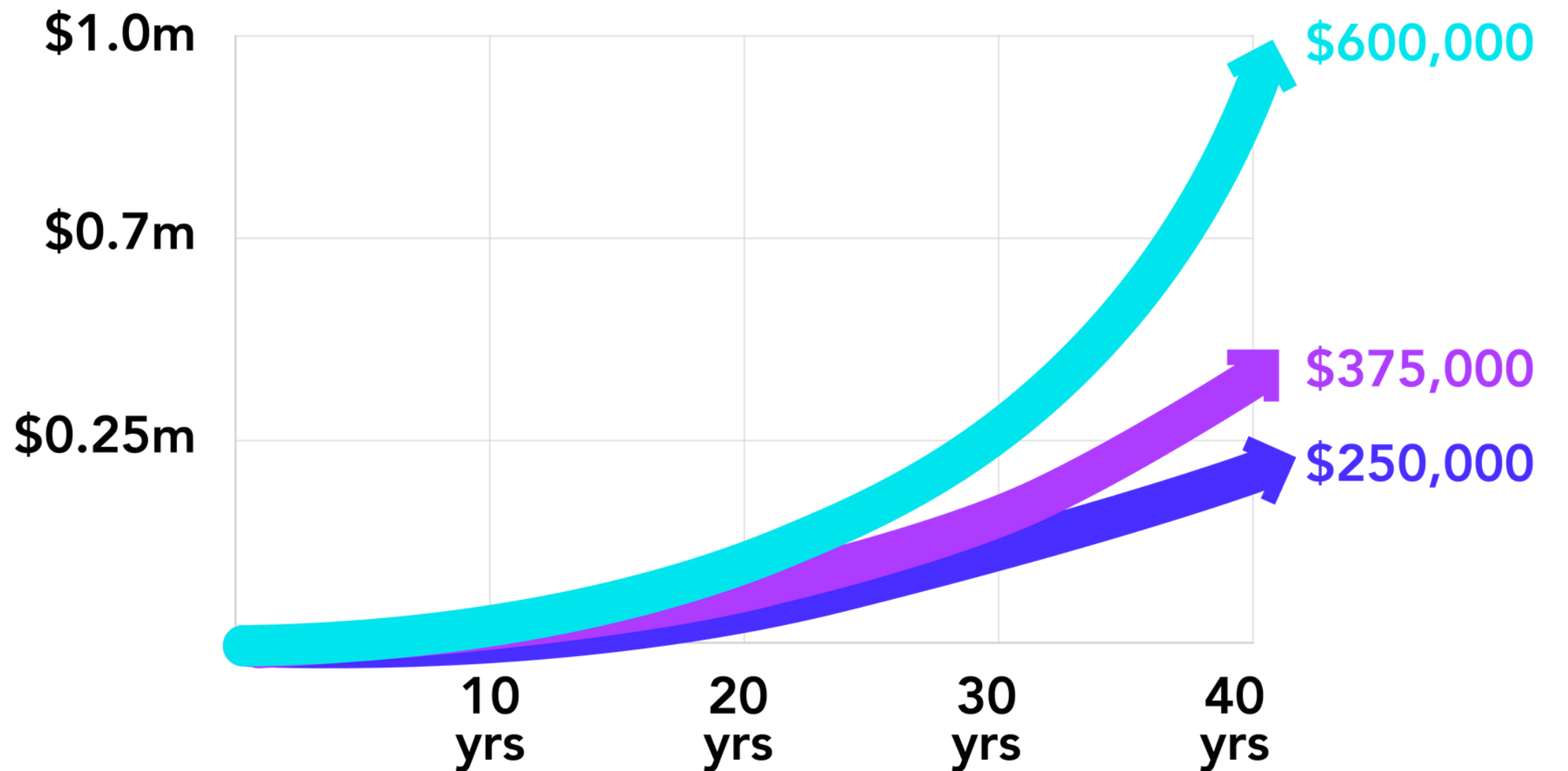
Kiwisaver is pre-tax automatic savings which is invested. Don't be a statistic and pay no attention to how it is invested you could miss out on hundreds of thousands of dollars when you retire.

