

FMG Post

Keeping you in the know – November 2008



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FMG Agriculture Scholarship applications open

The FMG Agriculture Scholarship programme has opened for its fourth year and is welcoming applications from agriculture students across the country.

At FMG we are committed to the growth of the rural sector and education is a vital element in the continuing development of the industry. Since its inception in 2005, the scholarship has attracted an impressive number of high calibre applications from excellent candidates.

The scholarship is a grant of \$4,000 per year for a period of three consecutive years of study, subject to the student achieving a B average, to be put towards course fees and materials. Entry criteria and conditions are listed on the back page.

Introducing FMG Investment Advisory

In the current economic climate, you want to be sure that your investments are in safe hands. FMG has recognised the importance of this with the recent expansion of our advisory team. FMG Investment Advisory will help you plan for now and the future with confidence.



We will create a personalised plan that fits your needs rather than trying to make your needs fit a pre-packaged solution; your plan will truly be unique to you based on your requirements. Being salaried employees rather than commission-collecting agents, we have the freedom to work entirely for your benefit with no conflict of interest.

Why you should contact FMG Investment Advisory:

- FMG employees aren't paid commission; their advice is tailored to you and your unique situation, not theirs.
- FMGIA follows a simple investment structure – no complex, confusing or creative financial structures.

- Operating since 1995, the team have over 70 years' combined experience offering financial planning advice to New Zealanders.
- Our portfolios are personalised to your risk profile, with investments selected to match your goals; short term and long term.
- Our fees are competitive and are largely tax deductible.
- The portfolios we have created for clients have not included any exposure to "frozen" finance companies or mortgage funds.
- We are able to demonstrate a history of achieving returns above the market average with less risk.

For more information about FMG's Investment Advisory service, call 0800 366 466.

Investing efficiently: it's about choice

With a new government having been elected, New Zealanders are now expecting promised reductions in income taxes, through a combination of cuts in the marginal tax rates and increases in the marginal income tax bands.

FMG Finance's flexible term deposit options can assist you with planning for these changes by helping you to tailor your investments to best suit your personal circumstances. For example by selecting FMG Finance's "interest at maturity" option you can earn a high rate of interest and may, depending on your personal circumstances, only pay tax on your investment at its maturity date. Following are some practical examples of how this works:

Example 1

John currently pays marginal tax of 39%, but is expecting to be in the 33% marginal tax bracket from 1 April 2010. He invests \$20,000 in a FMG Finance term deposit for 27 months at 9.80% with interest paid at maturity. John's term deposit earns \$4,410 in interest over this period, and he expects to save \$206 by paying tax at maturity of 33% instead of paying the top marginal rate regularly throughout the term of his deposit, a saving of 12% off his tax bill.

Example 2

Jane currently pays marginal tax of 39%. She expects to remain in the top tax bracket, but heard during the election campaign that National plan to reduce the top marginal tax

rate to 38% in 2009 and then to 37% in 2010. Jane invests \$50,000 in a FMG Finance term deposit for 16 months at 9.60% with interest paid at maturity. Her term deposit earns \$6,400 in interest over this period, and she expects to save \$72 by paying tax at maturity of 37% instead of paying 39% and 38% regularly throughout the term of her deposit, a saving of 3% off her tax bill.

To get an interest rate quote for the terms that you want, or to request an Investment Statement & Prospectus, call FMG Finance's Investment Centre on 0800 366 444 or email investments@fmg.co.nz.

1. This article does not constitute tax advice. Most salary & wage earners pay tax on a "payments basis". As personal circumstances may vary FMG Finance recommends that you seek independent taxation advice on whether this applies for you. If it does not, tax is payable throughout the period of investment.

2. These examples are for illustrative purposes only and actual returns will vary. FMG does not guarantee any returns, and cannot guarantee that the tax rate changes shown will occur. The examples are based on a term deposit opened in December 2008 and maturing in March 2011 (Example 1) and April 2010 (Example 2), assume the changes to the tax rates take effect on 1 April in the relevant years and that Jane and John pay tax on a payments basis

An investment
that really
grows on you



27 month term. Minimum investment \$1,000. Interest paid at maturity.

For an investment statement and prospectus, or for other terms and rates, call us today.

0800 366 444

Debenture stock is secured by a first ranking charge over the assets of Farmers' Mutual Finance Limited. The debenture stock is not guaranteed by any member of the Farmers' Mutual Group. Rate quoted is on per annum basis and subject to change without notice.

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Get smart: get fire smart.

At this time of year, the claims team at FMG braces itself for the onslaught of “fire season”. While tractor and scrub fires are a real risk as the weather warms up, here we’re talking about the fires that claim homes, valuables, memories and sometimes even lives.

Already we’ve seen a concerning number of serious house fire claims for so early in spring; last year, FMG paid out over \$4.5 million in claims for house and contents losses caused by fire and arson. The numbers alone are sobering, but when you talk to the people who have seen these losses first hand, that’s when the senselessness of it all really starts to sink in.

