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Inaugural Financial Awareness Week launched

New Zealand's inaugural Financial Awareness Week is being launched in New Zealand next week with the aim of helping lift New Zealanders game when it comes to saving, managing debt, budgeting, protecting assets, saving for retirement and meeting Kiwi's investment goals.

For many New Zealanders, the Financial Awareness Week is long overdue.

Institute of Financial Advisers president Lyn McMorran says finance is a foreign language to many Kiwis and this latest initiative is a step towards educating the public so they are more aware about the benefits of being financially secure.

"Many people wait into their latter years before they start taking notice of investments, wills, trusts as well as planning their financial future. But this knowledge is more useful when applied at an earlier age because the monetary input is less and yet the returns generated are greater."

New Zealanders are some of the poorest savers in the OECD. Households' indebtedness reached 160% of disposable income in 2007, and in 2008 around 75.8% of the household sector's gross wealth was invested in housing. This compares with only a small proportion, around 11.9% of household sector gross wealth, being invested in life, superannuation and managed funds or equities.

McMorran says lack of financial awareness is threatening the prosperity of future generations. "Seeking good advice on how to manage your family's affairs, including insurance and investments, is essential for any family unit. Even just the simple things like a will can easily slip through the cracks but have devastating consequences for the family left behind."

And it isn't common only among low socio-economic families. "It is surprising how many young professionals with tertiary education are also unaware of the basic steps necessary to protect their future income streams. Financial awareness applies to all New Zealanders."

McMorran attributes some of the low levels of financial awareness to little education in schools in the past. "If the younger generation were made more aware about issues such as investing, budgeting and planning for retirement, then New Zealand as a whole would be better off because we would all learn to save, invest and spend more wisely. Fortunately this is starting to change."

Members of the Institute of Financial Advisers are giving presentations next week in high schools and local communities around the country as part of Financial Awareness Week. "These presentations are aimed at supporting high school financial literacy programme and informing local communities about the basics of becoming financially aware."

According to McMorran, becoming financially aware means planning all aspects of your life and not just investments. "It includes protecting your income by taking out insurance, setting up trusts to protect your assets, having a will to protect your family and planning for retirement to protect your income when you retire. There are many factors that need to be taken into account when wanting to protect your financial future. That is why seeking good advice could change your life."

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About the Institute of Financial Advisers

The Institute of Financial Advisers is the professional body for financial advisers, including insurance and investment advisers and financial planners. The Institute is an industry leader, representing some 1,300 financial advisers throughout New Zealand.