Kiwisaver account balance for an employee earning \$45,000pa today, over 40 years at an average 5% contribution*

Aggressive

Balanced

Conservative





Property Deposit



Cash savings /
investments



Kiwisaver



Gift or Loan from
family & friends



Sale proceeds from
previous property



Equity out of
current homes



Financial Life Stages

1



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Retirement

STEP 2:
ASSET BUILDING
& PROTECTION



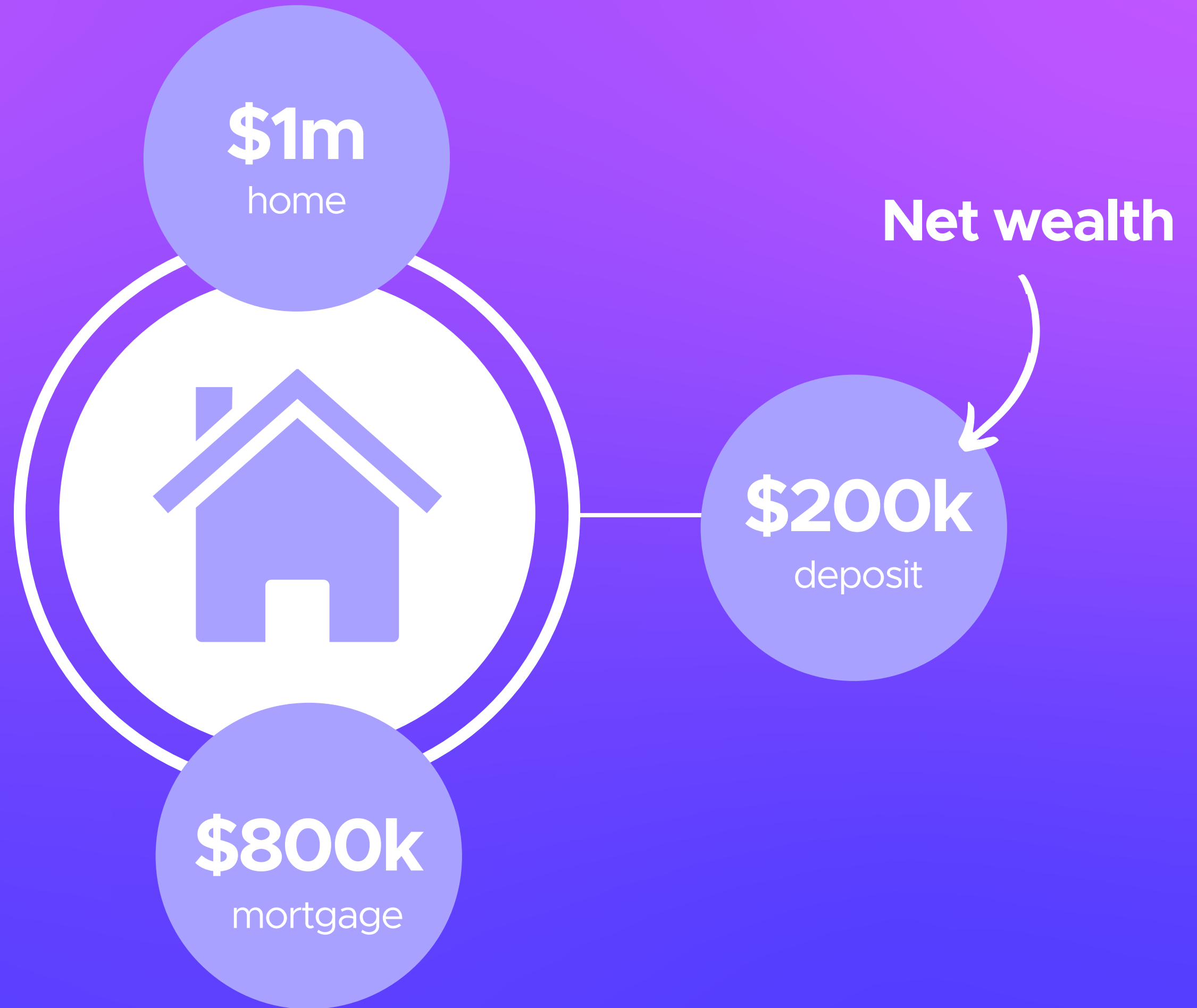
As kiwis, we predominantly purchase a home and pay down debt. With all the hard work of the deposit created this provides a perfect foundation.

Hardest thing to do is save for your first home – once you have it the natural cycle markets take over.

