

Red Zone Financial Decision Guide

Take your time. Plan your decisions. Get advice you trust.

Inside you'll find...

Things to think about when making your financial decisions

An action plan checklist to help get you started

Guidance on who to talk to and where to get financial advice

Helping you with your financial decisions

We have written this booklet to help Canterbury red zone residents like you with your financial decisions about the Government offer to purchase your house and land.

Independent, impartial information

The Commission for Financial Literacy and Retirement Income (formerly known as the Retirement Commission) is best known to New Zealanders for our Sorted website. We provide free, independent and impartial financial education, tools and guidance to help New Zealanders make informed decisions about their everyday money matters.

Our independence means that you can have confidence and trust in the information and guidance we offer in this booklet. This is particularly important if you are feeling overwhelmed by the amount of information and advice on offer.

Take time with your financial decisions

You have nine months from the date of the Government's letter of offer to decide what's right for you, and up to 30 April 2013 to move out of your existing red zone house.

It is important that you take time to understand the offer, and what it means for you.

- The Government's offer is not a windfall – what you decide now could have a lifetime impact.
- Consider your options and get advice before you make any decisions.
- Make the right decisions for you and your situation.
- You don't have to make the decisions on your own – information, support and advice are available.

What financial decisions do you need to make?

When you've received your letter of offer from the Government to purchase your house and land, you need to make three main decisions:

1. Which option in the letter of offer is best for you and what settlement date suits you.
2. What to do with the deposit payment of up to \$50,000.
3. What to do with the final settlement payment.

These are important decisions. And making them involves thinking about a number of other issues and financial decisions.

Where to start – an action plan of next steps

To help get you started, we've prepared an action plan checklist. You can find this inside the back flap of this booklet. The checklist will give you some guidance on what to start thinking about, and doing, and who to talk to.

What this booklet covers

This booklet will help you to identify the issues and questions you need to think about.

Part one – Deciding on the Government's offer Page 3

- Which option is best for you?
- What settlement date suits you?

Part two – Deciding what to do with your settlement payment Page 6

- What to do with the deposit payment?
- What to do with the final settlement payment you receive?

Part three – Getting advice Page 11

- Who should you talk to?
- Getting financial advice.
- Sorted tools and more information.

The Government's offer

In brief, the two options offered by the Government are:

Option 1

The Canterbury Earthquake Recovery Authority (CERA), on behalf of the Government, will purchase your land and buildings and take over all insurance and Earthquake Commission (EQC) claims for the damage to your land and buildings (i.e. your house). You will continue to deal directly with EQC and your private insurer for claims relating to your contents and any personal insurance benefits.

Option 2

CERA, on behalf of the Government, will purchase your land and buildings and take over your EQC claim relating to land damage ONLY. You will continue to deal directly with EQC and your private insurer for all other claims relating to your house, contents and any personal insurance benefits.

If you settle the claims relating to your house with your insurer and/or EQC as a total loss (for example beyond economic repair) then you will only be able to accept Option 2.

Full details of, and an explanation about, the two options are covered in the information booklet about the Government's purchase offer.

You need to decide which of the two options in the letter of offer is best for your own situation.

How do you decide which option is best for you?

You need to carefully consider your own situation and talk to your insurer, bank and lawyer. Only a lawyer can prepare and submit the sale and purchase agreement for your property in response to the Government's offer. You may also need legal advice to ensure you fully understand which of the two options will suit you best.

See the 'Getting advice' section titled 'Your Lawyer' on page 12 of this booklet for details on:

- How to find a lawyer if you don't have one.
- How to get legal advice if you need it.

Important points to consider

- If you have already received insurance or EQC payments for repairs, you need evidence that the payments were spent on repairs to your house. If so, the amount(s) will not be deducted from the settlement payment under the offer. All other insurance or EQC payments for your land and buildings already received by you will be deducted from the settlement payment. So think carefully about what to do with any payments received from your insurance company or EQC. You may need these funds to put toward a new home.
- If you think, based on your insurance assessment, that you can recover more from your private insurance company for your house than the rating valuation offer, you should explore this with your insurance company before you decide which offer to accept.
- Under Option 2, you don't have to settle the insurance claim before accepting the Government's offer. You just need to know from your insurance company the likely outcome of your claim.

