



## Xmas greetings from the team at CFS

Hard to believe another year has passed and though it's been turbulent and calamitous for a large portion of our population recently, I'm sure NZ Rugby league will bounce back! True we have a government led by a party that did not win a majority or even most of the votes on the day, but was perhaps more 'hungry to share power'. A lot of media noise has been generated and although nothing has changed yet, I'm equally sure that when the promises of 'affordable

houses' in large numbers materialise, the status quo will not remain. Whether banks call in debt in a falling market or the government steps in and guarantees house values, it certainly promises to be an interesting real case economic experiment. As we experience these changing economic policies, if you haven't seen Yupar, Nicholas or Adam in the last year, it may be time well spent in the New Year.

## 'Retirement' or 'Goodtimes'; What's In A Name?

*Opinion from Adam Currey*

In my 13th year in this industry I have recently become more adamant about the do's and don'ts with respect to financial advice.

While many of us have read articles about 'retirement' in newspapers or on the Internet, I'm still amazed at the divergence of opinion about such a concept! Especially when the concept of 'Compulsory Retirement' was removed from law in the late 1990s – last century!

Even now we have opinion pieces bandied about telling us that National Super is unaffordable and that the age of eligibility has to be raised to 67 or 70. I suspect if Otto van Bismarck was alive today, he would be well worth a TV interview! He was the politician/statesman who introduced the modern day concept

of a welfare state back in Germany in the 1889: The Old Age Pension Program, an insurance equally financed by employers and workers, was designed to provide a pension annuity for workers who reached age 60 years. Interestingly life expectancy was mid 50s, a wonderful gesture but not one that would cause financial problems!

In my opinion the term 'Retirement' should be replaced with the phrase "Goodtimes", and I'd imagine everyone would be very happy discussing such an event and actively participating to achieve such a goal, whether it is continuing full time, working part time or doing volunteer work!

If you have any queries about whether you are on track to achieve the 'Goodtimes' please call or email us.

## BANK NEWS

The good news is that, last year, the Police reported a 20% decrease in the number of people robbing banks.

The bad news is that there was a 100% increase in the number of banks robbing people.



*"I'm putting all my money into 'things'."*

# Regression to Mean

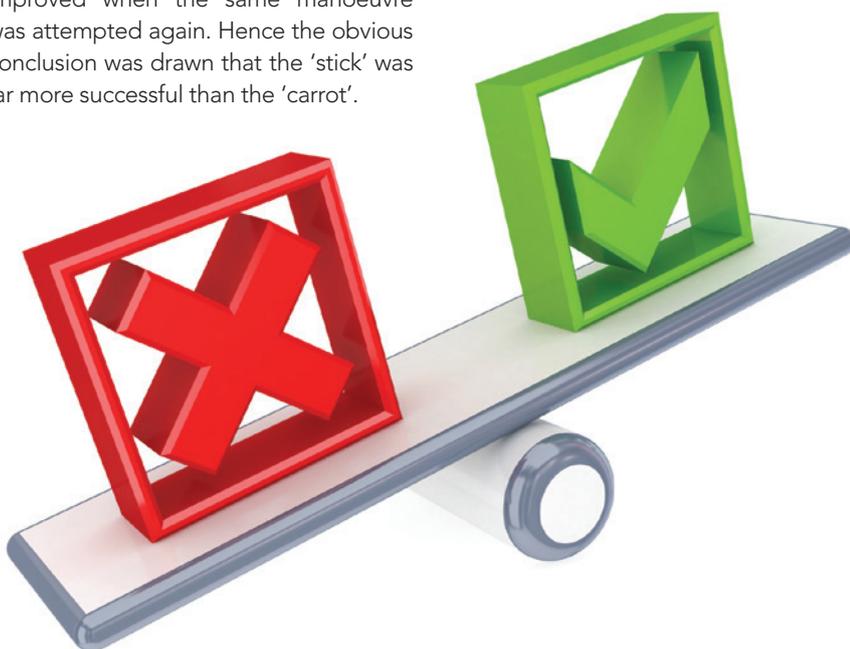
An excerpt from 'Thinking, Fast and Slow' by Daniel Kahneman

Has it ever occurred to you as a parent, observer, instructor, mentor that when you think about trying to change someone's behaviour, the stick seems more effective than the carrot?

It certainly appeared this way for the Israeli military aviation instructors. At a presentation by renowned psychologist and Nobel Prize winner Daniel Kahneman, intended to provide research evidence illustrating that rewards for improved performance worked far better than punishment of mistakes, an instructor challenged this research and provided examples – whenever a student achieved a higher level of accuracy when flying and was provided with positive encouragement, typically the next time such a manoeuvre was attempted the accuracy dropped. Conversely when a student's accuracy was below standard and the instructor berated the student, typically the student's accuracy improved when the same manoeuvre was attempted again. Hence the obvious conclusion was drawn that the 'stick' was far more successful than the 'carrot'.

Daniel was initially taken aback until realising that what his audience had not realised was that the changes in performance, better or worse than normal were just random fluctuations in quality of performance and that the performance would just as quickly return to normal whether encouraged or punished i.e. 'regress to mean'. What the instructors had thought causal was merely this fluctuation about the mean.

The classic example of misguided causal stories is the "Sports Illustrated jinx" when an athlete whose picture appears on the cover is doomed to perform poorly the following season. Sports commentators talk about the pressure of meeting high expectations and overconfidence as reasons for poor performance next season. But a more simple explanation is that an athlete must have performed exceptionally well in the preceding season and this was probably with the assistance of luck, which is very fickle.



## MAROONED

One day an Irishman, who has been stranded on a desert island for over ten long years, sees an unusual speck on the horizon.

"It's certainly not a ship," he thinks to himself. As the speck gets closer and closer, he begins to rule out the possibilities of a small boat, then even a raft.

Suddenly, emerging from the surf comes a drop dead gorgeous blonde woman wearing a wet suit and scuba gear.

She approaches the stunned man and says to him, "Tell me how long has it been since you've had a cigarette?"

"Ten years," replies the Irishman.

With that, she reaches over and unzips a waterproof pocket on her left sleeve and pulls out a pack of fresh cigarettes. He takes one, lights it, takes a long drag and says, "Faith and begorah! Is that good!"

"And how long has it been since you've had a sip of good Irish Whiskey?" she asks him.

Trembling, the castaway replies, "Ten years."

She reaches over, unzips her right sleeve, pulls out a flask and hands it to him. He opens the flask, takes a long swig and says, "Tis absolutely fantastic!"

At this point she starts slowly unzipping the long zipper that runs down the front of her wet suit, looks at the man and asks, "And how long has it been since you've played around?"

With tears in his eyes, the man falls to his knees and sobs, "Oh, Sweet Jesus! Don't tell me you've got golf clubs in there too."



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