

SPRING/SUMMER 2009  
**IDENTIFIER**



## Spring into action

With the spring thaw, and the likelihood that the economy is following suit, there's a new sense of optimism. Perhaps you are considering buying your own home and taking advantage of the more competitive rates on offer, or are dusting off plans you'd put on hold. At any rate, it's a good time for us to be refocusing on our goals or setting new ones. Those resolutions don't have to wait until New Year. While you're at it, why not review your insurance and financial needs? In this issue of *Identifier*, find out about which type of life cover is best for you, why honesty is the best policy when dealing with your insurer, and how you can get in shape for the summer.

However you spend the season, make it a safe and happy one.

Lyn Bell



# Life cover – which type of premium is best?

When deciding on the life cover that best suits your needs, it's important to understand the options available and the benefits of each.

In choosing a life insurance policy, you will need to decide between 'rate for age' or 'level' premium types. This dictates whether you pay premiums that increase each year or remain the same for the life of the policy.

### Rate for age premium

This type of policy is cheaper to begin with, increasing each year, according to your age and any increases to the sum assured (if the policy is linked to the Consumer Price Index).

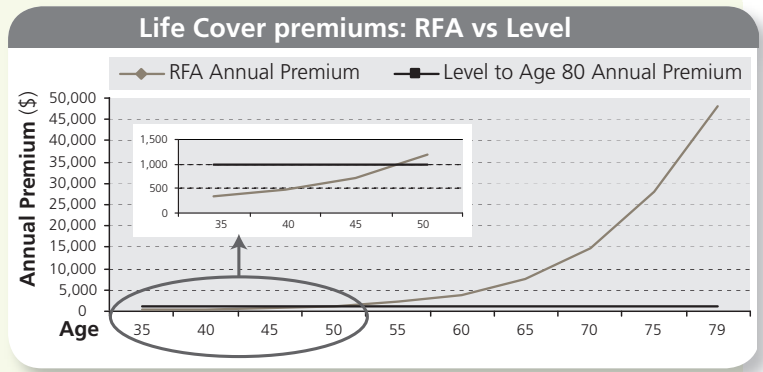
It is the more affordable short-term option, and preferable if you are unsure about the term of your cover.

Starting out, you can buy more cover for your money, or purchase additional insurance, such as disability income protection or health insurance.

### Level premium

This type of policy suits those looking for a simpler life insurance solution. It can provide certainty and long-term affordability. The premiums don't change as you get older, and increase only if you decide to increase your cover or choose to protect the sum assured against inflation.

A 'level' premium policy is more expensive than the 'rate for age' protection in the early years of the policy, but can cost less in the later years. The total cost of this type of policy can be significantly less, depending on the duration of the policy (e.g. for 10 years, or to age 65).



If you are an existing term life policyholder, you may be able to change the way you pay your premiums during the life of the policy, without further medical underwriting, providing you do not increase the sum assured. To find out more about life insurance cover and the options that best suit you, get in touch with us today.



## Get in shape for summer



Now's the time to renew those New Year's resolutions and shape up for summer. This can be achieved easily at home, outdoors or at a fitness centre. Regardless of how and where you choose to exercise, your fitness programme should include:

- **Developing and maintaining cardio-respiratory fitness**
- **Muscular strength and endurance training**
- **Flexibility exercises.**

Check with your doctor before you begin, if you've not exercised seriously before. Once you have the go-ahead, decide which fitness activities are best for you.

Every exercise session should begin with a five-to-10-minute warm-up to prepare your body for more vigorous activity. Once you're properly warmed up, be sure to stretch all the large muscle groups. Do this gently and make sure you do not 'bounce'. Each stretch should be held for 10 to 30 seconds and repeated three to four times per muscle group.

After your warm-up, begin your cardiovascular or aerobic activity. Choose a programme that allows you to exercise (brisk walking, jogging, bicycling, group fitness classes, etc.) for at least 20 minutes per session, for a minimum of three times per week.

Your programme should also include strength training. Machines, free weights, and/or your own body weight can all be used to strengthen your body and achieve muscular fitness. Aim to perform between eight and 12 repetitions per exercise until you reach momentary muscular fatigue. Be sure to include strength exercises for both the lower and upper body to achieve a balanced, strong body. Your strength training routine should be performed two or three days per week, with a day of rest between workouts.

Exercise sessions should end with a five-to-10-minute cool-down period of light activity. This allows the body to gradually return to a near-normal temperature. Once again, flexibility exercises should be performed at the end of your workout.

Remember, starting a fitness programme doesn't have to be complicated. But try to be creative with the activities you choose and vary your routine. Above all, have fun!

[www.netwellness.org](http://www.netwellness.org)



## Don't let your new home slip through your fingers

Buying a new home is a major step forward in life. It's the biggest investment you're likely to make – and it's a commitment that can affect not only you, but your family too.

So it pays to play it safe and protect yourself for all eventualities. And that includes making sure you have adequate mortgage protection. This might be available as simple life cover or as a more comprehensive package of benefits, including disability income protection, total permanent disablement and redundancy cover.

If you were to die, would you leave behind enough resources to pay off your home loan, and safeguard your family's future?

