

A step by step guide to obtaining a long  
and prosperous retirement

## Lesson 10 – Selecting Appropriate Investments

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## Introduction

This document is part of the comprehensive planning material written to assist Kiwi's in their 50's or 60's that are looking at retirement but have no idea what to do, what is needed, and how or where to get help.

This material provides a simple step by step process to create your own retirement plan. It includes a summary guide, road map, lessons and discussion topics to help you prepare for your retirement. It will help you answer questions such as:

- *How much money do I need in retirement?*
- *How much money will I receive from Government Superannuation?*
- *How, and from where, can I get more money?*
- *Where can I safely investment my money?*
- *How much should I put into KiwiSaver?*
- *Should I buy a 2<sup>nd</sup> property, a business, or invest in the share market?*
- *How much do I need to keep aside for a rainy day?*

all from a very New Zealand perspective.

All material can be downloaded and printed from the downloads page on our website:

<http://www.bizextra.co.nz/>

## Document outline

This document is "Lesson 10 – Selecting Appropriate Investments" of the course material.

Most people complete their retirement plan using just the Planning Guide, Roadmap and the Excel spreadsheet that supports the guide. Additional information is provided to support you along the way if you get stuck, don't understand a concept, or just need some further ideas to try out as part of your planning.

*"Don't ever forget, that the main plan in life is always to enjoy a long and prosperous retirement."*

## Contents

Lesson 10 – Selecting Appropriate Investments.....	4
Criteria of a good investment .....	4
Understanding Common Options .....	6
Alternatives.....	11
Getting some advice .....	14
Form 14 – Appropriate Investments.....	17

### Latest Version

Market prices, superannuation and benefit rates, Government policies, inflation, costs of living, house values etc. all change on a regular basis. The numbers in this document have been updated to reflect the market position as at July 2025.

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## Lesson 10 – Selecting Appropriate Investments

In retirement you really want to setup your cascading bucket fountain so you can just turn it on, and it all works. You have way better things to do with your time.

While this is an ideal situation to aspire to be in, the facts of the matter are you are dealing with your money, your survival, and things are always changing around you. If you don't look after your money – no one else will.

You don't want to be checking it every day either and buying and selling assets on a regular basis. That sounds like a fulltime job.

Somewhere in the middle sounds just fine.



### Criteria of a good investment

When evaluating options of how to fund your buckets, there are some basic criteria to consider:

Risk	We have already covered this, and during retirement you should not be looking to start any high risk endeavours. Different buckets attract different investments with different risk profiles.
Return	You should be looking for a realistic return (after taxes and fees) based on the risk you are taking, and the bucket level that you are looking to fill.
Feasibility	Let's face it, as we get older, our lifestyle aspirations change. You need to consider if the idea is actually feasible.
Liquidity	Depending upon the bucket you are filling, and when you will need it to top up a lower bucket, you may need to consider the liquidity of the investment. i.e. can you get your hands on the money when you need it?
Activity	In retirement this is really the level of 'in activity'. We should not be looking for investments that involve a 50 hour week.
Taxes	Some investments are more tax effective than others. Or in our case some return more money to the Government (in Taxes) than to ourselves, and we need to consider this in our selection criteria. The more tax efficient (less tax to pay) the better.
Fun	We are retired. You certainly don't want to start something you don't or are unlikely to enjoy. The whole point of retirement is to get out of the grind of a 9-5 job. Whatever you do should be fun, or at least not a burden or something that adds stress.

Some buckets may be filled from different income generating ideas and assets. Some assets can be used to fill multiple buckets.

With this basic criteria, we can evaluate each of our ideas and determine how close to the 'ideal income generating asset' it is.

The ideal investment (which unfortunately doesn't actually exist) would have no risk, exceptionally high regular returns, is totally feasible for all people to participate in, lets you access your money in seconds, requires no input or activity, pays no tax on the returns it generates for you, and is great fun to be a part of.

Assuming that we scored each criteria from '10 – being ideal', to '0 - avoid like the plague', we could assign a score to the different ideas to help evaluate them.