Next steps – if you've decided to accept the Government's offer

After signing the agreement and agreeing the settlement date, you will need to do certain things to meet the requirements of your sale and purchase agreement. These are explained in the information booklet that comes with the letter of offer.

What settlement date suits you?

You will need to specify a settlement date – the day you will receive the final payment from the Government, and the day you must permanently leave your property.

Before deciding on your settlement date, make sure that you have all the arrangements in place to move out of your home on that date, and have somewhere to move to. The last possible settlement date is 30 April 2013.

You need to think about the financial implications of your settlement date. They may change depending on when you decide to move.

Some things to think about

Minimising your costs

- You can minimise the cost of two sets of rates and insurances by having little or no overlap between the settlement dates on your old and new properties.
- You will want to talk to your bank about minimising the cost of your mortgage payments, and avoiding any overlap with mortgage obligations on both your old and new properties.
- What costs will you incur if you have a longer settlement date? For example, you will be responsible for the rates on your property until the settlement date. You will also need to keep paying your insurance cover and making any mortgage repayments.

Arranging temporary accommodation

- Does the settlement date for your new house coincide with your Government settlement date? If not, will you have somewhere to stay in the meantime? Have you allowed for the cost of temporary accommodation in your budget?

- Are you entitled to, and have you claimed, any temporary housing subsidy from your insurer? What does it cover – temporary storage of furniture, accommodation for pets? How long will it last and will it run out before your new house settlement date?
- Are you eligible and have you applied for the Government's temporary accommodation assistance to take you through to your new house settlement date? What is your level of entitlement? Will it cover your temporary accommodation costs?

Moving costs and insurance

- Check whether your insurance pays for your moving costs. If not, budget for these.
- If you are moving into temporary accommodation, do you have enough insurance cover for that period?
- Have you arranged enough insurance for your new home?
- Do you want your settlement and moving date to coincide with holidays, to limit time off work and any loss of earnings?

Deciding what to do with the Government's deposit payment

The Government's offer provides for a deposit payment to be made to you, if you have a settlement date that is more than six weeks after your sale and purchase agreement is signed.

This enables you to plan your future as soon as possible. Check with your lawyer to confirm how much this payment will be.

If you have a mortgage, you will also need to contact your bank or mortgage lender to discuss whether the deposit payment (or how much of it) needs to be paid towards reducing your current mortgage. This tells you how much money will be left over to reinvest, either in a new home or in something else.

Put the money somewhere safe

As a first step, you may just want to put your money somewhere low-risk while you plan your future move. You might choose to put your money in the bank, where it can earn interest. This gives you time to plan how best to use the money and avoid making a quick decision that might put your longer-term goals at risk.

Some things to think about

- Access to your money. If you want the flexibility to make a quick decision about your next move, you may not want to be locked into a term deposit.
- Fees and charges. Find out how you could minimise the amount you pay on your money.
- Earning interest. Shop around so that you get a good return or fair rate of interest on your money for the time you set it aside.
- Be conservative. Make sure you minimise any risk of losing value while you plan what to do with your money. The promise of high returns usually means high risk.

If you are finding it hard to understand the various options on offer and decide what's best for you, a professional financial adviser can help, but check first because you may have to pay a fee. How to get financial advice is explained more on page 15 of this booklet.

Deciding what to do with the final settlement payment you receive

Knowing that you're going to receive a final settlement payment to replace your home, you might already be thinking about what to do next, such as whether to:

- Buy another home right away.
- Buy land and build a brand-new house.

- Relocate your house – if it's in good repair – to a different site.
- Rent somewhere and invest your deposit and settlement payment in the meantime while you decide what to do.

Where to start – make a plan

Think about what you want in the future. Think about what you need to do to make it happen.

Assess your current situation

Before you can make a plan for the future, you need to be clear about your current financial situation. That might include, for example, what your current household income and spending are, how much you own, and how much you owe. Then you need to think ahead – what things will stay the same, what things might change, and what you can afford to do.

Some things to think about

- What's your current level of income? Is this likely to change?
- What are your current living costs? Are these likely to change?
- What other debts or ongoing financial commitments do you have?
- Will the settlement payment make you mortgage-free?
- Do you need to use the settlement payment to pay off other debt?
- Will you need to take out another mortgage to buy a new home?

If you're stuck and need some help, the Sorted website www.sorted.org.nz has some useful tools and tips on budgeting and setting goals.

