

# news

## Cheap alternative to instant gratification

**CHEAPER LOANS:** Liberty Trust secretary Kerryanne Dalgleish and chairman Kelvin Deal study the High Court ruling that restored the trust's charitable status.

Photo Troy Baker  
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GEOFF MERCER

A WHAKATANE church trust is teaching young people to suppress their desire for instant gratification – the reward being a new, more affordable way to achieve home ownership.

Liberty Trust secretary Kerryanne Dalgleish said the trust's interest-free loan scheme, revealed by the *BEACON* on Wednesday, was an opportunity for young people and the less well off to benefit hugely.

By donating to the scheme over a period of up to 10 years they qualified for an interest-free loan worth five times the value of their contributions.

"It's a whole different way of thinking."

Young people today were conditioned to seek "instant gratification", often funded by debt. For them, putting money aside before it was needed was a foreign concept, she said.

A calculator on the trust's website compares the cost of borrowing from a bank with donating to the trust and earning an interest-free loan.

According to the calculator, borrowing \$300,000 at 6 per cent from a bank and paying it back over 20 years is \$155,830 more expensive than donating \$60,000 to the trust and qualifying for a \$300,000 interest-free loan.

The scheme is open to anyone – church



**INTEREST-FREE SCHEME: Young people will benefit from the Liberty Trust's interest-free scheme as reported in the *BEACON* on Wednesday.**

membership is not a prerequisite.

Trust chairman and Whakatane accountant Kelvin Deal said he was initially sceptical that financial modelling developed by Whakatane Pastor Bruce McDonald in 1987 showed a no-interest loan scheme funded by donations would work.

However, he analysed the scheme and found it did.

Now, 22 years later, the trust has financed interest-free loans worth \$21 million for 280 residential and church properties throughout New Zealand.

Mr Deal said the trust had no debt, as it did not borrow to finance its loans and it lent up to 100 per cent of a property's value.

The Charities Commission de-registered the trust in April last year, a decision overturned last month by the High Court.

Mr Deal said the commission did not understand what the trust was doing when it acted.

"They made a decision and looked for a reason to justify it."

He said the commission alleged the trust was operating a "sham pyramid scheme" and that it was "diverting money to our own ends".

Prior to the de-registration an actuary – a specialist in the mathematics of risk – had demonstrated that if no new members joined the scheme it would still be viable for those who

remained. He said the case was important because it helped establish what "advancing religion" meant in legal terms throughout the Commonwealth group of countries.

Justice Jillian Mallon's ruling restoring the trust's charitable status was a "very brave" move, Mr Deal said.

He said the battle was still not over, however. Inland Revenue ceased recognising donations to the trust as tax exempt when the commission de-registered it, and had not yet revoked that decision.