Passive Income Source	Low Risk	High Return	Feasibility	Liquidity	in-Activity	Tax Efficient	Fun	Total Score
Ideal Investment	10	10	10	10	10	10	10	70

Once we have a number of ideas, they could be sorted by their total score – and we could start investing in the highest. No! - remember the buckets. Different options are or maybe suitable for different bucket levels. A low risk, high return, non liquid investment may be very suitable for one of the higher buckets, but not suitable for the bottom bucket. With your retirement plan, you know when you need the money from a particular bucket, so can plan to be able to empty it before it is needed.

What this table will do, is to help you identify the various options that should be investigated further.

For example, John and Jane assigned the following scores:

Passive Income Source	Low Risk	High Return	Feasibility	Liquidity	in-Activity	Tax Efficient	Fun	Total Score
Kiwisaver	6	5	10	6	10	9	5	51
Term Deposits	10	1	10	8	10	8	5	52
Investment Property	7	4	8	6	6	7	4	42
Share Market	6	5	10	8	8	8	6	51
Start a Company	5	5	8	6	5	6	5	40
Bond Market	8	3	10	9	9	9	4	52

Also within each source of passive income, you will soon find that the way you invest may change the score. For example, buying shares in the New Zealand companies, are taxed differently to shares in overseas companies. Residential properties would score differently to commercial properties. KiwiSaver, when you are 65 or over is liquid (you can access your money), prior to that you can't easily access your money.

Having selection criteria that will help you decide how to fill your buckets, will help you in future steps. A refinement to this approach is to apply a weighting to one or two key criteria and then multiply your score by the weighting, and then see how they compare.

Passive Income Source	Low Risk	High Return	Feasibility	Liquidity	in-Activity	Tax Efficient	Fun	Total Score
Weighting	1.5	1	1	1	1.5	1	1	
Kiwisaver	9	5	10	6	15	9	5	59
Term Deposits	15	1	10	8	15	8	5	62
Investment Property	10.5	4	8	6	9	7	4	48.5
Share Market	9	5	10	8	12	8	6	58
Start a Company	7.5	5	8	6	7.5	6	5	45
Bond Market	12	3	10	9	13.5	9	4	60.5

And finally, don't forget to monitor your criteria from time to time. What is good today – may be better (or worse) as an option in a few years time.

- Currently if you hold investment properties for less than 10 years you pay capital gains tax. A future Government may change this.
- Investing in shares in overseas companies are taxed differently than shares in New Zealand companies, this could also change.
- Starting and running a company may be fun when you are 50. It may not be fun anymore if you are still running it when you turn 70.

Looking at the above criteria, something like KiwiSaver – where I just pay money each month (or as needed) and someone else invests it as needed across the various markets, buying and selling the underlying investments as needed on my behalf would be ideal.

Initially, I want to invest in something similar to 'KiwiSaver for retirees', while I learn more about investing directly myself in one or more of the other options.

## Understanding Common Options

### KiwiSaver Investment Funds

KiwiSaver is just a generic name for managed investment funds. When you put money into your KiwiSaver account, you are actually putting your money into an investment fund (that is of one of the 'categories' of funds) that is managed on your behalf by a fund manager. The fund manager invests your money across the markets into assets that meet the rules of the fund (i.e. what category it is – and how risky the investments must be).

The difference between KiwiSaver funds and other investment funds is basically the law. If it is an approved KiwiSaver fund, money will be automatically deducted from your pay by your employer and paid into the fund you select. They are also required by law to contribute additional money into that fund. Even the Government adds a small top up into the fund (make sure you are receiving all of it!). Another key consideration of KiwiSaver, is that law also stops you from taking money out of the (unless in a dire emergency) until you are 65 years old. The Government seems to think people only retire at 65 - not earlier. If you plan to retire earlier than 65 and need this money for retirement, then a KiwiSaver fund may not be suitable for you.

You can have other investment funds identical to your KiwiSaver in all respects – except the obligations on your employer or the Government to add money. You have to deposit the money yourself, and, there is nothing to prevent you from taking money out of these other ('not a KiwiSaver') funds when you need it.

You can also retain your existing KiwiSaver fund after you retire.

### Managed Funds

All these types of investment funds are generally called 'Managed Funds'. They are actively managed for you by a Fund Manager. The fund manager charges a fee for this service. If you look at your KiwiSaver statement, you will see the fees your KiwiSaver fund manager is charging you for investing your money on your behalf. By law, the fund managers must disclose the fees that will apply for that particular fund. They must also disclose the risk profile of the fund (Defensive, Balanced, Growth etc.) and the underlying assets and markets the fund will invest in (shares, bonds, properties etc.).

