



LIBERTY *Matters*

NEWSLETTER OF LIBERTY TRUST

July 2007
Vol. 2, no. 32

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Welcome

Hello and welcome to our Winter edition of Liberty Matters. We are pleased to include in this newsletter some *Gems* from John Bartley. It would seem that God brought back John and his wife from UK last year especially for the role of guiding the amalgamation of Liberty Trust Auckland and Liberty Trust. God had His timing perfectly planned.

From July we will no longer operate the Auckland telephone number of 09 636 9997. Instead you are welcome to call our nationwide number 0800 542 878 or 07 322 8641.



The team at our 18th birthday dinner. From left: Evan, Colleen, Tom, Kerryanne, Jonathan, Kathleen, Robert, Kelvin, John, Jenny & Mark.

18 Years



Highlights of our last 18 years include:

- *Commencing in July 1989,*
- *Welcoming our next group of members in 1991,*
- *Increasing the maximum loan amount in 1996 from \$70,000 to \$90,000 and then later dropping the maximum altogether,*
- *Halving the cost in 2000 by dropping the requirement to contribute while repaying,*
- *Halving the cost again in 2004 by introducing the 50% rebate, and*
- *This year (2007) extending loan terms from 7 years to 12 years for longer contributors.*



John Bartley

Gems from John

Well, isn't life full of surprises, and isn't God good!

As a 1989 founding trustee of Liberty Trust, I found the concept of releasing each other from debt through sharing our resources so exciting. It was so much an outworking of Kingdom principles that I was excited to not only be part of its administration, but also to be an "evangelist" of its message.

Then after about 9 years of serving in roles from deputy chairman, treasurer, and loans officer (at one time holding all three positions at once), I, with my wife Jeannie, felt God calling us to leave New Zealand, and settle in the United Kingdom.

We left in 1998 with deep regrets at leaving this awesome ministry, but with the passion still there. However God gave me plenty of opportunities to share the Liberty Trust message throughout England and Scotland, as well as several western European cities. I was amazed that where-ever I went, this Kingdom way of dealing with mortgages was received as such a revelation. Again, it seemed as though God has wanted New Zealand to be a forerunner of yet another of His marvelous ways.

Throughout the seven and half years we were away, I never lost this passion for Liberty Trust, or perhaps more correctly, the passion to see people liberated into blessing simply through being a "Kingdom Liver".

Then last year, God prompted us to return home – back to Whakatane at that! And the ministry that I had helped birth was now a "teenager", with some changes made to it, but still engaged in "setting people free from the bondage of interest". Praise God.

Graciously, the Trustees have allowed me to get involved once again.

One of my favourite promises from Scripture is Philippians 1:6 (NIV) – ***I am confident of this, that He who has begun a good work (in you) will carry it on to completion until the day of Christ Jesus.*** What a wonderful hope that is to have, not only for ourselves but for Liberty Trust.

Kelvin's Comment—Home Affordability

Last month our Deputy Prime Minister, Hon Michael Cullen, announced that the Government is considering ways to increase the tax-take from residential property investors by either disallowing the deduction of mortgage interest in their tax returns, or disallowing net rental losses from offsetting other income in their tax returns. Both Treasury and the Reserve Bank had recommended these among several other alternatives to reduce the demand for housing.



Kelvin Deal,
Chairman

Predictably the Residential Investors Association and others with vested interests criticised the suggestion and the Green Party said it would put up rents. Even the Institute of Chartered Accountants, of which I am a member, spoke up saying it would be unfair to single out residential rental investments and not other forms of business.

The critics generally fail to point out that no other form of investment has such an attraction for tax-free capital gains. This loop-hole in the administration of our tax system makes residential rental investments different to all other investments. And I should know. We have had rental investments for more than 20 years, and much of my income as a chartered accountant comes from residential rental clients taking advantage of this tax loop hole.

Presently home buyers are competing for houses against property investors who receive a tax subsidy from Government that home buyers cannot obtain! How fair is that?

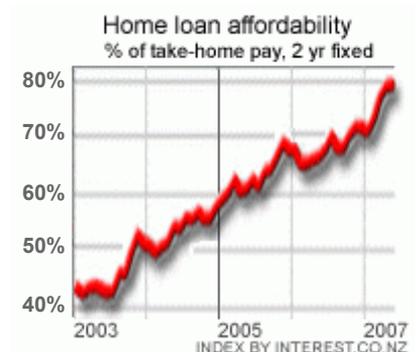
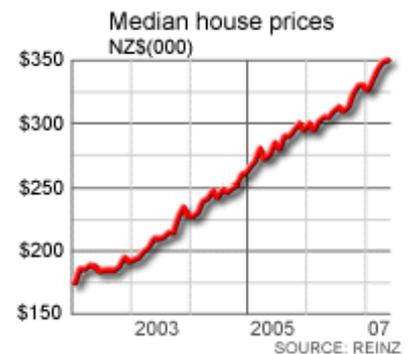
As a result investors are forcing up the price of houses nationwide, with demand for housing exceeding supply. As prices rise, first home buyers must postpone their borrowing while saving larger deposits, but investors can continue to purchase using the growing equity of their earlier investments.

