

# Planning for your Financial Success

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# About MFAS

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- ✓ Helping NZ health professionals make better informed financial decisions
- ✓ Auckland based with clients around NZ
- ✓ Our team are Authorised Financial Advisers & Certified Financial Planners<sup>CM</sup>
- ✓ We appreciate both the pressures and opportunities of being a medico
- ✓ Partner with NZMA

# What is Financial Success for You?

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Totally personal:

- ✓ what is important to you, your lifestyle and your objectives?
- ✓ when do you want to be in a position to retire?
- ✓ what adventures do you want to have along the way?
- ✓ expectations may change over time!

# How Much is Enough?

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- what percentage of current income would you like to have available throughout your retirement?
- include or exclude NZ Super?
- major expenses or income changes
- what is your “bottom line” position versus aspirational position?

# Plan for Success:

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- ✓ know what your financial target is (so you know when you have succeeded!)
- ✓ identify assets available to achieve your target
- ✓ options to bridge any gaps
- ✓ insure your income and wellbeing
- ✓ measure, monitor and review both progress and relevance of strategy over time
- ✓ stay flexible

# Step 1: Buffer Fund

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- ✓ no matter what your age or stage in life, maintain a separate fund (in bank deposit) to cover 3 months required living expenses
- ✓ eases the pressure of unexpected situations, giving you time to think and act rationally
- ✓ likely to fit with your stand-down period for your insurances

# Step 2: KiwiSaver

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- ✓ are you maximising your opportunity?
- ✓ not likely to be sufficient on its own
- ✓ are you in the right KiwiSaver fund?
- ✓ socially responsible?
- ✓ fees



# Step 3: Regular Savings

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- ✓ a little and often for a long time is a certain winner
- ✓ just start – results will always be better than procrastination
- ✓ watch your savings grow – visibility is reassuring!

# Step 4: Future Additions

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- ✓ sale of your practice +/- practice building
- ✓ inheritance
- ✓ Property – selldown of current home? Income generated from rental

# Investment Options

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- ✓ bank deposit
- ✓ property – residential rental, commercial lease - know your risks and expenses
- ✓ actively managed fund – diversification, tax efficiencies
- ✓ sharebroking account
- ✓ DIY – ETF's?

# Considerations

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**Bank Deposits** – security & liquidity but what about inflation

**Property** – tangible asset with good growth history - but regulatory changes, leaky home, P contamination, natural disasters.

**Active Fund Management** – costs involved, research based decisions, diversification, liquidity and flexibility, tax and administrative efficiencies

**Sharebroking** – Australasian, strong returns, usually growth focused, often volatile, hidden costs.

**DIY** – might be fun, but what about diversification and rationale?

# Considerations

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## **Passive Investments – Exchange Traded Funds (Index Funds)**

Massive expansion globally over last 10 years (now 3.4tr USD) with ideal environment - low interest rates, monetary policy (QE) = low volatility and low inflation but has this changed?

Cheap fees, but no research or rationale behind buy and sell decisions other than market capitalisation. Can be widely diversified (or are they?) S&P 500 = 23% tech stocks.

Caution required at this stage of economic cycle.

# Insurances

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- ✓ Your income (and future income) is likely your largest asset
- ✓ Holistic approach between investment strategy and insurance requirements
- ✓ Policy wordings vary between providers

# MFAS Process

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Let's show you how we can help!

# Thank you for your Time

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## Any questions?



Partners with NZMA