So while we are still learning about investments, managed funds may be a good way to get started. As someone else (the Fund Manager) is selecting the individual assets on your behalf.

There are many fund managers that are prepared to take your money, invest it on your behalf, and charge you a fee. Some are better than others. If they do a poor job it is low risk to them – it is your money they are investing – and even if the investments perform badly, they will still take their fee anyway.

As such, you do need a level of confidence you made a good choice. You need to be confident they will do everything they can to not lose your money for you. You can lose money yourself – you don't need to pay a fee to someone else if that is all they are going to do.

In New Zealand, Sorted.org.nz maintain a very good website that lets you investigate KiwiSaver and managed funds, and to segment the list of available funds (it is a large list) by their type (Defensive, Growth etc.), and then sort them by performance, and fees. They also have advanced searching options for other criteria.

<https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds/>

### Fund Performance

A key thing to understand, is that a funds historical performance – doesn't guarantee its' future performance. Also it is the average over the last 5 years. One exceptionally good year followed by

four poor years of performance can still give a poor fund a good average, so it always pays to dig deeper.

What's done is done, and every investment needs to be looked at in terms of what the expected future return is, not how well it has performed in the past. Many investors make the mistake of holding on to investments that have dropped in value, waiting for them to increase in value again. As planning is an iterate process, each time you revisit the plan, you should look again at your investments, both new ones and the ones you currently hold.

You should always consider the expected future performance of the investment relative to other options, and how the Fund Manager has navigated periods of volatility and uncertainty. Looking forward helps you prepare for what lies ahead so there are no nasty surprises or speed bumps (that you were not aware of).

A useful site is <https://platform.research-ip.com/> this site evaluates various funds and provides a report of the fund and the fund manager performance. Sites like this can be very useful when selecting a fund or a fund manager.

Another very good site that looks at New Zealand KiwiSaver investment funds is:

<https://www.morningstar.com.au/Funds/KiwiSaverReports>

Morningstar is an independent Chicago-based investment research firm that compiles and analyses fund, stock, and general market data. Among its many offerings, Morningstar's managed and exchange-traded fund (ETF) reports are useful to analyse the investment quality of more than 2,000 funds globally. The good thing is they include New Zealand in their Australasian reports and assign a very simple 5 star ranking system to funds.

<https://www.morningstar.com.au/Tools/NewFundScreener>

*Note: Recently Morningstar has hidden their 5 star ranking to registered users only. At the time of writing a 4 week free trial is still available to new users.*

A further site that is useful is:

<https://investnow.co.nz/resources/performance/>

Although you may not be quite ready to start putting your spare money into an investment or a fund to start generating more money (you may still have debt to repay), doesn't mean you shouldn't start reading about funds and start preparing a short list of funds and fund managers that you might want to use at a later date.

## Fund Fees

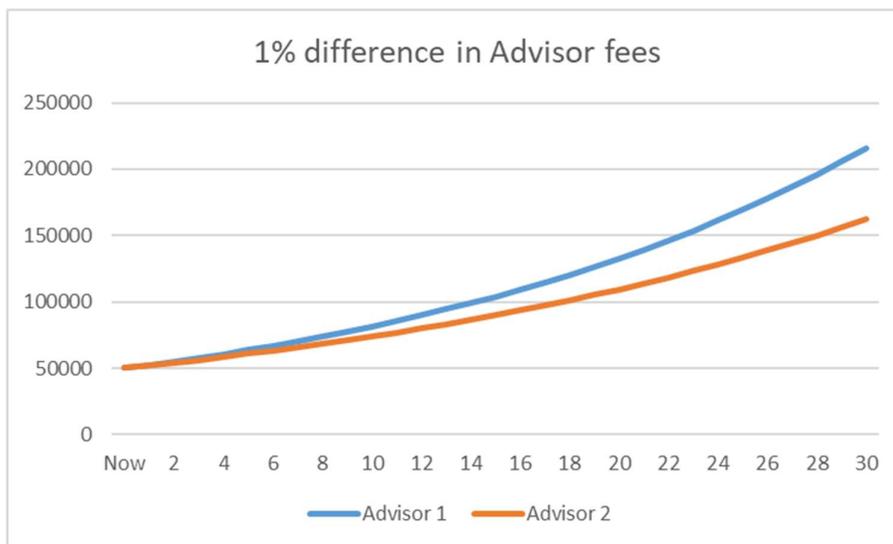
When you invest in a managed fund (irrespective if it is a 'KiwiSaver' fund or not) you will pay the fund manager a fee.

