

February 2012

# THORNERS NEWSLETTER

## EQC Levy Increases – House and Contents Policies:

Please note that from 1<sup>st</sup> February 2012, EQC has increased earthquake levies on all domestic house and contents policies. The house earthquake levy has increased from \$50 to \$150 plus GST and the contents earthquake levy has increased from \$10 to \$30 plus GST. These increases are mandatory and will be applied when your policies fall due for renewal.



## Home loans & life insurance

As you will be aware interest rates are at the lowest levels they have been for many years. These times present good opportunities for borrowers to reduce debt by repaying their loans faster, something you can do more easily with Sovereign Home Loans. If you are re-fixing your loan for a new term or wanting to increase borrowing you can be assured that Sovereign interest rates are very competitive.

For any new borrowing against a new property you will also get the benefit of a contribution of up to \$1,000 towards professional fees associated with your house purchase.

If you would like a review of your current home loan or are looking for further borrowing contact Denis to make an appointment.

One of the first building blocks to secure your financial future is to protect your ability to repay your home loan. Denis can review your life insurance to ensure that you have appropriate cover for the major risks facing you and your family.

## Are you wasting your money investing when the markets are volatile?

This is a common question you hear from people that have been investing into products such as KiwiSaver when the markets are declining. They see contributions being taken from their salary but their balance (investment) is stagnant or may even be going down. Should they stop investing or put it into cash?

The advantage of ongoing regular investing is that you are “dollar cost averaging” into the markets. By this we mean that you are investing the same amount into the markets on a periodic basis however if the markets are declining you are actually getting more for your money, more units, which will recover in value if they are quality assets. Dollar cost averaging does however require a disciplined approach. You must invest the same amount at the same time of the month regardless of whether the markets have gone up or down. If the markets have gone up then you purchase assets at a higher price but if the markets go down you purchase more quality assets at an even better price.

A good example is if you are shopping for a new suit or dress. You can go to your favourite store before Christmas and pay full price or wait until the Boxing Day sales and get the same suit or dress for half price. It is the identical article of clothing but it is now on sale. This is the same as buying quality assets when investing during times of uncertainty and volatility. Values do return to quality assets.

One final point about being out of the markets at the wrong time. Investment markets (particularly shares) can move a large amount in a single day. Missing out on just a handful of these significant trading days can have a large impact on investment returns. Remember that there is no bell that rings at the bottom of the market. Missing the biggest half dozen “up days” in a year can have a significant impact on your overall investment return. For more information on regular investment plans including KiwiSaver contact Peter.

## **Latest term investment rates:**

90 days	up to 4.50%
6 months	4.65%
9 months	4.90%
12 months	5.25%

*Rates are subject to change. Rates for longer terms are also available, contact Peter to discuss.*

Call us today to discuss your current financial situation & the protection options available to ensure your long term financial stability. We are available to discuss your insurance & investment needs in what is a difficult time for many of us at the moment. Please feel free to contact us if you have any questions. Our phone number is 04 5288 088 or our personal emails are [denis@thorner.co.nz](mailto:denis@thorner.co.nz), [peter@thorner.co.nz](mailto:peter@thorner.co.nz) & [maree@thorner.co.nz](mailto:maree@thorner.co.nz).

We look forward to hearing from you soon.

**Kind regards Denis, Peter & Maree**

The information in this newsletter is of a general nature, so is a class service, not a personalised service. For more information on what it may mean to you, please call us on 528 8088 to make an appointment. Disclosure statements are available on request, free of charge.

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- Health Insurance
- Income Protection
- Home Mortgages

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