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## **Your Money Q & A**

Peter Neilson is Chief Executive of the Financial Services Council, the industry organisation for providers of KiwiSaver and personal insurance (life and income protection). The FSC aims to help grow and protect the wealth of New Zealanders.

### **Money**

Money is the means by which you can escape the day to day pressure of being poor and struggling to survive. It means you can achieve a good quality of life with the possibility to reflect on what matters, to think about the long term and help the people you love and the community you live in. It is not true that all you need is love.

### **What did you learn about money from your parents?**

My father was for a short time before I was born a professional heavyweight boxer. He later worked on the construction of the Auckland Harbour Bridge. From those earnings he was able to save and build our family home in Glendowie. He later worked as an Auckland City Council labourer and in a car assembly plant. When I was 11 my father while out cycling to stay fit, was hit by a car and killed. This was before the ACC scheme was established. My parents had both worked but with 5 children to clothe and feed there was little money to pay for life insurance. As a result my mother raised 5 children on a widow's pension supplemented by cleaning homes and later working in a shop.

From my parents I learned that in New Zealand if you work a bit harder, take a little more risk, save more and are very careful how you spend your money then you will be well rewarded. I also learned the importance of having insurance, owning your own home, getting the best education you can, working and saving hard and being very careful with your money.

### **What was your first paid job?**

My first paid jobs were delivering the Courier suburban give away newspaper and collecting money door to door from NZ Herald subscribers in Glendowie.

### **What was your biggest money mistake?**

Megan and I bought our first home after I had been selected as a parliamentary candidate for Miramar in Wellington. While the house only cost \$36,500 it was about three times my salary back in 1980 and the purchase used up every line of our credit we had. When inspecting the house we assumed that the stove would be working but after moving in found that it was not. So we then had to borrow the money to buy a stove at an interest rate of over 30%. Ouch! We learned to check the stove was working before we bought any subsequent house and always to have some spare cash available for an emergency because they always seem happen when are already stretched.

## **What are your top three money tips**

- 1 Join KiwiSaver. No one can beat the benefits of KiwiSaver taking into account the \$1000 kick start payment and the \$521 annual Member Tax Credit. If you have difficulty saving, KiwiSaver is the easiest path to saving for a deposit on a first home or to achieving a comfortable retirement.
- 2 Take out income protection insurance as well as life insurance cover if you are in paid employment. You are 2.6 times more likely to be off work for 6 months or more with a serious illness than following an accident. The sickness benefit, unlike ACC, is family income tested so you can easily find yourself too poor to pay the rent or mortgage but your family too rich to receive a sickness benefit.
- 3 Get the best education or training you can but also make sure you know your partner well. Separation or divorce is not only emotionally devastating it is also a financial disaster for most people. Make sure you and your partner have compatible views on money or you are likely to suffer extended strife and unhappiness.