

# How to retire EARLY

## A guide to early retirement in New Zealand

**P**eople dream of the day they can finally retire. They imagine all the hobbies they will explore, perhaps painting or, of course, golf. They picture a slower pace of life and spending more time with the people they love. The pension ("superannuation") currently kicks in at 65 years old in New Zealand, with many people aiming to end their working life around the same age however, many people would also like to spend less time in the office before then.

### How Much Money Do You Need to Retire?

Unless you magically know exactly how long you will live, it's impossible to determine how much of a nest egg you need to fund your retirement. Of course, we all still need to plan to ensure our funds last as long as we do and make a few assumptions to figure things out.

If you're retiring at 65, some say you need a lump sum which totals an average of 25 times your annual expenditure. Then if you retire earlier, add on an annual expenditure per year. For example, if you retire at 55, you'll need 10 more years of annual expenditure saved. It's not

quite that easy though, as this broad-brush rule:

Assumes you'll live to age 90 and spend the same amount each-and-every year (90 years old less 65 years old = 25 years' worth of expenses).

Ignores New Zealand superannuation (commonly called "the pension"), and other social welfare for over-65's such as Winter Energy Payments.

It also doesn't factor-in some investments which can be left alone to grow in value over the decades you are retired (e.g., house).

If you want to retire early, ideally, you'll:

Own a freehold home (have no mortgage owing) so you can eliminate one of the biggest expenses for most households: rent or a mortgage repayment.

You'll also have no personal debts owing (this includes credit cards, car loans, or other long-term finance options).

Have a great nest-egg full of a diverse range of investments you can live from, including **passive income**. The reality is that the quality of your retirement really depends on the lifestyle you want to live, and expenditure required, so clearly planning is crucial.



## How to maximize opportunities as an Accredited Employer

**F**ortunately, there is plenty of help available to manage this process and having specialist advice on hand to check work rights, or to manage the compliance requirements is only an email or phone call away.

Employers who stay Accredited, gain an advantage by accessing a larger talent pool. They can also engage applicants on an Open Work Visa, who must work for an Accredited employer in New Zealand.

If you are not yet Accredited, you could be missing out on these potential hires. While the labour market continues to be tight, it's a vital HR tool to have available.

There could also be significant opportunities in offering your migrant employees a review of their chances to apply for Residence, to ensure that you can retain those skills into the future.

The immigration landscape will continue to change, particularly as we approach the election, however smart employers will stay ahead of those changes, to ensure they retain their advantage in what continues to be a very competitive talent market.

**"Don't judge each day by the harvest you reap but by the seeds that you plant."**

– Robert Louis Stevenson

**"Carry out a random act of kindness, with no expectation of reward, safe in the knowledge that one day someone might do the same for you."**

– Princess Diana

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# ChatGPT at work

## Crafting an effective company policy for AI usage

ChatGPT at work is revolutionising today's digital age, as the integration of artificial intelligence (AI) technologies, including ChatGPT, becomes increasingly common in the workplace. While AI brings numerous benefits to organisations, it also raises concerns regarding the appropriate use of AI systems and the potential misuse of confidential information.

Consider the latest announcement by Microsoft: the integration of [Copilot into Microsoft 365](#). Copilot will work alongside users within Microsoft 365 apps like Word, Excel, PowerPoint, Outlook, and Teams. It includes a feature called Business Chat, which extends across your calendar, emails, chats, documents, meetings, and contacts.

Establishing a comprehensive company policy that addresses the use of ChatGPT and AI at work is crucial to ensure ethical behaviour, protect sensitive data, and maintain a productive work environment. Outlined below are key considerations for drafting a [workplace policy](#), including examples of confidential information to avoid using in ChatGPT and the potential consequences of misusing such information.

### 1 POSITIVE WAYS TO USE CHATGPT AND AI AT WORK

#### Training and Onboarding

ChatGPT can support new employees during the onboarding process by answering their questions, providing training materials, and offering guidance. It can offer personalised learning recommendations and assist in knowledge transfer.

#### Content Generation:

ChatGPT can be used to generate content for various purposes, such as writing blog posts, drafting emails, creating social media updates, or developing marketing materials. It can help with brainstorming ideas, proofreading, and improving the overall quality of written content.

#### Language Translation:

If your workplace deals with international clients or colleagues, ChatGPT can assist in real-time language translation. It can help overcome language barriers and enable effective communication across different languages.