The fees are generally specified as a percentage of the funds they are managing on your behalf. A good thing about the Sorted site, is that they show the fund fees, along with the average of other fund fees (for comparisons). If the fund you are looking at has higher fees than the average (of the

funds of similar type selected) then it should be generating a way better return than the average return. If you are paying more money – you should expect better service. And the only service the Fund Manager is providing, is trying to increase the interest rate (your return) you receive, without exposing you to additional risks.

The more active the fund manager is in managing the fund (buying and selling the underlying assets in the fund to try and maximise your return), the higher the fees they will charge. Hopefully if they are being pro-active, they will minimise any downside risks. While we are working to increase our investment skills, fund managers are expected to already have significantly more than a new investor – that is why they are charging fees to help select and manage our investments.

When you are comparing the fees associated with each different fund (or fund manager) you are researching, consider the following:



A 1% difference in fees over 30 years on a \$50,000 investment portfolio returning 6% per year, could reduce your return from \$210,000 to \$160,000. That is a \$50,000 difference.

The opposite to this is passive fund managers (or in some cases no fund managers). You invest in a fund that gets established, and it does not change. These typically have lower fees.

A common type of passive fund are funds that follow an index of other items. For example, if you wanted to invest in shares in the top companies of New Zealand, you could do lots of research to work out who they are, buy lots of shares etc., or just buy an asset that tracks the index related to the 'Top 50 companies of New Zealand'.

This type of fund is typically called an Exchange-Traded Fund (ETF). They are an investment fund traded on stock exchanges, much like shares. An ETF holds assets such as stocks, commodities, or bonds and generally operates with an arbitrage mechanism designed to keep it trading close to its net asset value, although deviations can occasionally occur. They are not actively managed but are adjusted regularly to align with the index they are tracking. As such they generally attract a lower management fee. These are a good choice if you are looking at maintaining your own investment portfolio and don't want to investigate individual companies to buy shares in.

## Checking on fund types

Although we have utilised the common fund categories:

1. Defensive
2. Conservative
3. Balanced
4. Growth
5. Aggressive

Various commentators and providers use these broad categories differently. Some even give them different names. But the common thing amongst them all is that they each have different levels of risk. As you move from a Defensive fund through to an Aggressive Fund – the level of risk you are taking increases.

When choosing a fund, you need to ensure you understand the level of risk associated with that fund.

Some of the sites previously listed allow you to filter their search (or advance search) results by 'risk'. Other sites provide a direct link to the fund detail documents that allow you to see the 'risk indicator' associated with the fund.

This indicator is usually a number in the range 0 (low) through to 7 (high), and generally aligns with the fund type i.e. you won't see any low risk (Indicator = 1 – 2) Aggressive funds.

## Fund Size

A final area to investigate is the size of the fund. This is the '\$'s that other people have placed in the fund – as this is a good indicator of the number of other investors that have chosen this fund.

This is important because at some time in the future you will want to exit the fund (sell out) and if there is only a small number of people interested in buying – your exit price may not be what you expect.

Many fund managers provide very similar funds, especially when we look at ETF's, that track an index. Choosing the one to select generally comes down to the size of the fund (the higher the '\$'s being managed is better) and the fees being charged (the lower the better).

## Alternatives

### The Share Market

You don't have to invest in funds, you can invest directly in company shares, both locally and internationally. And while this reduces the fees you pay (you are effectively the fund manager) you need to undertake significant research to be in a position to 'pick winners' and manage your risk. The goal of retirement was not to be working – but travelling and playing golf etc. – having fun activities to fill in the days – not undertaking research on company performance.

The following table shows the top 10 US companies over a 10 year period, ranked by market value (market capitalisation in US dollars) – basically size. By the time you have developed the skills to pick the biggest companies, they change, and you have to do it all over again.

This is part of the service that you pay a fund manager to undertake for you, but there is nothing to stop you from directly investing in company shares if that is what you wish to do. Before you invest directly, make sure you have sufficient financial knowledge to pick winners (or at least not pick losers).