According to the New Zealand Fire Service, over the last decade New Zealand’s rate of avoidable residential fire fatalities fell to be one of the lowest in the world. However, in the last 12 months fire fatalities doubled. In July of this year the Fire Service launched television ads featuring fire-fighters focusing on the cause and effect of house fires.

What are the most common causes of house fires?

No matter where you look for information on what causes house fires, the same facts come up time and time again. It nearly always boils down to carelessness, electrical faults, lack of maintenance, and (more in the case of unoccupied houses) arson.

Carelessness, which accounts for over 16% of all fires in New Zealand, includes:

- cooking with fat or oil left unattended, cooking while intoxicated (4% of all fires and over 33% of all residential structure fires)
- heaters and candles left unattended or too close to furnishings
- smoking in bed; cigarette butts, ashes and embers not disposed of properly (5.2% of all fires)
- children playing with matches and lighters

Electrical faults include:

- faulty or damaged wiring in the house
- faulty electrical appliances
- electrical short caused by an overloaded power point or multi-box



Risk of particular concern to farmers

When it comes to house fires, lack of maintenance is an issue of particular concern to farmers, as homesteads and workers’ houses are often older wooden buildings that won’t meet today’s higher safety standards without further modification. The main risk factor here is worn or damaged wiring (including rodent damage, corrosion, etc), so it’s important to get wiring checked by a qualified electrician before moving into an older house.

In addition, workers’ houses can be unoccupied for significant periods of time. Unoccupied houses are at much greater risk of arson – unlawful and suspicious deliberately-lit fires account for almost 40% of all fires. Other risk factors are unswept chimneys, and rubbish and dust accumulating in roof cavities and around the outside of the house.

As well as the causes of fire, farmers and rural communities face greater consequences because fires are often detected later and

emergency response takes longer to arrive. So it’s important that farmers have a higher level of fire safety awareness and take extra precautions to help outweigh this.

Reducing your risk of a house fire

There are many great sources of advice on fire safety, including the New Zealand Fire Service website www3.fire.org.nz; the Fire Protection Association of NZ website www.fireprotection.org.nz; and the National Rural Fire Authority’s website nrfa.fire.org.nz/FireNet/Regions/Rural.

FMG recommends the National Rural Fire Authority’s Farm Fire Safe brochure as a good place to start for your fire safety planning (download a copy from FMG’s website – www.fmg.co.nz).

New benefit reinforces importance of active fire prevention

At FMG we reckon it makes sense to take action on the straight-forward things you can do to



Underinsurance: are you at risk?

One of the biggest dilemmas we see at claim time is customers who are underinsured. Often you don't realise the true value of your possessions until it's too late. Why not take the time to run through this handy checklist, and if you have any questions or concerns, call our friendly Customer Service team on **0800 366 466**.

Can you tick yes to any of the following statements? It may be time to call FMG on **0800 366 466**.

It has been more than 12 months since I completed an inventory of my property (or used the handy contents valuation guide at www.fmg.co.nz/16.html), including taking photographs of my valuable items

Yes No

I have purchased significant new household items in the last 12 months (electrical equipment, furniture etc) Yes No

I have increased the number of vehicles or buildings to be included in my sundry farm buildings or sundry farm vehicles policies Yes No

I have added/upgraded fixed plant such as pumps and motors in my farm buildings in the last 12 months Yes No

I have made improvements to my house or farm buildings in the last 12 months (renovations, redecorating, re-roofing, plumbing etc) Yes No

New instant stag cover now available

At FMG we understand how important it is to have the right cover, right when you need it. That's why we've introduced a new product to provide insurance for your stags aged between three months and 12 years.

It's called Instant Stag Cover and insures for death, disease, illness and infertility arising from accident.

It's easy to arrange; just call us on **0800 366 466** and your stags will be instantly covered. We think you'll enjoy the peace of mind that, should an incident occur even on the way home from the sale, your stags are covered. Call FMG now for instant cover or to receive a mailed copy of our Instant Stag Cover form.

prevent loss, in order to prevent the hassle, interruption to business, frustration and emotional impact of loss – not just the need to make a claim.

So we're putting our money where our mouth is by introducing a new Additional Benefit in our House policy (RuralPak, HomePak and LifestylePak). The new Sprinkler Installation benefit applies where your house is totally destroyed and rebuilt under Replacement cover, and provides up to \$10,000 to install a sprinkler system in the new house (if the old house didn't already have one).

This new benefit comes into effect, along with a number of other policy updates, from 1 January 2009.

You'll receive more information about these updates at your next renewal, or you can view the new policy wordings on our website from 1 January.

FMG out and about at events

With summer on its way the rural events calendar is starting to get busy. FMG is going to be out and about across the country and we're looking forward to catching up with as many of you as possible. Some the events we'll be at are:

December 2008

Tauranga Show Jumping – 5 - 7 Dec.
Ashburton Area Show Jumping – Ashburton, 6 - 7 Dec.
Richfields International Horse Trial – Waerenga, 12 - 14 Dec.
Southland Area Festival Show – Invercargill, 20 - 21 Dec.

