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Saturday, August 10, 2019

(Room 10)

14:00 - 14:55 WS #109: Professional Financial Advice or DIY - the Pros and Cons

15:05 - 16:00 WS #119: Professional Financial Advice or DIY - the Pros and Cons (Repeated)

Professional Advice or DIY?

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MFAS
Medical Financial Advisers

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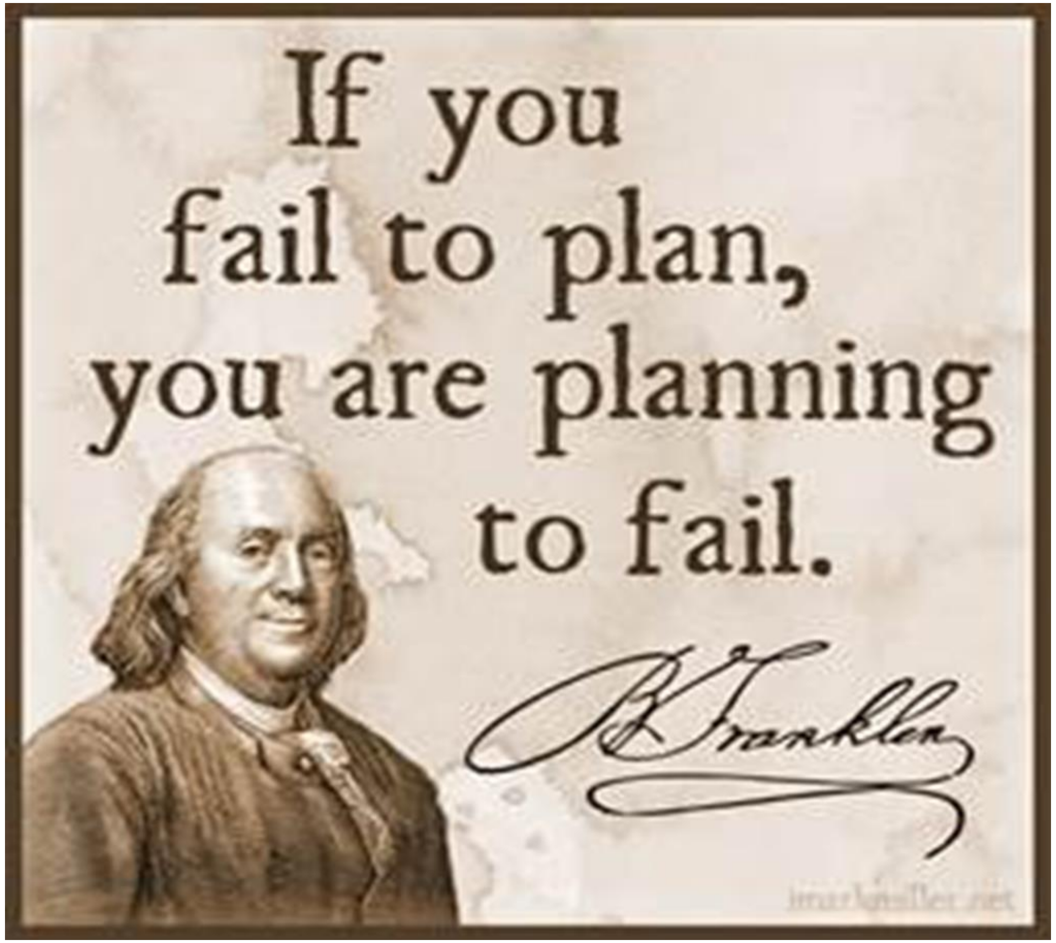
About MFAS

- helping NZ health professionals make better informed financial decisions since 2001
- Auckland based - servicing clients around NZ
- our team are Authorised Financial Advisers & Certified Financial Planners^{CM}
- we appreciate both the opportunities and pressures of being a health professional
- partner with NZ Medical Association (benefits apply)

Whatever your Path You Need a Plan



Define:

- what is important to you, your family, your lifestyle and your objectives?
- when do you want to be in a position to retire?
- how much income will you need? Include NZ Super?
- what adventures do you want to have along the way?
- expectations may change over time!

