

NEWSLETTER MARCH 2017

News from Complete Financial Planning

- Congratulations to Kathy who has recently passed the professional designation to become a Fellow Chartered Practitioner (FChFP)
- Jenny has re-started her study to finish her Masters in Financial Planning
- Jenny will be coming out to all client appointments for in field training, so you will be able to meet her over the next year
- Evelyn is enjoying maternity leave with both of her boys and plans to come back in June or July this year
- The CFP Movie Day was a success, we had 60 people attend this year
- Don't forget the office is shut on a Friday, as Kathy and Emma work from home these days – they can be contacted on their mobiles, 0413 348 472 and 0488 198 200 respectively
- And make sure you go on and 'LIKE' our Facebook page - www.facebook.com/completefp

Please don't forget...

Our success is a result of referrals from clients and friends like you. We could always use a few more. So if you have children, family members, friends or colleagues that may need some advice, please pass our details to them.

SIX AGES OF WEALTH AND HAPPINESS

20s

Just because you're young, free and gorgeous, it doesn't mean you don't need financial goals. This is the message that more and more 20-somethings are embracing as they enjoy what is traditionally the most fun decade of life. Sure there are lots of parties, plenty of travel and the focus is on study rather than work, but for today's 20 year olds, financial concerns are creeping in as they try to set up their lives.

After all, life is different for them than it was for their Baby Boomer parents who had free university education, tended to marry and have children earlier, had long-term careers and bought their own homes rather than renting.

Today, young people live at home longer, accumulate HECS debt on their tertiary study, and most can only dream of home ownership.

Work is also a different experience. Many young people move between part-time jobs for several years in their 20s, and have a number of different income earning activities on the go.

Professions are changing and disappearing so rapidly now that planning a career is not as easy as it used to be, and many young people are embracing a life of freelance work, or becoming entrepreneurs.

In terms of money, this creates confusion, especially as people find they're enrolled in four or five different superannuation funds. Financially switched on 20-somethings will think about consolidating them into the one account, so the super situation is streamlined going forward.

They should also think about a savings plan, even a modest one.

There are many ne apps and innovative alternative investments created by the "fintech revolution" which will appeal to this generation, and help them build their wealth.

Another key goal is not to succumb to cred card debt. No one wants to launch into adult life saddled with debt, especially with the growing interest that entails. Debts drags you down, and that's a hard thing to deal with as adult life is just beginning.

Six Point Checklist

- **Stay At Home;** There is a reason more young people are staying in the family home for longer. It's cheaper than a share house and Mum and Dad aren't too bad after all.
- **Start To Save;** You'll never have fewer outgoings, so it's a perfect time to start saving. Think about saving half of what you make.
- **Beware The Credit Card;** Getting into big trouble with credit cards will not only mess up your credit rating, it's a financial black hole. Be careful.
- **Don't Worry About Uni Debt;** Australia's HECS system of paying for university is just about the cheapest debt you'll ever have. Get educated.
- **Think About Insurance;** Life and income protection insurance only get more expensive the older you get. Be aware premiums rise with age, and for health insurance, sign up before you're 30.
- **Have Fun;** Life is for living. Money will never be less important again.

30s

For many people, their 30s are a decade of transition. After taking advantage of the family home for much of your 20s, you graduate from “kidult” phase and it’s time to move out and find your own place.

You’ve finished university and made the first steps towards establishing a career. This might involve moving cities, or even countries.

You might have found a partner, and you may be living together and talking about taking the next step. Children may be on the agenda, or they might have arrived already, bringing joy but also responsibility.

But where your parents thought of buying their own home as a rite of passage, for today’s 30 year olds it is much more difficult.

Rampant house price gains in major capital cities have put home ownership on the back burner for many 30 somethings. You may be resigned to renting long term, and while this might not be ideal, there is an upside. If you’ve been saving for a house deposit only to find yourself locked out of the property market, that leaves you with a nest egg or a sum to invest.

This raises questions about how to maintain this capital, and how to make it grow.

At the same time, your superannuation will be starting to build and you’ll see the balance creeping up with every annual statement.

If you haven’t already streamlined your various super funds from part-time jobs in your 20s into one account, now is the time to make those decisions and set up your super.

And while it’s probably not something you thought about in your 20s, but in your 30s it makes sense to organise life and income protection insurance.

It might seem dramatic, but it also makes sense to sort out your will, just in case. By your 30s you’ve likely accumulated assets which would need to be passed on if the worst were to happen.

Between all this, you’ll find life busier than it has ever been.

Six Point Checklist

- **Think About Super;** You probably have a number of accounts accumulated through various jobs in your 20s. Best to consolidate them in one account.
- **Get A Property Plan;** It’s harder and harder for first-home buyers in Australia. Get a savings plan and a strategy to get on the property ladder.
- **Start Budgeting;** If you are going to get ahead, you need to know where all your money is going and keep it under control.
- **Check Your Insurance;** Think worst case scenario and make sure you have some appropriate cover.
- **Do Some Tax Planning;** Understand how much tax you are paying and what you are entitled to do to minimise it.
- **Make A Will;** You’ve probably accumulated some assets, you may have a life partner and be starting a family. Having a Will makes sure your assets go to them if something happens.

40s

Forty is one of those glass half-full, glass half-empty ages. You are, after all, about halfway to the current life expectancy for Australians, but with life expectancy increasing all the time, there's every chance you'll make it into your 90s.