### Largest US companies in 2018 vs 2008

2018				2008			
Rank	Company	Founded	USbn	Rank	Company	Founded	USbn
1.	Apple	1976	890	1.	Exxon	1870	492
2.	Google	1998	768	2.	General Electric	1892	358
3.	Microsoft	1975	680	3.	Microsoft	1975	313
4.	Amazon	1994	592	4.	AT&T	1885	238
5.	Facebook	2004	545	5.	Proctor & Gamble	1837	226
6.	Berkshire	1955	496	6.	Berkshire	1955	206
7.	J&J	1886	380	7.	Google	1998	198
8.	JP Morgan	1871	375	8.	Chevron	1879	192
9.	Exxon	1870	367	9.	J&J	1886	192
10.	Bank of America	1909	316	10.	Walmart	1962	184

Source: Bloomberg, Google

In retirement it is easier and lower risk to use managed funds and pay a fee for their research and analysis. Just determining which fund to be in (rather than the underlying company shares and assets) will take you time, planning and education. Unless you 'want' to re-educate yourself during retirement you don't 'need' too.

### The Property Market

You can also invest in the property market. Don't forget if you own your own home – you are already invested in the property market, and you should have a plan to get out of it (or down size) sometime in the future.

Owning a rental property can be hard work when you are older: ensuring rents are collected, maintenance is attended too, any government imposed improvements such as insulation, double glazing, ventilation etc are compliant, and all the paperwork associated with running a rental is completed.

If you already own a rental property, you need to actively manage it and compare it to other investment options you may have, or maybe considering. Many people hold on to the ‘family bach’ for way too long. The yield (investment return) from any property should be regularly reviewed, and compared to other investment options.

The easiest way to do this is to look at the net value of the property (just like we did for the house) so we know how much money we have tied up in the asset. Next look at the money it is generating (income = Rent received– expenses (remember tax is an expense with properties)) and calculate the return the investment is providing (Income / net value of asset). This investment should be performing at least as well as your other investments.

Below is a made-up example of how you can calculate the return on your investment properties to enable comparisons with other investments. Remember interest may or may not be deductible expense.

Purchase Price	1/01/2013	\$500,000
Loan (interest only)	70%	\$350,000
Investment of own funds		\$150,000
<b>Investment Property Value</b>		
Market Value	1/01/2022	\$800,000
Less realestate commission	3.00%	-\$27,600
Less advertising Costs		-\$2,000
Less loan to repay		-\$350,000
Less legal fees		-\$2,000
		<u>\$418,400</u>
<b>Annual Investment Income</b>		
Rent		\$50,000
Less Mortgage Interest		-\$20,475
Less Rates		-\$2,893
Less insurance		-\$2,273
Less regular maintenance		-\$1,000
Less property Management Fees		-\$4,000
Income each year (pre tax)		<u>\$19,359</u>
Less tax		-\$13,145
Investment Return (after tax)		1.5%
<b>Plus potential Capital Gain</b>		
Purchase Price	1/01/2013	\$500,000
Current Value	1/01/2022	<u>\$768,400</u>
Capital Gain		\$268,400
Less Capital Gain Tax	1/03/2022	-\$88,572
Capital Gain (after tax)		3.5%
<b>Return 2013 - 2022</b>		
Initial Investment		\$150,000
9 year income (after tax)		\$55,924
Capital Gain (after tax)		\$179,828
Annual Calculated return on investment over 9 years (using XIRR)		5.9%

Table L8.5

Just like shares and managed funds, historical performance doesn’t guarantee future performance. If you have known deferred maintenance (it really needs a repaint, or the roof needs to be repaired), you should always factor these items (costs) into the market value for the property. A buyer will generally discount these costs from the price they may offer you.

If you are keen on property, don't forget there are multiple managed funds and ETF's that track or invest exclusively in property that you should also consider. Also, you don't need to save for the deposit.

### Start a company

"With all this spare time on our hands in retirement, let's start a new company". A great idea until you do a quick google search and realise that:

Of all US. small businesses started in 2014 (as tracked by the US Department of Labour):

- 80 percent made it to the second year (2015);
- 70 percent made it to the third year (2016);
- 62 percent made it to the fourth year (2017);
- 56 percent made it to the fifth year (2018).

Given those numbers, only a bit more than half of all start-ups actually survive to their fourth year, while the start-up failure rate at four years is about 44 percent.