Do It Yourself

Bricks & Mortar

- tangible asset we all understand
- option to be self-managed or property manager
- manager costs circa 5% rental income

DIY Advantages

- you can manage with no fees
- choose your own tenants
- rental contracts flexible
- repairs & maintenance completed to your timeframe
- you are monitoring your property

Property Management Advantages

- your time and effort not required (rule of thumb: rental income requires an equal % input of time, ie 20% income = 20% of your working hours)
- property management fees tax deductible
- repairs & maintenance completed to schedule
- rental contracts arranged by professional
- regular property inspections
- manage tenants – rent collection, re-letting

Premise

- Good property management adds value:
- your time
- peace of mind
- expertise and efficiency
- Disciplined approach

Intangible Assets

Bonds, shares, managed funds, listed funds

Do any bricks & mortar attributes apply?

DIY Advantages

- You are in control
- Fintech products makes this easy and low cost entry
- No adviser fees
- Platform provide:
    - access to range of fund managers, not otherwise available to individual investors
    - can start with low initial investment
- Gets investors interested and learning

Some DIY Options

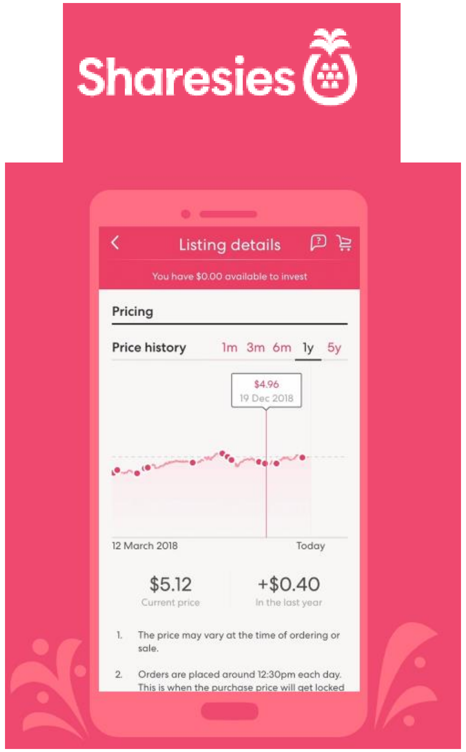
- InvestNow – access to 110 managed funds and ETF’s
- Sharesies – access to 5 managed funds and 20 ETF’s
- Broking account – Sharebroker, Rabo Direct, ASB, ANZ etc
    - access to listed shares (mainly NZX & ASX)
- Hatch – access to US shares & ETF’s

InvestNow

- Minimum investment $50 regular otherwise $250
- Currently offers access to 110 Funds (ETF & Managed)
- All Product Disclosure Statements available in one place
- Transactions completed daily
- No administration fees

Sharesies

- access to 30 individual funds
- offers access with amounts starting at $5, including auto payments
- trades made at 12:30pm daily
- up to 5 days for confirmation
- $30 p.a. administration cost



Online Trading Account

- predominantly NZX & ASX Listed shares/funds
- trade + brokerage costs
- may be able to use custodial account (fees apply)
- tax reporting required
- international securities complex?

ASB Securities

CRAIGS INVESTMENT PARTNERS

Rabobank

FORSYTH BARR

Disadvantages

- You are in control
  - emotions get in the way
  - over confidence / under confidence

- You are financial planner, research analyst, fund manager, stock picker
  - fun initially and for small amounts but do you have the time, energy and ability to manage as your funds accumulate and complexity increases?

Disadvantages:

- What about risk? What is it and how can this be mitigated?
  - risk profile is one thing but living through market peaks and troughs is different
  - identifying and understanding the differences between your options
  - do you have the fortitude to stay your course
  - no one can successfully time the market
  - currency risk, credit risk, duration,
  - what happens if your cognitive abilities decrease or you die? – Who will take over the investment portfolio?

What will a Financial adviser do for me?

- tailor your Financial Plan for your requirements, risk profile and timeframe
- define your financial targets (so you know when you have succeeded!)
- identify how different assets work towards your goal
- illustrate the effect of various decision options
- mitigate your risks along the way
- measure, monitor, review, re-balance and keep relevant

Just because you can doesn't mean you should

- mountains of information available but time and resolve required to sift through an understand
- how do you interpret and utilise that information for your benefit
- what do you not know?

With MFAS You Are
In The Driver's Seat!

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