STEP 2:
**ASSET BUILDING
& PROTECTION**



First home purchase.
The net wealth is
immediate with the
deposit injected



WEALTH PROTECTION:

The biggest asset you have in life is yourself. If you lose the ability to earn income everything else does not happen - Protect your income, protect your health



Personal Insurances





Life Insurance

Tax free lump sum paid to beneficiary if you pass away. Normally used to pay down debt or supplement future expenses for beneficiaries or surviving partner.

Life Insurance





Trauma Insurance

Tax free lump sum on diagnosis of an illness - cancer, heart attack, stroke etc. used to supplement income, provide for medical costs such as non pharmac drug use or reduce debt for a period of time to reduce stress.

Trauma Insurance





Medical Insurance

Basics like doctors visits, dental through to private hospital cover, surgery and non-pharmac drugs. Excess and exclusions.

Medical Insurance





Disability Cover

Income protection or mortgage repayment cover - used to pay your income if you can't work through injury or illness for a period of time.

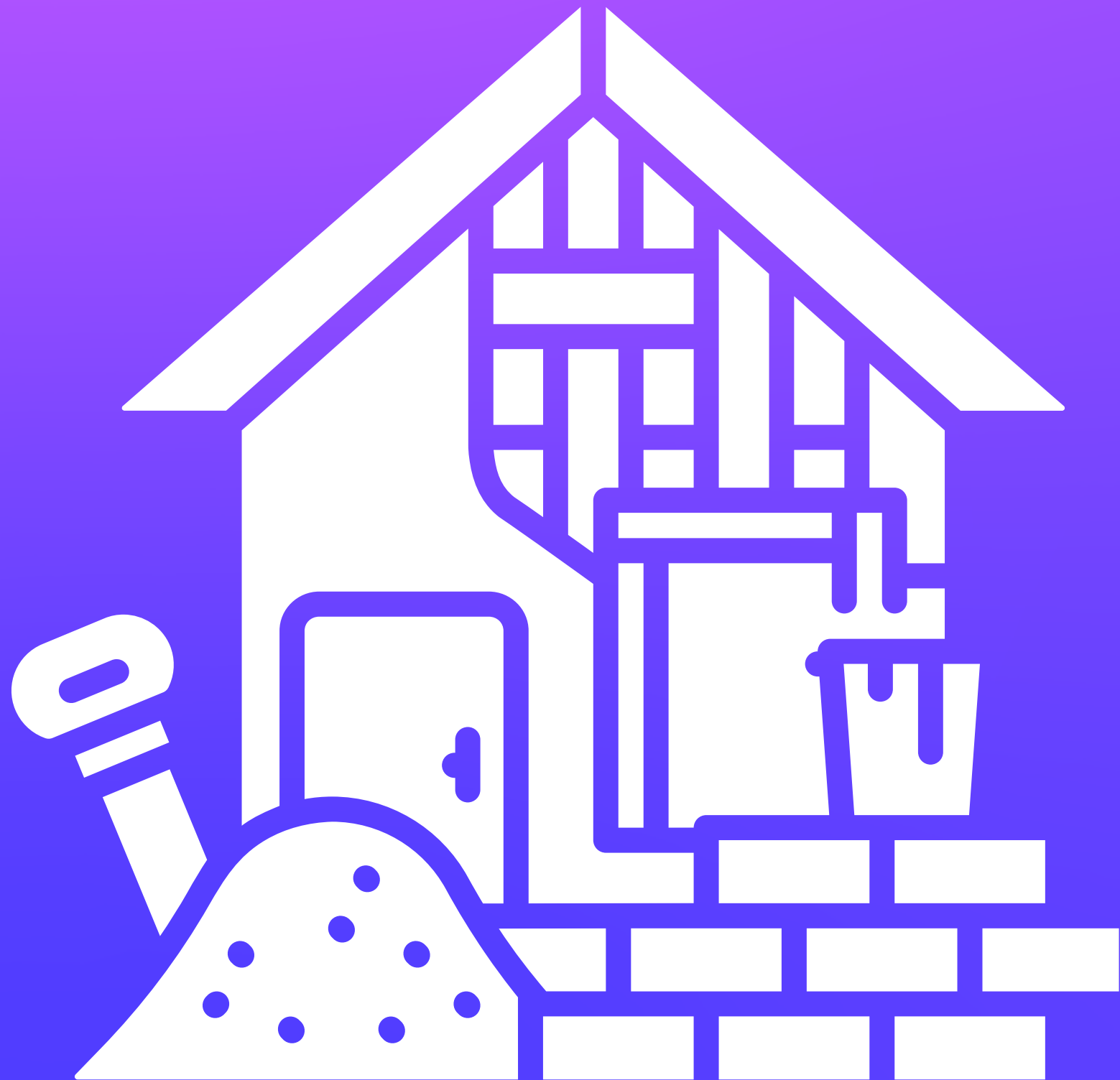
Disability Cover





ACC

“ACC” stands for “Accident Compensation Corporation”, which is the government organisation that manages the accident compensation scheme