Setting your goals – some things to think about

You may well be worried about having to start from scratch. Or you may have decided to make the most of the opportunity to start afresh. Either way, you have some challenging financial decisions to make.

The following questions will help you to think about the things you need to consider.

What can you afford to do?

- Where can you afford to move to?
- What can you afford to do – buy or build?
 - Have you compared the cost of building and the cost of buying a ready-built house?
 - Have you looked at the price of buying a piece of land?
- Will the settlement payment cover the cost of your new home?
 - If not, how much can you afford to spend?
 - Will you need to get another mortgage, or extend your current mortgage?
 - How much can you afford to borrow? And over what timeframe? Only borrow to a level that you feel comfortable to service. Bear in mind that while interest rates are low now, they may increase.
- If you want to rent while you consider where to move to and what to do, what's the cost?
 - If your insurance policy covers your temporary accommodation costs, how long will that cover last? And will it cover the full cost of renting?
 - When your insurance cover runs out, will the Government's temporary accommodation assistance cover the cost of renting? Make sure you apply two weeks in advance of when you need this allowance – before any temporary accommodation allowance from your insurance company expires. It takes some time to process an application for an allowance.
 - Remember that as soon as you receive your full settlement payment, you are no longer eligible for the temporary accommodation allowance.

What other costs do you need to think about?

Have you thought about what's involved in moving and what the costs are? Some things to think about are:

- What is the cost of moving? Get a couple of quotes to find the best option and include that in your budget. Check whether your insurance policy covers you for moving costs.
- If you've decided to rent for a while, you may end up moving more than once. Then you need to think about the cost of moving again.
- You need to arrange insurance for your new home and contents, and let your insurance company know if you plan on putting any contents into storage.
- Are you likely to have increased transport costs for getting to and from work, or getting your children to and from school if you are living further away?
- Have you allowed for the cost of new uniforms and enrolment fees etc if your children need to change schools?
- Will you need to change jobs? If so, will you have a period of loss of income in between jobs? Do you know what your potential income will be?
- Have you budgeted for additional legal fees that you may incur through your lawyer addressing any unusual or complicated conditions of purchase, and any possible consultant fees to meet such conditions – for example, a structural engineer's report and possibly a geotechnical report?

How much money will you be able to access and when?

Remember, you won't receive the full payment until your nominated settlement date. And if you choose to take Option 2, your insurer's settlement payment may not be paid at the same time as the Government's initial deposit or final payment. So you might get up to three separate payments.

The timing of these payments might affect what you decide to do, when you can do it, and what you can and can't afford to do. For example, if you want to buy immediately, make sure you have enough money to pay the deposit for your new house, and that you can afford to meet any ongoing mortgage commitments until you receive the final settlement payment for your current property.

Example scenarios

The following example scenarios might help you to think about and work out how much money you are likely to have to buy a new home.

We show three different scenarios of how various property owners would be affected depending on their situation, the decisions they make, and what they need or want to do with their settlement payment.

One example – three scenarios

To keep things simple, we've used just one example of a property with a rating value of \$350,000 – value of land \$180,000 and value of improvements \$170,000. We have assumed that the house cannot be repaired, and that the house was insured for full replacement value.

Scenario one Brenda

Brenda accepts Option 2

The Government pays the rating value of the land – \$180,000. The insurance company agrees to pay the replacement value of the house – assessed at \$200,000. Total payment value – \$380,000.

Brenda pays off her existing mortgage of \$100,000 and deposits the \$80,000 left over from the Government's payment in a call account with her bank.

Resulting position:

\$180,000

Government settlement payment

– **\$100,000** mortgage

\$80,000 cash in the bank

+ **\$200,000** payment from insurer, for house replacement

\$280,000 total available to spend on a new home.

Brenda has **\$80,000** cash available for a future land or house purchase, and **\$200,000** from her insurer for future house replacement. Brenda will need to approach her bank for mortgage borrowing if she needs more than this.

Scenario two Andy and Kelly

Andy and Kelly accept Option 1

The Government pays the rating value to purchase the property – house and land. Total payment value – \$350,000.

Andy and Kelly pay off their existing mortgage of \$100,000, but decide to also spend \$70,000 on a new boat and several overseas trips.