The more alarming statistic is that the most popular small business financing methods were:

- Personal funds 77 percent;
- Bank loan 34 percent;
- Borrowing from family/friends 16 percent;
- Other funding 11 percent;

So are we really wanting to invest in a small business during a period of our life when we are trying to generate income (not lose it), are wanting to slow down and enjoy life, and have a lot less stress in our life.

Part time work is a lower risk option than starting a business in retirement. You (generally) get paid, irrespective of how the business is performing. This doesn't mean you shouldn't restructure your affairs to do your part time work through a company structure (for example if you are a retired tradesman), but that is really when you need to get professional legal or accounting advice to assist you setting things up correctly.

A recent media release (May 2023) from BWA Insolvency, (an Auckland firm that has been tracking the data on liquidations, receiverships and voluntary administrations since 2012) indicated:

*"a steady increase in business failures across the country, with the triple whammy of price increases, supply shortages and decreasing demand affecting a range of different sectors. Latest data shows insolvencies continue to rise, up 28% year-on-year."*

And in 2018 Statistics NZ indicated:

*"only 37 percent of 'micro' businesses, or start-ups, exist after two years."*

suggests starting a new business in retirement is high risk. Maybe a lower risk option is to just buy a share of an existing company.

## Getting some advice

Remember the 87 share market crash? Many people at the time were buying shares based on the advice of others. Usually their neighbour or their mate at the pub, or someone at their coffee mornings. Financially illiterate people, with no investment experience, were advising other financially illiterate people where to put their money. Even the media were advising people to buy shares – “they always go up” they said. Well, up they went – up in smoke!

We have already advised that “You are responsible for your money, your investments, your debts, your gains and your losses. No-one else.” You have to do your own research – even if all it is, is to check who a good financial advisor is who can help you. In 1987, people forgot to check what credentials their neighbour had to provide financial advice. What skills they had, what experience, what training, what controls they had in place to minimise risk, what controls they had to minimise fraud – all that homework was ignored. If it was “good enough for my neighbours to mortgage their house to buy shares in companies I had never heard of or researched, then it was good enough for me!”

As you may have realised by now, no advice is free. A real-estate agent only gives you a free appraisal because they want you to list your house with them – so they can get the commission when it sells. They have a vested interest – they are not giving you free independent advice. You pay a valuer for independent advice – they have no interest (apart from a professional interest to see how close the sale price was to their valuation) if you list the property, sell the property, what agent or company you use etc. They have been paid for the service they provided to you.

The same applies with Financial Advisors. Ask a bank manager “what KiwiSaver fund should I invest in?” and 99% of the time they will recommend the one their bank offers to the market (the 1% that don’t, relates to the banks that don’t currently have a KiwiSaver fund for their customers). If you invest in their fund – they collect the fund fees as they are the fund manager. Their advice is not independent or impartial.

If you are unsure or unhappy about selecting particular products or types of investments to invest your money in, then you can seek professional help:

- If you are interested in shares or any type of fund (active or passive Management Funds, ETFs, KiwiSaver etc. then you need to talk to a Financial Advisor
- If you are interested in looking at investment property (or any type of property) then you should talk to a real estate agent or valuer
- If you are interested in a company, then an accountant, Sales Agent, or a Business Mentor.

## Selecting an Advisor

If you want or need additional independent advice and how or where to invest your money, you need to ensure the provider of that advice is independent.

Basic selection criteria are:

- to ensure they are licenced,
- they have skills and knowledge in the area you are seeking advice on
- they align to the type of investor you are, and
- they are independent.

In NZ we have a very good market 'watchdog', the Financial Markets Authority. It evolved out of the various share market and finance company crashes we have experienced, and they provide checklists and things to consider. At the time of writing, these can be accessed from the link below.

A good place to look for advice on selecting a fund manager or advisor can be found on the Sorted.org.nz web site. <https://sorted.org.nz/guides/saving-and-investing/investment-advice/>

As mentioned in Lesson 5, to reduce risk you should have a diversified investment portfolio. Based on the amount of money that you may have invested, you may want to consider this be an option for your advisor(s) as well. There is nothing wrong with having more than one advisor. The more advice you get the more knowledgeable you become.