When Kathleen and I bought our first home in 1970 for \$13,000 the average price in Auckland was \$12,700. Those were the days! It was a brand new 3 bedroom brick house with attached garage. I was on a wage of \$6,000pa. Try buying a new house for double your income today!

Sure—today land is scarcer and the resource consent process adds to costs. But the major reason for the increase is because investors have reaped huge tax-free gains and pushed up prices to the detriment of renters who can no longer afford to purchase their own home. Furthermore, rising house prices have increased inflation and forced the Reserve Bank to raise interest rates higher than at any time since the effect of Prime Minister Muldoon's policies twisted the economy in the mid 1980's.

Website www.interest.co.nz reports that at the end of May 2007 it took 79.3% of the average weekly take-home pay to service a standard bank mortgage for an average house in New Zealand. Five years ago the figure was 46.3%! That's shocking.

Thankfully God's Word provides many answers for us today, such as saving for the future, considering the cost, lending and borrowing from each other without interest, teaching your children God's principles, families and churches helping one another etc., and we have had the privilege of seeing these principles out-worked for home buyers through Liberty Trust.



Supplement—Kiwi Saver & Liberty Trust

Kiwi Saver commenced on 1 July. New Zealanders have an abysmal rate of savings and so we welcome this as a great way to get Kiwis saving for their future.

We've had a number of people ask whether they would be better off saving for a home through Kiwi Saver or contributing to Liberty Trust and purchasing a home with an interest free mortgage.

As a retirement saver Kiwi Saver is hard to beat. However as a way to own a home debt free, borrowing interest free is hard to beat! On page A6 of 30 June the NZ Herald provided the expected fund balances of the 26 Kiwi Saver Providers after contributing \$35 per week for 10 years along with receiving the maximum employer and government contributions. The value of the funds after 10 years showed a gain above the employee's \$18,058.80 investment of between \$23,514 and \$47,020, depending on the provider and the level of risk chosen. You can apply to withdraw some of these funds (except the government \$1,000 start up incentive and \$1,040 pa tax credit) after 3 or more years to purchase your first home. In this case you would have a gain of between \$12,114 and \$35,620 with which to purchase your home. You can apply to Housing Corporation of New Zealand for a home deposit subsidy of up to \$5,000 depending on your income, house and area.

If you contributed \$35 per week to Liberty Trust for 10 years you would be offered an interest free mortgage of \$91,000 to repay at \$1,083.33 per month over 7 years. If you repaid a 9% bank mortgage at this rate it would take 10 years and cost \$52,075 in interest. So you are likely to save more with an interest free mortgage after contributing into Liberty Trust than by saving for a first home through Kiwi Saver.

By contributing to Liberty Trust you can also receive a more affordable mortgage than at a bank. By contributing \$35 per week to Liberty Trust for 15 years you could borrow \$136,500 interest free to be repaid at \$947.92 per month over 12 years. This is significantly lower than an interest-only rate at the bank! For example at \$1,025 per month at a bank it would take 74 years to repay a 9% mortgage and cost \$776,995 in interest! Of course if you contributed \$80 per week to Liberty Trust for a interest free loan of \$200,000 or \$300,000 you would save much more.

Thirdly, Liberty Trust is more flexible than Kiwi Saver. You can change your contributions up or down to suit your circumstances (not just 4% or 8% of income), your interest free loan may be used for any purpose (not just first home) as long as it is secured over a registered New Zealand property, and you can borrow up to 100% of the property (no deposit required).

And instead of your money being wasted on mortgage interest your charitable donation into Liberty Trust is building an interest free storehouse to help many others.

However Liberty Trust is not a superannuation fund. You will still need to prepare for your retirement. As your Kiwi Saver contributions will be matched by Government and employers it provides excellent value as a superannuation fund—but be aware that your savings are locked away until you are 65 except in situations of financial hardship.

Several people have asked if Liberty Trust will become a Kiwi Saver Provider. We considered this when Kiwi Saver was first announced but concluded that we were established by God to provide an interest free storehouse and do not have the mandate to administer an interest bearing investment.

We would recommend that you join Kiwi Saver to save for your future retirement, but not to the detriment of your giving to other parts of God's Kingdom. Saving for retirement is a wise thing to do but is not God's primary purpose for us. He made us to be free, He made us for life, He made us for fellowship with Him, and He calls us to be stewards of His gifts, to bear fruit for his Kingdom. 1 Cor 7:23 reminds us "You were bought with a price, do not become slaves of men".

Using God's money for His purposes is a joy. So go and enjoy it.



Kelvin Deal
Chairman