Resulting position:

\$350,000

Government settlement payment

– **\$100,000** mortgage

– **\$70,000** on boat and travel

\$180,000 cash in the bank, total available to spend on a new home.

Andy and Kelly have a total of only **\$180,000** available for any future house and/or land purchase.

Andy and Kelly will need to approach their bank for mortgage borrowing if they need more than this.

Scenario three Hone and Sue

Hone and Sue accept Option 2

The Government pays the rating value of the land – \$180,000.

The insurance company agrees to pay the replacement value of the house – assessed at \$200,000.

Total payment value – \$380,000.

Hone and Sue bought their house recently for \$400,000 with a bank mortgage of \$350,000 and a \$20,000 loan from Sue's parents.

Resulting position:

\$180,000

Government settlement payment

– **\$350,000** mortgage

– **\$170,000** mortgage still owed to the bank

+ **\$200,000** payment from insurer, for house replacement.

\$30,000 total available to spend on a new home.

If Hone and Sue use their insurance payment to pay off their mortgage they are left with only **\$30,000**. And they still owe **\$20,000** to Sue's parents.

Before making any decisions, Hone and Sue will need to speak to their bank about their options.

Your financial position

You can work out what your financial position is and how much money you will have to spend. Fill out the 'Your financial position' box on page 16 of this booklet.

You have some challenging financial decisions to make, which could be some of the most important financial decisions of your life. It's important to take appropriate advice – independent advice that you trust.

There's a lot of information to think about. You need to understand the options on offer and what they mean for you. You don't have to make the decision on your own – information, support and advice are available.

The CERA website www.cera.govt.nz/support-and-assistance has details of the official agencies and community organisations that can help you.

Who should you talk to?

A number of organisations and professionals can help you decide which of the Government's two options are best suited to you, then what to do with the Government deposit of up to \$50,000, and finally what to do with the final settlement payment you receive.

Before you respond to the Government's offer

Talk to:

- Your bank.
- Your mortgage lender – if it is different from your bank.
- Your insurance company.
- A lawyer.

You may also like to get advice from a financial adviser. If so, it's important you deal with a properly qualified professional financial adviser.

You could also talk to any family members who may be affected by your decision, and friends, neighbours, and other people who are in a similar situation to you.

But remember, while friends or neighbours may give you valuable advice, you need to make your own decision, and the right decision for your situation.

If you can't turn to family and friends, then there are other support services available that offer independent advice and support about practical and emotional problems.

Before you decide what to do with your settlement payment

Talk to your bank and lawyer to establish what you can afford to do. You may also need to discuss your options with a financial adviser.

What advice to seek and what questions to ask

There are some good reasons why you need to talk to and involve other people and professional advisers in your financial decision making.

Your lawyer

How a lawyer can help you

Here are some of the things a lawyer can help you with:

- Explaining the difference between the two options and what they mean for your property.
- Advising whether you can challenge the rateable value of your house or not.
- Interpreting the terms and conditions of your insurance policy and what claims, benefits and payments you may be entitled to, and advising what to check with your insurer.
- Helping you work out the best timing for your settlement date.
- Advising how much money you are likely to receive for your property.

Before you start talking to your lawyer, ask and confirm what fees they will charge you for their advice.

Government assistance with legal fees

You are entitled to assistance with fees for the legal advice you need for the preparation of the sale and purchase agreement. The Government will meet 50 percent of the costs of your legal advice if you accept their offer, up to a maximum of \$750 for Option 1, and \$500 for Option 2. This amount will be paid to your lawyer on settlement.

Only a lawyer can prepare and submit the sale and purchase agreement for your property. You may also need to get legal advice to ensure you fully understand which of the two options will suit you best.

To find a lawyer or seek legal advice

- The New Zealand Law Society www.lawsociety.org.nz has a list of property lawyers – see the property law section www.propertylawyers.org.nz.
- Community Law Canterbury can give you initial legal advice for free (but is unable to complete your sale and purchase agreement). They can also help you find a lawyer. Call **03 371 3819**, or **0508 CANLAW (0508 226 529)**, or visit their website at www.canlaw.org.nz.

Your bank

You need to talk to your bank or mortgage lender if they have a mortgage over your current property. Here are some of the things to talk to them about.