Any financial advisors you select should:

- hold an AFA licence – wide ranging investment advisors with multiple products,
- be local – you need to be able to sit down and talk to them face to face.
- offer estate planning – they should also be able to work with older people and be able to advise on the alignment of Trusts/Wills/EPAs etc. We will discuss this more in the next Step
- be a firm – they generally have multiple people, access to a wider range of external resources (analysts, research, advice etc), and have multiple experts in various areas – rather than putting all your eggs in one basket (i.e. a one person type advisory company)
- not handle their funds directly – i.e. the advisors shouldn't directly 'hold' any funds. They should be via trust accounts. This reduces fraud and lowers your risk.

and depending upon what involvement you want in managing your own investments:

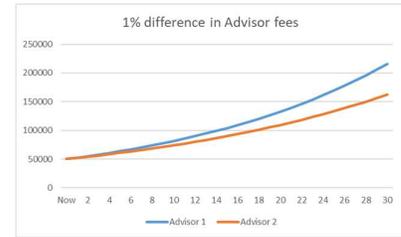
- should hold a DIMS licence. This allows your advisor (within pre agreed guidelines) to actively manage your investment portfolio. Generally an advisor needs to get all changes to the underlying investments approved in advance by you (the clients). Having a DIMS licence allows them to change the mix if you cannot be contacted (e.g. while travelling, on holiday, or just because you had no internet connection on that African Safari to check your emails) and the market has changed (or is changing) indicating a 'buy' or 'sell' opportunity (all within your pre agreed guidelines).

Also don't forget about the fees they charge:

- Some (accountants, business mentors, lawyers) provide a one-off fee for the advice or service they provide, usually on an hourly basis
- Others (realestate agents, Company brokers) provide a one off fee based on the value of the transaction (the sales price)
- Funds and Fund managers will charge you an annual fee for their advice and services usually based on the amount of funds being managed.

you need to ensure any fee reflects the market price for the services you are buying.

As previously shown, a 1% difference in the annual fees paid over 30 years on a \$50,000 investment portfolio returning 6% per year, could reduce your return from \$210,000 to \$160,00. That is a \$50,000 difference that you should have for your retirement, rather than 'giving' it to the fund manager.



Google is your friend. If you still need help then now is a good time to start identifying someone to help you. Help might take the form of a Financial Advisor, it might be someone to help with creating a spreadsheet, it might just be someone to help validate your assumptions and your planning. There are a lot of people out there that are available to help, and the more advice you take, the more literate you become. Everyone you talk to, is an opportunity to learn something new.

Use Form 15 – “Potential Advisors” to document any areas that you feel you need assistance with, and list some potential people or websites that might be able to help you.

## Form 14 – Appropriate Investments

To determine the types of investments you should research further:

1. identify the three criteria that are important to you in the selection of an investment. Score the most important criteria 3, the next 2, and the last one 1.5. Enter these weightings into the 'Weighting' row on the next page of the form: e.g.

Passive Income Source	Criteria							Total Score
	Low Risk	High Return	Feasibility	Liquidity	in-Activity	Tax Efficient	Fun	
<i>Weighting</i>	3	1.5			2			

2. Review the list of common investment items, and add additional items for comparison as needed

3. for each of the common investment items below assign a score from 0 – 10 (0 being the lowest to 10 the highest) in relation to the criteria: E.g.:

Passive Income Source	Criteria							Total Score
	Low Risk	High Return	Feasibility	Liquidity	in-Activity	Tax Efficient	Fun	
<i>Weighting</i>	3	1.5			2			
KiwiSaver	8	7	8	5	8	7	5	
Managed Funds	8	6	8	8	8	7	6	
ETF's	8	6	8	9	8	8	6	

4. for each investment item, calculate the total score. E.g.:

Passive Income Source	Criteria							Total Score
	Low Risk	High Return	Feasibility	Liquidity	in-Activity	Tax Efficient	Fun	
<i>Weighting</i>	3	1.5			2			
KiwiSaver	8	7	8	5	8	7	5	75.5
Managed Funds	8	6	8	8	8	7	6	78

Passive Income Source	Criteria							
	Low Risk	High Return	Feasibility	Liquidity	in-Activity	Tax Efficient	Fun	Total Score
<i>Weighting</i>								
KiwiSaver								
Managed Funds								
ETF's								
Term Deposits								
Investment Property								
Share Market								
Start a Company								
Bond Market								