#### Enhancing Customer Service:

ChatGPT and other AI systems can serve as a virtual assistant to handle customer queries, providing real-time responses and assistance. It can handle frequently asked questions, provide troubleshooting tips, and offer personalised recommendations.

#### Automating Repetitive Tasks:

AI can be employed to automate routine and time-consuming tasks, allowing employees to focus on more value-added activities. This boosts productivity, efficiency, and employee satisfaction.

#### Data Analysis and Insights:

AI technologies can analyse vast amounts of data, providing valuable insights for decision-

making, identifying patterns, predicting trends, and driving innovation.

#### Workflow Optimisation:

AI can optimise workflows by streamlining processes, identifying bottlenecks, and suggesting improvements, thereby improving overall operational efficiency.

### 2 CONFIDENTIAL INFORMATION TO AVOID SHARING WITH AI

#### Personal Identifiable Information (PII):

Employees should refrain from using PII, including tax IDs, addresses, phone numbers, or any other personally identifiable information of individuals. Unauthorised use or disclosure of PII can lead to severe privacy breaches and sometimes has legal consequences.

#### Intellectual Property (IP):

Confidential company information, trade secrets, copyrighted material, or any proprietary data should not be shared with ChatGPT or any other AI system. [Protecting intellectual property](#) is crucial for maintaining a competitive advantage and safeguarding business interests.

#### Financial Data:

Sensitive financial information, such as bank account numbers, credit card details, or undisclosed financial reports, must not be shared with ChatGPT. Unauthorised disclosure of financial data can result in financial losses and damage to the organisation's reputation.

#### Health Information:

Medical records, patient data, or any other personally identifiable health information should not be utilised in ChatGPT. [Breaches of health information](#) can lead to legal consequences and are a violation of privacy laws.

### 3 HARMFUL WAYS TO USE AI AT WORK

#### Unfair Bias:

If AI systems are not properly designed and tested, they may inadvertently perpetuate biases present in training data, leading to unfair treatment of employees, customers, or stakeholders. This can result in discrimination claims and damage to the organisation's reputation.

#### Invasion of Privacy:

AI technologies should not be used to intrude on employee privacy rights, such as unauthorised monitoring of communications, personal devices, or sensitive personal information.

#### Unethical Data Collection:

Using AI at work should not involve unethical data collection practices. This includes obtaining personal information without consent, collecting excessive or irrelevant data, or leveraging AI to exploit user privacy for unauthorised purposes. Such practices not only violate privacy regulations but can also lead to distrust among employees and customers, resulting in reputational damage and potential legal repercussions.

#### Conclusion:

When implementing ChatGPT and AI at work, having a well-defined company policy is essential to guide employees in the appropriate use of these technologies. The policy should clearly outline the confidential information to be avoided while using ChatGPT, emphasising the potential consequences of misusing such information. Additionally, the policy should highlight the positive ways in which AI can enhance productivity, customer service, data analysis, and workflow optimisation. By establishing ethical guidelines and fostering responsible AI usage, organisations can harness the benefits of AI while safeguarding privacy, protecting sensitive information, and promoting a positive work environment.

Source: [www.eclipserecruitment.co.nz](http://www.eclipserecruitment.co.nz)



## Briefs

### Backdated payments from ACC

From 1 April 2024 a fairer system of taxing back-dated lump sum payments is to be introduced. The amount will be taxed using the recipient's average tax rate for the four years prior to the year they receive the money.

### Interest deduction on rental property

For those who owned property before 27 March 2021, the interest deduction for the year ended 31 March 2023 is reduced to 75 percent. If the law is not changed, next year it is going to be 50 percent. Generally, if you have bought your residential rental property more recently, you can no longer claim a deduction for any interest.



### Suppliers as important as customers

Good builders know the value of having a reliable team of subcontractors, who they'll often use year after year. Top-quality suppliers are important to your business and perhaps you should show them as much, if not more, affection than you do for your best customers. Some firms send Christmas gifts to their best customers. Should they also send them to their best suppliers?

### Make sure you're really ready to retire

This is a conversation between a recently retired gentleman and one of his friends:

Hi Joe, "How is retirement? Are you enjoying yourself?"

"I'm playing some bowls but I wish I was still in business. I miss all the people."

Message: if you are contemplating retirement, plan what you're going to do next before you make the change. Some people are fortunate enough to have a business as a way of life they enjoy. If you are one of them, don't throw this away until you're sure you have something to replace it with. Scaling down your business might be a better option.

The extra income might also be useful, particularly in times of inflation.

