

HISTORY FAVOURS THE OPTIMIST

In 1937, Danish politician Karl Steincke quipped, “It is difficult to make predictions, especially about the future”.

While this statement is undoubtedly true, in today’s regulated world all traditional investments carry the even heavier disclaimer; **past returns are not indicative of future performance.**

However, when looking at global equity markets over the past 150 years, history favours the optimist. Since 1871, the S&P 500 Index, a barometer of the largest 500 companies in the United states, has risen 10% each year on average.

[CLICK HERE to see the chart.](#)

The US index’s performance is indicative of all global companies and reflects two key underlying themes for companies, increasing productivity and continual innovation. These two aspects mean that over time businesses become more efficient at earning a return that is greater than just holding cash.

Today, the accelerating developments in technology mean the outlook for companies to continue to innovate and increase productivity is strong. Therefore, the outlook for markets to continue to rise over the long term is strong too.

[CLICK HERE to see](#) a chart that shows only the positive years for the S&P 500 since 1871 and it shows that in positive years the average is increased to 19%, from 10% for all years.

While it is extremely difficult to predict equity markets rising 19% in 2017, it is off to great start, with the S&P 500 rising almost 6% so far; although this is over half way towards the long term average, in positive years, history favours the optimist.

Market & Portfolio Update

(as at end Feb2017)

- Portfolios shook off a quiet start to the year, with a solid 4% gain in global share markets supporting fund returns in February. Around the world, business and consumer confidence has continued to improve, building on the strength from late 2016.
- The Australian share market in particular rose 5% for the month, helping returns as portfolios currently have a higher than normal allocation to Australian shares. Pleasingly the outlook for Australian companies has improved over the past year, with their earnings now expected to rise for the first time since 2011, thanks to higher export prices and a positive general economic outlook.
- Within portfolios, global share investments are allocated to international managers who specialise in managing global shares. During February we added a new manager to this select group, California-based Fisher Investments. Not to be confused with Fisher Funds NZ, this addition brings a very complementary approach to portfolios, thanks to a solid process and track record.

[CLICK HERE if you would like me to send you an update of your account.](#)

SUPERANNUATION CHANGES

During March Prime Minister Bill English did something his predecessor had said he wouldn't do. English proposed changing the age at which we can get NZ Superannuation (NZ Super) from 65 to 67.

The age change doesn't get implemented until 2037.

The first question asked by people affected by the change is:-

Will I have to work till I'm 67?

Can I still retire at 65? The answer is.....Yes, if I choose to.

The proposed changes mean you won't receive NZ Super at 65, but you will from the age of 67. BUT you can still access your KiwiSaver savings at 65. Do some sums and adjust your savings to take account of those extra two years.

If you were born after June 1972, your actions today decide whether you'll be able to retire at 65.

KIWISAVER TO THE RESCUE

Today we have KiwiSaver and more than 20 years to adjust our plans, so we need the tools to come up with a plan to retire when we want, be it 65 or 67.

KiwiSaver gives us the flexibility to alter our contributions to 3%, 4% or 8%, or to make voluntary contributions as often as we like. This helps us tailor the kind of future we want.

But you need to estimate how much extra you need to put into your KiwiSaver account?

How we can help

The extra amounts to save aren't impossible and you can add this money into your KiwiSaver account, what next?

Get in touch with me and we can discuss the best way to pay extra into your KiwiSaver account.

Our lives are full of seasons so if it's challenging now and it feels impossible to put this extra aside today, find out how you can maximise your member tax credits (MTC) this year.

Every dollar you put aside in 2017 helps your retirement goal, be it 65 or 67.

[CLICK HERE if you would like me to send you a current report on your KiwiSaver Account.](#)