January/February 2009

Pio Pio Dog Trials – 29 January - 4 February (TBC).
Taihape Pony Grand Prix – 6 - 8 Feb.

Eastern Bays Show Jumping – Whakatane, 14 - 15 Feb.
Franklin A & P – Pukekohe, 20-22 Feb.
Woodhill Sands – Auckland, 27 Feb - 1 Mar.
Northland Fieldays – Dargaville, 26 - 28 Feb.

March 2009

Golden Shears – Masterton, 5 - 7 Mar.
Hawera Pony Grand Prix – 6 - 8 Mar.
Central Districts Field Days – Feilding, 12 - 14 Mar.
Horse of the Year – Hastings, 18 - 22 Mar.

Did you enter the FMG competition at the Royal Show in Canterbury?

The answer to our question; "how many quad bikes claims did FMG have for the year ending 31st March 2008?" was 252 claims. Congratulations to our winner Ian Syme from Darfield.

We're easy to contact
Call us on 0800 366 466

Write to us at PO Box 1943,
Palmerston North 4440, New Zealand.

Email us contact@fmg.co.nz

Visit our website www.fmg.co.nz

Or contact your local FMG manager.

INSURANCE - INVESTMENT - FINANCE

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How to apply for the FMG Agriculture Scholarship Applications close 16 January 2009

Criteria

Applications for the FMG Agriculture Scholarships are invited from students who are intending to study agriculture through a Bachelor of Agriculture, Bachelor of Agricultural Science, Bachelor of Commerce (Agriculture), Bachelor of Applied Science or Bachelor of Science (Agriculture) and intending to commence full-time study at either Massey University or Lincoln University in 2009.

How to apply

Complete the application form included in this edition of FMG Post. Additional application forms can be downloaded from www.fmg.co.nz or by calling 0800 366 466. Applicants are required to submit a half-page profile introducing themselves, including education, personal interests, achievements etc.

Applicants are also required to submit a 1,000-word essay on the topic 'Why I have chosen Agriculture as a career', with reference to a particular sector of the agriculture industry that is of interest, highlighting both the opportunities and the challenges that the industry faces. All applicants must be nominated by an existing FMG client.

Conditions

A payment of \$4,000 will be made to the successful students in March 2009 to cover costs of the first year of study. To receive the subsequent payments, students must receive at least a B-grade average.

The recipients of the scholarships will be required to prepare a report for FMG at the completion of each academic year.

FMG reserves the right to feature the successful applicants in promotional material or activities.

Selection committee

A selection committee will consider all applications received. A range of criteria is considered including applicants' academic records, personal profile, and evidence of commitment to agriculture. Applicants may also be asked to attend an interview, either in person or by conference call. Applicants will be notified of the selection committee's decision by 6th February 2009.

Applications close 5pm 16 January 2009.

Completed applications must be received at FMG, marked: FMG Agriculture Scholarship, PO Box 521, Wellington 6140, by this date.

Gordon Smith moves on



FMG's Chief Executive Gordon Smith has tendered his resignation and will step down effective 16 December 2008. The selection of his replacement is well underway and the successful candidate will be known by Christmas for commencement early in the New Year.

"On behalf of the Board of Directors, I thank Gordon for his outstanding leadership and contributions," said Greg Gent, Chairman of the Board. "Gordon played a prominent role placing FMG in the best possible position to pursue its strategy of becoming a knowledge and advice company. We wish him well in his future endeavours."

"I have thoroughly enjoyed the challenge of building financial strength for FMG over the eight years I have had with the Group, but have decided on a career change," said Gordon Smith. "I know that the great team at FMG will continue to deliver top service to our customers with a full commitment to farmers."

FMG Agriculture Scholarship Application Form

Please complete this application form and also attach

- A typed half page profile of yourself including education, personal interests, achievements etc.
- A typed 1000-word essay on the topic 'Why I have chosen agriculture as a career', with reference to a particular sector of the agriculture industry that is of interest, highlighting both the opportunities and the challenges that the industry faces.

My details are

(Mr/Mrs/Ms/Miss) Surname	First names	
Address		
Telephone Home	Business	Mobile
Email	Date of birth	

Secondary education

Secondary School attended	From year	to
Highest qualification		
Results still waiting for		
Work experience		

University education

Proposed course of study		
Location	<input type="checkbox"/> Lincoln University	<input type="checkbox"/> Massey University
Intentions on completion of course		

FMG Client nomination

An existing FMG client who agrees to nominate you for your application must complete this section.

Name	
Address	
Telephone Business	Client ID#
Relationship to you	Signature

Send completed application form, profile, and essay to
FMG Agriculture Scholarship, PO Box 521, Wellington 6140
Applications close Friday 16 January 2009.

Applications for the FMG Agriculture Scholarship are open to students who are intending to study agriculture through a Bachelor of Agriculture, Bachelor of Agricultural Science, Bachelor of Commerce (Agriculture), Bachelor of Applied Science or Bachelor of Science (Agriculture) and intending to commence full-time study at either Lincoln University or Massey University in 2009.

Freephone 0800 366 466 or visit our website www.fmg.co.nz