House Insurance

- Covers cost of rebuilding your home - think worst case
 - sqm cost increase
 - most people will be under insured
- Built in benefits to understand
 - accommodation supplement
 - excess on windows etc
- Flood plain or uncontested dwelling
- Excess - natural disaster – think of if your house was burnt to the ground
- Cordell calculator
- <https://www.vero.co.nz/personal-insurance/house-insurance/cordell-calculator.html>



Contents Insurance

- Most people don't understand the value of what they have
- Go through every room and itemise
- Specified items
- Excess



Car Insurance

- Agreed or market value
- Full replacement or Third party fire and theft
- Excess



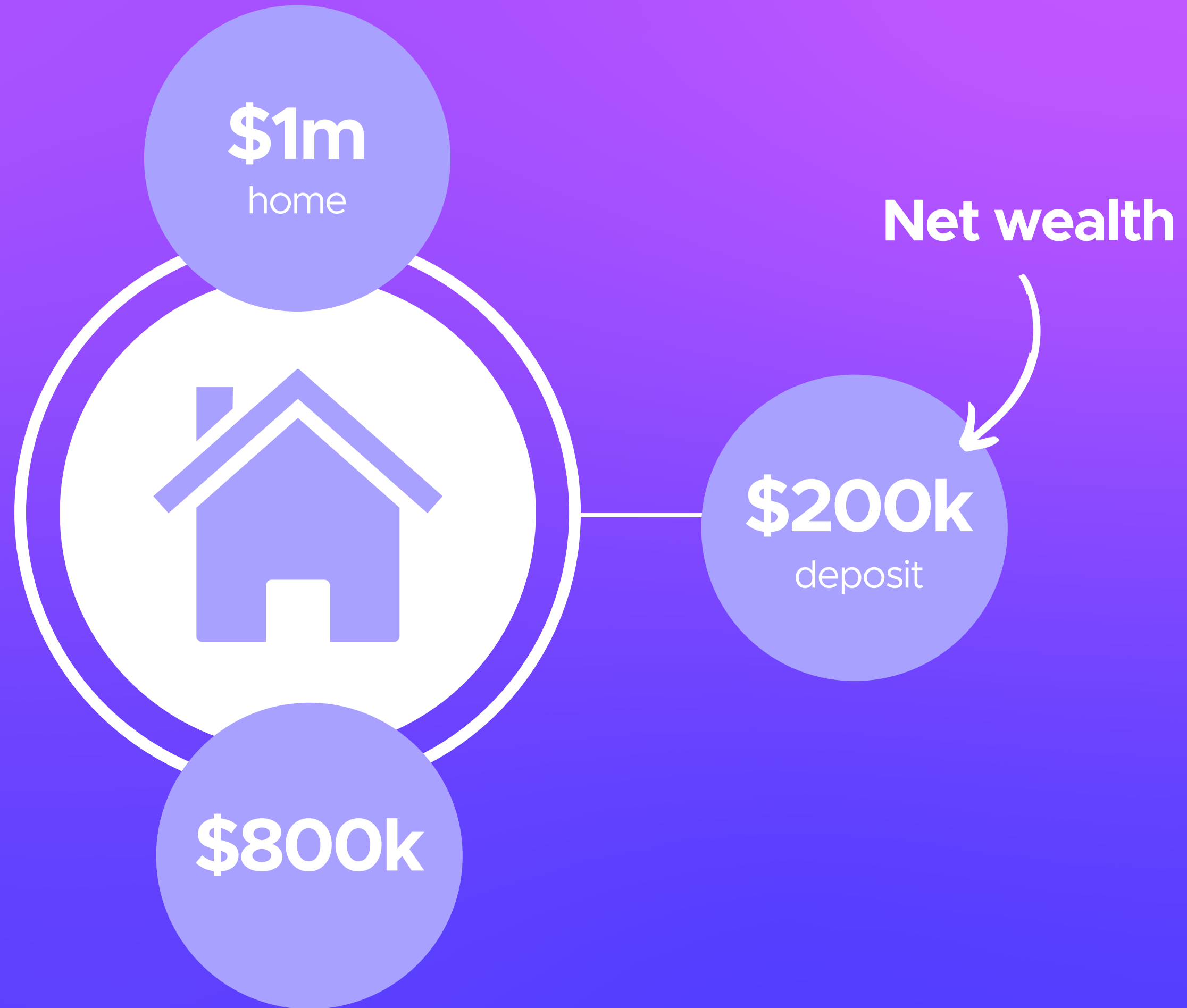
Landlord Insurance

- Pays for malicious damage by tenants
- Rent runners
- Meth policy and the levels
- Excess

STEP 2:
ASSET BUILDING
& PROTECTION



Insurance can be expensive so it's all about fitting the cost within your budget and insuring your net wealth - Over time if you build wealth correctly, you can self-insure





It's the old saying "it will never happen to me".
How can you cover the cost of running your life if you
don't insure the most important thing
– **YOU**

Things to think about if your income stops

- Mortgage payments
- Insurance on the house
- Contents insurance
- Landlords insurance
- Rates
- Water
- Body corp or residence society
- Electricity / Gas
- Property Management fee
- Maintenance





Financial Life Stages

1



Foundations

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Asset Building
& Protection

3



Wealth
Generation

4



Retirement
Planning

5



Retirement

STEP 3:
WEALTH
GENERATION



Build on what you have
and use income, equity
and savings to push ahead
and create lumpy wealth