If serious illness, disability or redundancy were to stop you from working, would you have enough money in reserve to meet your home loan repayments?

The last thing you want to see is your home slip out of your hands, should you be unable to meet your loan repayments.

### Did you know?

**It is estimated that there is one death every 16 minutes and 38 seconds in New Zealand.**

Statistics New Zealand, June 2009

**Cancer is the second-leading cause of death in New Zealand (29%). There are about 18,500 new registrations of cancer each year, with the highest rates in the middle and older age groups.**

Ministry of Health website, 2009

**Accidents or injuries are the most common cause of disability for adults aged 15 to 44 years (31% of people with a disability) and for adults aged 45 to 64 years (34%).**

Statistics New Zealand, disability survey 2006



### Talk to us about a package that's right for you.

Basic life insurance to cover the mortgage in the event of death is a popular and affordable option. The cost of your insurance is based on your age, the mortgage amount you apply for, your gender and whether or not you smoke.



# A question of health...

## sharing information with your insurer

This quick guide helps to explain why you are asked questions about your health and lifestyle when you apply for insurance cover, and how you can help make the whole process run as smoothly as possible.

### 1 Always tell the truth.

Insurance relies on good faith. You are insured on the basis of what you tell your insurer. It's your duty to provide truthful and complete information about your health and medical history.

### 2 Answer questions as fully as you can.

You should provide information relating to all and any conditions you currently have, or have had in the past. If you don't disclose something that might affect your premium, the terms of your cover or an insurer's decision to provide you with cover, this can lead to delays. At worst, your claim may be refused or your insurance cancelled.

### 3 Know what you're consenting to.

By signing the declaration on your application or claim form, you are saying that you have answered all the questions truthfully and to the best of your knowledge, and have provided any other information that may influence a decision to offer you insurance. It is important that, if you are uncertain about anything, you ask for clarity before signing the declaration.

### 4 If in doubt, don't leave it out.

If you are unsure of the relevance of any information, it's best to include it on your application form, just to be safe.

### 5 If you don't know something, say so.

Your insurer will then need to obtain the information from somewhere else. You must be asked for consent before further information is sought.

### 6 Know what is in your medical notes.

Sometimes your insurer will require additional information about your health. In these cases, they might seek information from you, your doctor or dentist, your employer, or ACC or other government departments. Under the Privacy Act 1993, the insurer must have your permission to contact someone about your medical history. In addition, any request must be relevant to the decision about whether or not to insure you.

### 7 Keep us up to date.

Your obligation to disclose everything you know about your health does not end until your policy has been issued. Therefore, if your circumstances change during the period between making an application and receiving your policy documents, be sure to let your insurer know.

### 8 Understanding non-disclosure.

The non-disclosure of information can become an issue at claim time. This is because, when you make a claim, your medical history may be investigated more closely. Even if the information you failed to provide is unrelated to your claim, but would have altered the original offer of insurance to you, the insurer is legally entitled to decline your claim or even cancel your policy.



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50%  
10%



## The stayers look like being the winners (again)

Most of us have heard the saying 'it's time in the market, not timing the market that's important'. During the turbulent times of 2008 and early 2009, however, it was difficult to believe.

When the global share markets (as measured by the Morgan Stanley Capital Index) fell by 54% from the peak in 2007 to their nadir this year, everything looked, sounded and felt extremely gloomy. We didn't know which overseas bank was going to fail next and unprecedented emergency measures were being taken by governments around the world.

Our instincts were to cash up and run for the bank and many investors did just that. Those who managed to time the market, selling all their shares at the end of September 2008 as investor sentiment began to crumble, did well if they bought into the market again in March 2009. The ability to pick the top and then the bottom of the market took extraordinary investment acumen... or two strokes of extreme good fortune!

Of course, picking the right time requires precise timing. Sell a month or two early or late and the consequences can be dire. For example, investors who stayed out of the market from the lows in March this year would have missed the significant and speedy rebound of 55% in the MSCI by the end of September.

Compare this with the investor who chose to sit tight, and stayed fully invested throughout this tumultuous time. Had they invested only in shares (a high risk/high growth

investment strategy), they would have suffered the initial 38% loss but then would have recovered substantially, with a small loss of only 4% six months later, at the end of September. An untimely exit from a depressed market would have been costly.

Of course, for most investors, the actual losses and gains are less pronounced because their investment portfolios are spread across a diverse mix of investment types, and are not solely in shares.

The performance of the New Zealand Superannuation fund (often called the 'Cullen fund') is an example of a diversified investment portfolio with a long-term horizon. This fund recently reported that, to mid-September 2009, it had grown to its highest level at \$15.3 billion from a low of \$11.2 billion in February this year, after recovering more than 20% in market performance and receiving only \$250 million in additional Government contributions. This shows that discipline is necessary for a 'buy and hold' investment strategy to work over time.

This is not to say that investment strategies should not change from time to time but, in the main, they should be formed in response to changes in the investor's outlook and financial needs.

So, unless we have fortune clearly on our side, most of us are likely to benefit from taking good advice in the construction of our investment portfolio and stay the course through the swings and roundabouts of the markets.

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