Before deciding which offer (Option 1 or 2) is best for you

Consider:

- What your current mortgage position is and what your financial position will be after receiving the settlement payment.
- Obtaining consent from your bank or mortgage lender to proceed with accepting the Government offer.

What the banks say:

Your bank will work with you to understand your current financial position, how much you may receive under each option, and which option you intend to accept. Depending on your individual situation and the option you choose, your bank may have specific requirements that need to be met before they consent to you accepting the Government offer.

If you are considering accepting Option 2, your bank may also need information about how much you may receive from your private insurer.

Before deciding what to do with the deposit and final payments

Consider:

- What are your bank's requirements regarding the deposit payment – that is, will your bank require the deposit to be paid to the bank as the mortgagee of your property?
- Will your bank let you use your deposit towards a new property, or lend you up to the same amount again for a new property?

- Will your bank reinstate the mortgage on your new property at the same interest rate and terms as you had before the earthquakes, or will you be better off negotiating a new mortgage?
- If you need to, will your bank allow you to use bridging finance? Does your bank offer a concessionary rate of interest on bridging finance? What are the terms and conditions?
- How much will the bank let you borrow?
- What interest rate will the bank give you if you bank your deposit payment with them until you purchase another property?

What the banks say:

The answers to the above will depend on your own situation and your bank's requirements. However, it is normally the case that any deposit will need to be applied to repay any loan. Your bank would then work with you on your ongoing and future needs and any new property purchase. Banks are continuing to support new lending in Canterbury, and customers will need to meet their bank's normal lending and security criteria for any new property purchase.

Talk to your bank about what they can do for you

Most banks have developed special financial assistance packages for home owners in the red zone. Some of the features are special home loan interest rates and reduced fees. Each bank's offer is different and comes with a set of terms and conditions. Talk to your bank today to see what special deal they have to finance you into a new home, or to look after your settlement payment while you decide what to do next.

Your insurance company

It's important to remember that your situation is unique and your insurance policy may be different from your neighbours'. It's quite normal for there to be variations from policy to policy and from one insurance company to another. So it's important to talk directly to your insurance company about your insurance policy and claim.

In deciding between Options 1 and 2

You need to talk to your insurer about:

- Progress on any contents or personal insurance benefits claims not yet paid.
- Whether there are any other payments you might be entitled to under your insurance policy – e.g. a stress payment.
- The value of your claim settlement options under your house insurance policy – to enable you to compare Options 1 and 2 and work out what is best for you.
- Whether your insurance claims are accepted and the statement of your claim amounts on settlement is correct, including insurance or EQC money already received.

Remember that if you have already received insurance or EQC payments for repairs, you need evidence that the payments were spent on repairs to your house. This will avoid the amount(s) being deducted from the final settlement payment. Any other insurance or EQC payments relating to the property and already received by you will be deducted from the settlement payment.

In thinking about and deciding what to do in the future

Talk to your insurer about:

- Securing comprehensive home insurance before you commit yourself to a new home or property purchase (before going unconditional on any offer).
- Making sure, before you go unconditional, that if you are looking to build or rebuild on another section you will be:
 - allowed to commence building on that section when you want to; and
 - able to secure insurance for your building project and the completed house.
- Whether your insurer will allow the insurance policy of the house seller to be transferred to you as the new purchaser. Your lawyer may be able to action this on your behalf.
- Whether you are able to take certain items (chattels and fixtures) from the house, for which you have submitted a claim for damage – or whether they belong to the insurer.

Other useful tips

- You need to make sure your private home and contents insurance remains in place until you settle with the Government, unless your insurance company does not renew your policy, or cancels your policy.
- You must not do anything that may threaten or invalidate your EQC insurance claims as this may prevent the Government from recovering the value of your claims from your insurer and EQC.
- The Government will deal with your insurer in respect of claims for any damage which occurs after you sign the sale and purchase agreement.

Getting financial advice

In deciding which option offered by the Government is best for you and what to do with the settlement payment, you might decide to get some financial planning or investment advice.

If so, it's important to deal with a properly qualified professional financial adviser. You also need to make sure that advisers who offer you these types of services are licensed by the Financial Markets Authority (FMA).

Where to find a financial adviser

FMA is responsible for licensing and monitoring financial advisers. FMA's website www.fma.govt.nz has a special section for red zone residents under **help-me-invest/getting-the-right-advice-on-your-red-zone-payout**.

