

KIWISAVER

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KiwiSaver the perfect fit for this Bill

Bill Raynel is a man on a mission. He tells Benn Bathgate just why it will pay to become THE Northland KiwiSaver specialist.

Bill Raynel has a simple message for advisers who cite poor remuneration for not wanting to deal with KiwiSaver: Go and mow lawns.

“If you work it out in dollar terms and your hourly rate, you'd go and mow lawns,” he said. “But, if you look further down the track it's a really good use of your time creating and establishing that initial client relationship then building on it from there, and if you're not prepared to do that, you shouldn't be in the industry.”

Through his Whangarei-based Investment Solutions Northland, Raynel is clear about his aims for advice and KiwiSaver. “I've said I want to be known as the KiwiSaver specialist in Northland.”

He says KiwiSaver is a great product to focus his own personal adviser brand on for two main reasons. One is altruistic, the other simple, hard-headed business sense.

“I come to work as an AFA and I do the

right thing because it's the right thing to do, and if it means sitting down for an hour with somebody and ending up writing a KiwiSaver plan, and going through all the compliance and regulations and whatever else, I do it in a professional manner,” he said.

Now, the hard-headed business sense.

“I might over the period of the next 12 months receive \$8 in remuneration - the hourly rate is buggier all when you look at it like that - but goodness me, 10 years down the track when that person has \$100,000 in there and I've got a client for life,” he said.

“They may start a regular savings scheme and become an investment client as well as KiwiSaver, then ultimately a retirement prospect for my business. Even if I'm

not around at the time, it adds value to my business.”

For Raynel, KiwiSaver is quite literally the future, for the investing public, advisers and fund managers alike. “I call it the future because, let's face it, over the last three or four years there hasn't been a rush of traditional investment clients coming through the door with their lump sums. That's just a fact of life,” he said.

If scoring big bucks tomorrow for today's KiwiSaver client sounds a bit too much like “jam tomorrow” for some, Raynel has a great example of how chasing KiwiSaver tiddlers can end up with you landing a big fish.

First, some background.

Understanding the importance of networking, and the fact that its name-recognition and straight forward purpose makes KiwiSaver an excellent financial Trojan Horse, Raynel has been an active member one of the Whangarei chapters of Business Networking International (BNI).

At each weekly meeting, every member of the chapter has 60 seconds to speak about their business, with one member giving a 10-minute presentation.

“I've found this strategy to be very, very effective. Very successful,” he said. “You build that relationship with each of those people before you get that trust, then they'll do their KiwiSaver [with me], then their spouse, then their children and into their workplace and it goes on and on.”

Through his BNI networking, Raynel says he has also struck on what some financial advice gurus cite as one of the Holy Grails - turning customers into advocates.

“There are two or three very strong advocates within my chapter and I get a lot of work from them,” he said.

“And not just KiwiSaver. I picked up a \$400,000 client recently, an investment client, through that. Someone said ‘you've got to see Bill,’ so it's really working.”

While he's more than happy to take on board a big fish like this, for Raynel the payoff from KiwiSaver is in the future - though he believes it's not the distant future.

“\$20,000 and \$30,000 balances are not uncommon anymore and it's becoming quite meaningful to clients. They're becoming quite excited about their balances,” he said.

“It's a completely new experience to most Kiwis to have an investment with a comma in it.”

Like other KiwiSaver-friendly advisers, Raynel sees the increase in savers' balances creating a boost for the advice world in a number of ways.

Savers see the worth of good advice as their balances grow and the impact of Government subsidies lessen, and as each year passes those who are eligible will be accessing progressively larger pots of cash, and who better to advise on it than the person who's been advising you up to that point of eligibility?

There is one aspect of KiwiSaver that does concern Raynel.

It centres on the elusive (to the advice world, anyway) band of default savers who, according to ANZ research, could be missing out on as much as \$72,000 over the lifetime of their KiwiSaver.

“How do you get that message out there? I've used that material [the ANZ research] in my business to promote the whole concept of people in default schemes revisiting that, but the industry hasn't,” he said.

“There appears to be more willingness to engage in conversation with an adviser now,

but the adviser needs to make that move because the media isn't.”

While he's concerned about advisers doing more to reach potential clients, he isn't personally sitting on his networking laurels.

Raynel has just revamped his website to place a greater emphasis on KiwiSaver, uses local radio advertising and his office frontage plays host to a revolving set of ad boards.

For his own KiwiSaver clients, Raynel favours using NZ Funds LifeCycle options. The main advantage, he says, is that the fund manager rather than the adviser takes the strain of re-allocating the savers' cash into more appropriate investments as they approach eligibility, but that doesn't mean Raynel never sees the client again.

“It doesn't stop the review process occurring - that will still occur - and it's a great opportunity to remind them of the LifeCycle process and what we're doing for them.”

NZ Funds also has another advantage for Raynel, this time at the start of the advice process.

He utilises their Wealth Accumulation Technology software, saying its interactive nature is excellent for creating what he describes as client buy-in.

“It helps to build and maintain that commitment to make those contributions,” he said.

“It also has other advantages. It can show how by reducing debt more rapidly they can get to their savings goals more quickly, they can then commit that mortgage repayment to a regular savings plan to accelerate the wealth accumulation target.”

And I wonder who they might speak to about investing that extra cash? **A**