### Time to review your asset structure

Review of your asset structuring is something that needs to be done on a regular basis. It is not only your circumstances that might change, but there can be important changes in the law that may enable to you to more easily simplify your affairs, or it may be something that could render your existing documents out of date and not fit for purpose.

# Biking & scooting to work

**E**mployers are being encouraged to help reduce carbon dioxide in the atmosphere.

If they supply bicycles, electric bicycles, scooters, electric scooters or other low-powered vehicles Waka Kotahi declares are mobility devices or not motor vehicles, the cost will be exempt from Fringe Benefit Tax.

The exemption also applies if the employer helps to pay for certain vehicle share services for any of these modes of transport, like motor scooter hire.

The exemption applies only to transport mainly used for the purpose of the employee travelling between work and home, so there can be some private enjoyment of the vehicle. Problem: how do employers know whether the vehicles are being used primarily for travelling to and from work or for private purposes? This information would be needed by the employer to know whether the FBT exemption applies.

There is provision for a maximum cost of the vehicle to be set, but this appears not to have occurred yet.

These new rules became effective from 1 April 2023.



# GST on software payments

**M**ost of us are now making monthly payments for the use of software. How do you know if you can claim GST on these payments?

Facebook, Adobe and other overseas suppliers are required to register for GST and pay it on the "remote" services they supply to us. To save them compliance costs, they don't need to worry about charging GST when the purchaser is GST registered. Instead, they can ask you to supply your GST number to show you are registered for GST. If the overseas supplier doesn't get a GST registration number it charges GST.

So, if you buy an Adobe subscription and you have supplied your GST number to the

company, the payment you make doesn't include GST. You should not be claiming GST on it.

If a GST registered business doesn't advise it is GST registered, and is therefore charged GST, that can be claimed back if the price of the goods is less than \$1000. Over that figure, it has to apply for a refund from the overseas supplier.

LinkedIn and Google have a base in New Zealand and therefore charge GST, so it can be claimed back the normal way even if it is over \$1,000.

How do you know when to claim GST? Look on the invoice. If GST is not mentioned, there's no claim.



**"Failure is not the opposite of success, it is part of success."**

# POSITIVE MONDAY

## 5 creative ways to use a diary

Many people use a diary to keep track of their appointments.

However, there are also some very creative ways to use your diary that you might like to try as well.

Here are five ideas to get you started...

### 1 Your Daily Three

Keep a note of three good things you've experienced that day, even if they're small or silly. You'll not only have a reminder of what you've done, but you'll always have stories to share with friends.

### 2 Inspirational Thoughts

Diaries aren't just good for sparking memories; they can also help you get through tough times. Whenever you find a quote that inspires you, or perhaps a poem that moves you, write it down. This will inspire you for years to come.

### 3 Keep Track of Birthdays

The bigger your circle of friends, the more birthdays you have to remember. By writing them down, you'll always be on hand with gifts and

wishes and, best of all, saying 'it's in my diary' is so much nicer to hear than 'it's on my phone'.

### 4 Note Problems Solved

Jot down how you dealt with a glitch – it could be something as simple as fixing a fuse – but this could be the start of a handy checklist. The next time you're faced with a problem, you'll know where to look for an answer.

### 5 Record your dreams

Keep a dream diary. It's said that when we sleep, our subconscious works through things in order to help us, you might find a solution to something that's been troubling you. Remember that you've got hidden strengths.

### Take Action

Which if these creative ways to use a diary would you like to try this week?  
[www.smartar.com](http://www.smartar.com)

## Do you need a property sharing agreement?

If you are buying property with a friend or family member, you should also consider entering into a property sharing agreement. While each circumstance is different, a property sharing agreement generally covers concerns such as whose name will be on the title, who is responsible for what costs and how much and what happens if one party chooses to sell their share, or wants a new partner to move in.



## Tax calendar

### September 28, 2023

Second instalment of 2024 Provisional Tax (December balance dates).

### October 28, 2023

First instalment of 2024 Provisional Tax for those with March balance dates, who paid GST twice a year

### November 28, 2023

First instalment of 2024 Provisional

Tax for those with June balance dates

Note: where a tax date falls at a weekend or on a statutory holiday, the tax needs to be received by Inland Revenue by the following working day. If you pay electronically, you should plan accordingly. Regional holidays are not considered statutory holidays.

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### Changes in Particulars

Please remember to let us know of any changes in:

- Physical address • E-mail address • Phone and/or fax numbers
- Shareholdings • Directorships • Trustees

Or anything else that may be relevant.

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