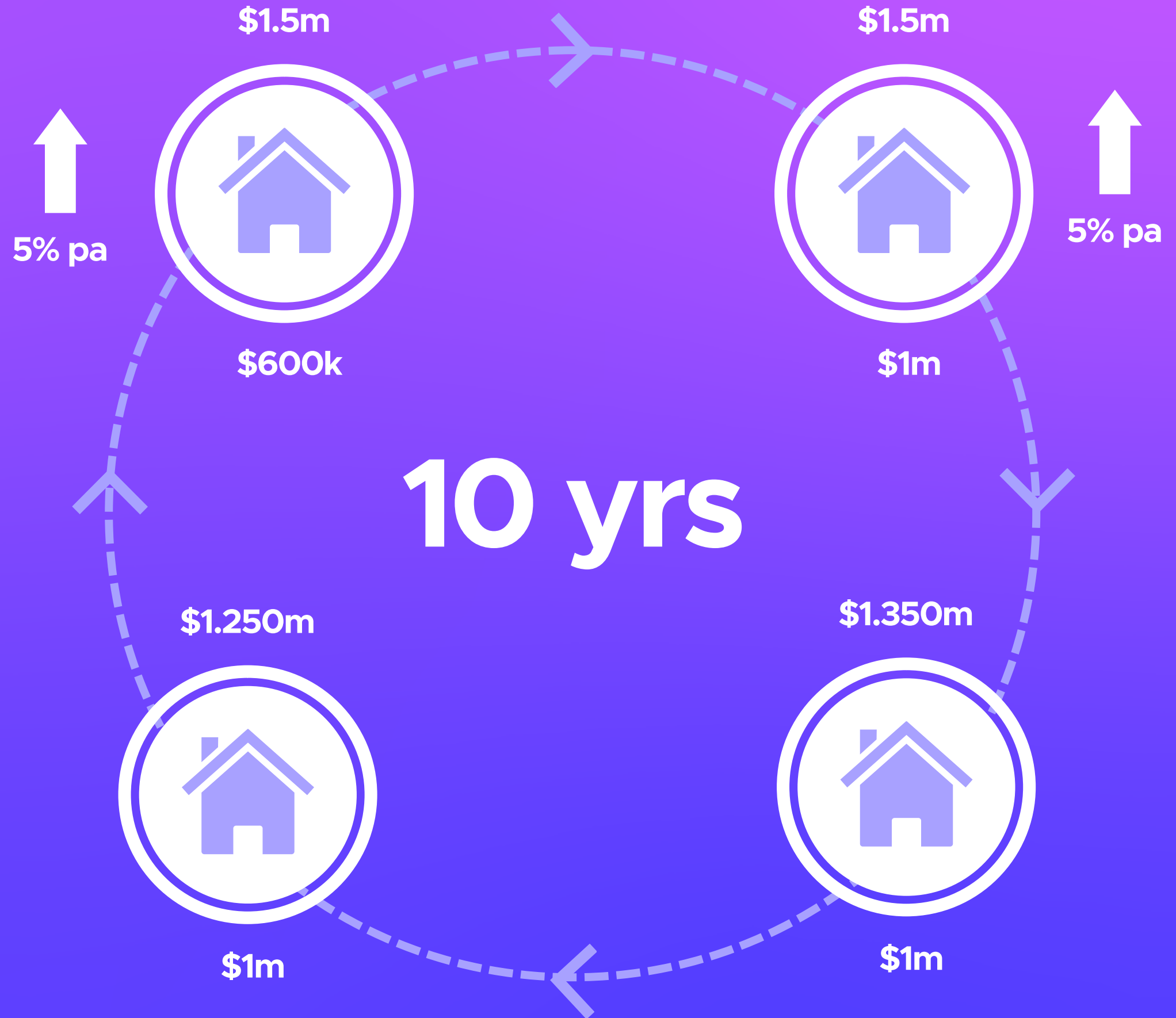
STEP 3:
WEALTH
GENERATION



Assets \$5.6m

Liability \$3.6m

Net Wealth \$2m





Financial Life Stages

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How much do you need

What We Think

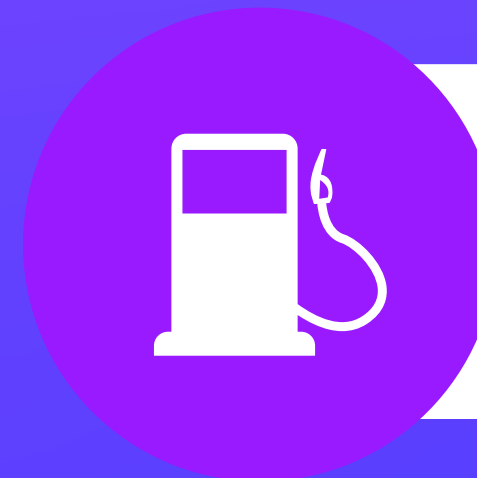
- To retire comfortably you want between \$80,000–\$100,000 a year
- Average life expectancy is about 82 years old in New Zealand
- By the time retirement age comes around, you will need to have this all on hand ready to take you across the next 17 years (including any passive income, dividends, or investments)
- If your costs have gone up by \$8000 a year, it can be scary to think of reality without income.



Kiwis are spending an extra \$4000 – \$5000 a year on basics with inflation



If they're renting in retirement, rent is going up \$2600 per annum



The average car for \$20 petrol will take you 40km less



For this example, we've used Massey University's two lifestyles: **No-Frills and Choices**, and shown if you account for superannuation as part of your plan.

How Much Money You Need In The Bank

June 2022

	No Frills	Choices
Metro (single)	\$195,000	\$600,000
Metro (2 people)	\$293,000	\$809,000
Provinces (single)	\$75,000	\$511,000
Provinces (2 people)	\$170,000	\$688,000

How Much Money You Need In Your Bank By The Time You Retire

June 2022

	No Frills	Choices
Metro (single)	\$633,000	\$897,000
Metro (2 people)	\$1.21 mil	\$2.06 mil
Provinces (single)	\$527,000	\$973,000
Provinces (2 people)	\$1.045 mil	\$1.65 mil



\$1.5m



Option 1:

Sell all net \$2m

\$1.5m



Option 2:

Sell homes 1-3 net \$1.750m

Pay off 4 for passive income

Purchase small home for retirement debt free

\$1.350m



\$1.25m





\$750k



Debt free

\$1m



Debt free

Passive income \$750pw

Assets \$2m

Income \$80k pa

Combined properties + Kiwisaver + Savings



So, what does all this mean?

It means we need to take our retirement seriously by setting and following a financial plan.

Identifying the retirement lifestyle we want



Determining how many assets we'll need to fund that lifestyle



Figure out how many assets we're on track to have



See whether there is a wealth gap



And if there is, setting the plan for how to get the extra assets required.





Be proactive and not
reactive!



www.cocacola.moneyempire.co.nz