The website provides helpful information about how a professional financial adviser can help you, and what to look out for when seeking advice.

There is information to help you:

- Find out who you can talk to about options for using your settlement payment.
- Find a financial adviser in Canterbury.
- Check that the adviser you're dealing with is on the official register.
- Find out about what protection you have when you're working with a regulated financial adviser and what they are required to do.

FMA's website (www.fma.govt.nz) also has general information about using a financial adviser that might be useful to you. And if you want to invest the money from your Government settlement payment, make sure you read the website pages on types of investment, and on being alert to scams.

Residents without internet access can call the FMA's free helpline on 0800 434 566.

Choosing a financial adviser

Choosing a financial adviser is an important personal matter. Do some research and shop around to find a financial adviser you feel confident with. The adviser should take time to understand your financial position, your concerns, problems, questions and goals. FMA has developed some questions you can ask financial advisers, and offers some ideas about what to listen for. Before you start talking to a financial adviser, ask and confirm what fees they will charge you for their financial advice.

Your financial position

You can work out what your financial position is and how much money you will have to spend on a new home after you receive the Government settlement payment.

Option 1

CERA pays the rating value of your property
(house and land) of \$.....

Total payment \$.....

Your position:

\$..... payment received from CERA

Less – \$..... your mortgage (to pay)

Net \$..... cash in the bank

\$..... total available to spend
on a new home.

Option 2

CERA pays the rating value of your land of
\$.....

And the amount your insurance company
agrees to pay under the terms of your contract

\$.....

Total payment \$.....

Your position:

\$..... payment received from CERA

Less – \$..... your mortgage (to pay)

Net \$..... cash in the bank

+ \$..... payment from insurer

\$..... total available to spend
on a new home.

Important note

Remember that if you have already received insurance or EQC payments for repairs, you need evidence that the payments were spent on repairs to your house. This will avoid the amount(s) being deducted from the final settlement payment. Any other insurance or EQC payments relating to the property and already received by you will be deducted from the settlement payment.

Support information and advice

CERA support

- CERA general enquiries – **0800 RING CERA (0800 7464 2372)**.
- CERA's offer process and consent forms – **0800 237 277** or **www.cera.govt.nz/land-information/offer-to-red-zone-residents**.
- CERA support and assistance – **www.cera.govt.nz/support-and-assistance**.
- CERA Earthquake Assistance Centre, Avondale Golf Course – **0800 7464 2372**.
- CERA Waimakariri Earthquake Support Service at the Kaiapoi Earthquake Hub – **0800 639 000 or (03) 327 5621**.

Other support services

- Support and counselling line – **0800 777 846**.
- Canterbury Earthquake Temporary Accommodation Service (CETAS) and support from an Earthquake Support Coordinator – **0800 673 227** or **www.quakeaccommodation.govt.nz**.

For budgeting advice

- New Zealand Federation of Family Budgeting Services – call **0508 BUDGETLINE (0508 283 438)** or visit **www.familybudgeting.org.nz**.
- The Family and Community Services website **www.familyservices.govt.nz** has a list of other local budget advice services. Alternatively you can call the Canterbury Support Line on **0800 777 846** for information about or a referral to a budget service in your area.

Work and Income benefit entitlements

- If your financial circumstances have changed, check with Work and Income to make sure you are getting the correct financial assistance.
- Visit the Work and Income website **www.workandincome.govt.nz** or phone **0800 559 009**.
- **Note** - Payments by the Crown, as a payment or part payment for the purchase price for any property or land in the red zone, under a Government offer, will not be considered by Work and Income as a cash asset or income for benefit purposes. This includes any income earned from the payment. These exemptions are in place for 12 months after the payment is received.

For tax advice

- Visit the Inland Revenue website **www.ird.govt.nz/earthquake/** for useful factsheets, information, services and tools to assist you with your tax queries.
- Or for further assistance call **0800 473 566**.

Further information and advice

Sorted tools, information and booklets

- Visit the special Sorted red zone page, which lists the tools and information that can help you with your financial decisions **www.sorted.org.nz/redzone**.
- A range of free Sorted booklets is also available – for example: Budgeting, Managing debt, Insurance, Investing and Set your Goals.
- You can order these (and other) free Sorted booklets at **www.sorted.org.nz/ordering** or calling: **0800 SORT MONEY (0800 767 866)**.

