



## Learn to earn

Even the most switched-on people can be fiscally naïve – and it could cost you dearly, says Finance Editor Susanna Stuart

**IN THE MEDIA WORLD**, I can think of few women quite as savvy as Annie Leibovitz, regarded as one of the world's greatest photographers through her contributions to *Rolling Stone* and *Vanity Fair*. Many of her portraits are legendary, and she continues to capture fresh, inventive and sometimes even controversial images.

Despite being so successful and an exceptionally high income earner, Annie has got herself into serious financial strife over the past few years. In March, Colony Capital, a private equity firm, concluded an agreement to pay off some of her significant debt, and remove or reduce the risks of Annie losing her artistic and real-estate assets. Without this rescue package, her less-than-careful financial dealings would have led her to bankruptcy. The editor of *Vanity Fair*

Graydon Carter hit the nail on the head when he told *The New York Times*: “The mind that can take these extraordinary pictures is not necessarily the same mind that is a perfect money manager.”

Back home, a very interesting survey by UMR Research in March of 750 adult New Zealanders proved pretty much the same thing: you can be totally intelligent in terms of work skills, emotional outlook and general IQ – but this does not translate to financial intelligence.

The UMR study revealed that we are amazingly deluded when it comes to KiwiSaver. Despite all the fanfare and media coverage, and despite all the statutory information that comes with KiwiSaver, it turns out that few of us have bothered with the fine print. Of those surveyed, 34% of the sample

(255 people) had signed up for KiwiSaver. More than half of these members (56%) admitted knowing very little about the scheme they had invested in.

Far worse, in my opinion, was the finding that half (48%) honestly believe that KiwiSaver has a Government guarantee. Another 37% of KiwiSaver investors weren't sure, while only 15% answered correctly that there is no such guarantee. Very few investments are guaranteed by the Government, and the most familiar ones are Government Stock and Kiwi Bonds. A temporary guarantee on deposits has been granted to certain banks and finance companies, and you can check out which institutions are approved in [www.treasury.govt.nz/economy/guarantee/retail](http://www.treasury.govt.nz/economy/guarantee/retail) (scroll down to Approved Institutions).

The finding is startling, especially after a sustained period of financial failures, and in light of the recent revelation that one KiwiSaver provider had actually been misrepresenting its returns. Despite all this, people don't appear to be bothered when it comes to risking their own money. Not until it is too late.

Annie Leibovitz's connections have bailed her out, but few of us have such connections. No matter how well the rest of your life is organised, the heat is on to savvy up financially. It's up to you. ■

### DO YOUR HOMEWORK

- See [www.sorted.org.nz](http://www.sorted.org.nz) as a first port of call. It's independent and offers useful tips and tools on a host of money areas.
- Considering a “too good to be true” investment? Visit [www.consumeraffairs.govt.nz/scamwatch](http://www.consumeraffairs.govt.nz/scamwatch), which lists all known investment or money scams in NZ.
- Superannuation schemes and KiwiSaver plans are subject to the same risks as other investments. Read their Investment Statements and learn about their risks.
- Never sign anything as security (your home or assets) or make a guarantee without solid legal advice. Never consult with a legal expert recommended by the company you're investing with.