



# The Presbyterian Church **Property Trustees**

## NEWSLETTER

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### **PIF On Call interest rate to drop**

*The On Call Fund will pay interest at 1.0% pa from 1 April 2021*

The interest rate paid on balances in the Presbyterian Investment Fund On Call account will fall to 1.0% p.a. from 1 April 2021 (from 1.75% p.a.). The Trustees have held off reviewing the rate for as long as they can, but can no longer ignore the impact of continuing low interest rates right across the market. Interest rates remain at record low levels, anchored by the Reserve Bank holding the Official Cash Rate at 0.25%. The prospect of this rate falling even further has diminished following the better than expected performance of the local economy, but even the most optimistic economists are not expecting rates to rise until midway through next year.

The Trustees appreciate that the new interest rate in the PIF makes it difficult for the very many parishes that rely on interest income to balance the books. However, if your parish relies on income from capital, it may be timely to consider whether some of that capital should be invested in the Long Term Fund.

### **PIF Long Term interest rate remains steady**

*The Long Term Fund continues to pay interest at 3.0% pa plus inflation*

The interest rate payable on balances in the PIF Long Term Fund will continue to return 3% p.a. plus inflation. The Long Term Fund invests in a socially responsible, diversified mix of shares, property, infrastructure and bonds. Funds in the Long Term Fund continue to grow, with over \$30m now invested in this part of the Presbyterian Investment Fund.

Of course, there is no free lunch here. Those seeking a higher return need to be prepared to take a higher risk. This includes a risk of capital loss. The Long Term Fund is not a solution for a short-term earnings boost. If you expect to spend the capital in the next few years, e.g. you have a capital project in the pipeline, the Long Term Fund is not appropriate for your parish.

The Fund is designed for those parishes who expect to keep their capital intact for the long term (at least 7 years), even though funds are able to be withdrawn on a quarterly basis. That way, if there is a capital loss, you remain invested long enough for the market (and your balance) to recover. That said, you might also be rewarded by some extra returns, i.e. if the Fund's performance is better than expected, you will be reap the benefit. For instance, a capital bonus was recently paid following strong returns in the fourth quarter of 2020.

For more information, please email: [trustees@presbyterian.org.nz](mailto:trustees@presbyterian.org.nz)

## Rising from the ashes

### *Rotorua District Presbyterian Church building takes shape*



It was on Wednesday, 8 February 2017, when St John's church, Rotorua, was extensively damaged by fire. Four years later, and a new church is now rising in the same place. It's been a quite a journey for the parish. The new-build project is set to cost \$4.5m, funded by insurance proceeds, the sale of other properties, and congregational giving (the exercise has been a good reminder of the importance of keeping insurance values up to date).

Check out progress at: <http://snowgrass.co.nz/cust/veros/church/images/webcam.jpg>



The Trustees are excited to be supporting a number of exciting new church builds and redevelopments across the country – currently totalling nearly \$30m. We hope to share some more of these with you in future newsletters.