For financial advice

- For information about finding, using and checking on a financial adviser phone the Financial Markets Authority (FMA) – **0800 434 566**.
- Or visit FMA's website **www.fma.govt.nz** for information about how a professional financial adviser can help you, where to get financial advice and what to look out for when seeking advice.
- Check online to see whether a financial adviser or their organisation is on the official Financial Service Providers Register – **www.fspr.govt.nz**.

Bank contacts and information

The New Zealand Bankers' Association has prepared a list of each bank's key contact people who are dealing with red zone customers' mortgage and lending requirements. This is available on their website **www.nzba.org.nz** and also includes information for customers' lawyers.

Free disputes resolution services for insurance complaints

If you are in dispute with your insurer over claims for earthquake related damage, free help is available. You can take your complaint to your insurer's disputes resolution service provider, which will be one of the following organisations. Visit their websites for details of the disputes process.

- Insurance & Savings Ombudsman **www.iombudsman.org.nz** or **0800 888 202**.
- Banking Ombudsman **www.bankomb.org.nz** or **0800 805 950**.
- Financial Services Complaints Ltd **www.fscl.org.nz** or **0800 347 257**.
- Financial Dispute Resolution **www.fdr.org.nz** or **0508 337 337**.

Free disputes resolution service for banking complaints

If you have a complaint about your bank or their banking services, free help is available. You can take your complaint to the Banking Ombudsman **www.bankomb.org.nz** or **0800 805 950**.

Action plan checklist of next steps

Take your time. Plan your decisions. Get advice you trust.

1 Talk to your insurance company

- > About progress on any contents or personal insurance benefits claims not yet paid.
- > About how your insurance affects the two Government options and which of the two options might work best for you.
- > What insurance or EQC payments you've received that might be deducted from the settlement payment offer.
- > What insurance you are able to take out for any new property you buy.

.....
Company Name

.....
Policy No.

.....
Phone No.

TIP: For peace of mind you might find it helpful to get an independent opinion on your insurer's assessment of your claim from a builder or quantity surveyor.

2 Check with EQC

what the current status of your claim is (if you don't already know).

.....
EQC claim No.

EQC – **0800 DAMAGE (0800 326 243)**.

3 Meet with your bank to discuss

- > What the settlement payment will mean for your current mortgage.
- > What deal they can offer you if you deposit your money in the bank.
- > What your future mortgage or lending options are.

.....
Contact Name

.....
Phone No.

4 Work out your current financial situation

- > Make a budget – use the Sorted website tools to help you out.
- > Work out how much money you think you will get from your settlement payment.
- > Work out what you think you can afford to do with the settlement payment.

5 Contact your lawyer

- > Find a lawyer if you don't have one.
Phone **0508 CANLAW (0508 226 529)**.
- > Talk to your lawyer about what the two options mean for you and your situation, and how your insurance affects the options and which option suits you best.

.....
Name

.....
Phone No.

TIP: Make sure you have all the relevant information with you – call your lawyer first to check what you need to bring.

6 Think about whether you need to get some financial advice to help with your decision making, or to give a second opinion on your financial situation and your plan for the future.

- > Visit the Financial Markets Authority website for information about using a professional financial adviser and where to find a financial adviser.

Visit **www.fma.govt.nz** or phone **0800 434 566**.

7 If you need any other assistance

- > Make an appointment to visit the CERA Earthquake Assistance Centre at Avondale or the Kaiapoi Earthquake Hub and/or attend the next CERA community meeting in your area for red zone residents.
Avondale – **0800 7464 2372**.
Kaiapoi – **0800 639 000**.
- > Call the support and counselling service for advice on your entitlements or support – **0800 777 846**.
- > Call the Canterbury Earthquake Temporary Accommodation Service (CETAS) for support from an Earthquake Support Coordinator – **0800 673 227**.
For Kaiapoi – **(03) 327 5621**.

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Date

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Time

Notes

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Commission for
Financial Literacy
and Retirement Income



sorted.org.nz
YOUR INDEPENDENT MONEY GUIDE

Funded by



This booklet should not be your only source of information when you are making financial decisions. It should be treated as a guide only. You should use this booklet as a starting point and then seek professional advice. It is your decision what you do, and you need to make choices that are right for you.

December 2011