In many ways, your 40s are when you're at the top of your game. The career is humming along, you are still fit and energetic, and life seems pretty good.

But the 40s are also when things start to get complicated and responsibilities can start to weight.

The family you started in your 30s is now out of primary school and into high school. If you are committed to private school education that can be a major burden, and can really keep you on the treadmill.

With a family, you need a stable living situation and that means having a house. Hopefully you have managed to get onto the property ladder by now.

Maybe you had an investment property that have sold and used for a deposit for the family home. The super balance is gaining momentum, but that brings with it more questions. Should you change funds, set up your own or start making extra contributions?

Career wise, even if you are established, questions and doubts can start to creep in. Should you start your own business? Is it too late to change course? Is it worth uprooting the family for that better paid job in another city? While you are making decisions for your children, you're also watching out for your parents, who aren't getting any younger.

You may feel like you're sandwiched between the generations, and in your 40s, time can seem a precious commodity as you're busy taking care of everyone else.

If you aren't careful, the decade can slip by in a flash, and all of a sudden you'll be staring down the barrel of the half century.

Six Point Checklist

- **Stay Fit;** Especially if you are working too hard, take time out to look after yourself. You won't want to pay for neglecting your health with illness later.
- **Invest;** Not just in super, but maybe it's time to get some shares for yourself, or start a business on the side.
- **Check Your Super;** Perhaps you haven't thought about it in years. Maybe check how it's tracking and re-set it based on how many years you are from retirement.
- **Spend Time With Family And Friends;** It's counterproductive. We chart our own course in life. If you feel you need to do more, do it for yourself.
- **Look Forward With Confidence;** Feel satisfied with what you've achieved and anticipate the future. If you're not satisfied, there's still plenty of time.

50s

You're cleaning up after your sensational 50th birthday party and you go through a checklist of where you are in life.

You've partied until dawn with some of your closest friends and family and despite the hangover and the sleep deprivation, you feel pretty pleased about where things are at.

The kids are finishing high school, and seem to be on the right path to university and beyond.

The house is nearly paid off, and the business you started in your 40s is ramping up just at the right time.

The plan is still to sell it in a couple of years and take a step back and do all those things you've been promising yourself for years.

You don't think the house will be like a vacuum when the kids leave. It'll be an opportunity to reclaim your own life.

When you sell the business, you'll sell the premises you bought through your self-managed super fund, and cash up for retirement.

Thinking about the party, you realise you've been luckier than a lot of your friends of the same age who were celebrating with you. There were several divorces, and even the amicable separations meant that the assets were halved, so people had to reset their financial expectations and begin again.

Others had lost jobs and some had been retrenched several times. The redundancies were nice at the time, but a friend assumed he'd get a new job straight away and squandered the money. He didn't, and ended up at Centrelink. His confidence took a huge hit and he believed he was too old to get another job in his 50s.

There was the school friend who had had that debilitating illness. Like many, she'd assumed she was bulletproof, so didn't have income protection or disability insurance. She ended up moving back in with her elderly parents, and becoming their carer as they became progressively more infirm.

In your 50s, thanks to some good planning, you have a good launch pad for retirement. It's just sad that so many of your friends are desperately playing catch up.

Six Point Checklist

- **Set Some New Goals;** Write the bucket list. It helps you focus.
- **Re-Think Work;** Are you enjoying your job, or is it time to try something else? It's not too late to change as long as you plan carefully.
- **Get Serious About Super;** Now is the time to put your foot on the super savings accelerator. Don't freak out if you don't have enough super, there is still time. Just.
- **Don't Overspend;** With the kids off your hands, you probably have more disposable income than you've had in years. Enjoy that, but don't waste it.
- **Don't Over-Indulge The Kids;** You had to make your own way in life and moved into a share house in your teens. Don't sacrifice your own financial future to molly coddle your kids.
- **Focus On Health;** Get those check-ups, keep up the exercise. If life is a marathon, you are barely two-thirds of the way there and you need to stay fit to make it.

60s

Several global studies have revealed that, for most people, their 20s and 60s are the happiest decades of life. You might be ageing, but a large number of people still enjoy good health and many of life's challenges and chores have been overcome.

Children are living their own lives and may even have delivered grandchildren. You have the money to reward yourself with some of the things you have always aspired to, and work has finally taken a back seat. The golf clubs are getting a workout.

You may have sold the family home and downsized into a more practical situation, pocketing a tidy sum, which bought you that dream cruise to an exotic location.

That is the best case scenario, of course, but the reality is that many people still continue to work well into their 60s because they simply don't have enough super.

Many single women are in this unenviable situation – 70% rely on the pension and 40% retire below the poverty line.

According to super experts, we need at least \$1 million in super to retire in comfort, but today's 60 year olds were well into their working lives when compulsory super was introduced in the 1990s. Some do have that \$1 million, but many don't, and that means many people are still on the work treadmill into their 70s.

So the 60s are perhaps not as carefree as they should be for many people.

Those who have stopped working and are living solely on their super have another serious question to ponder: how long can I afford to live?

With average lifespans pushing past 80 all the time, many people will need to keep their hand in at some kind of work to keep things ticking over, and make sure their super doesn't run down too much.

So even though you may have fewer cares in your 60s, there is still business to take care of. A good plan can help.

Six Point Checklist

- **Get Some Financial Advice;** You're likely to retire this decade. If you've never had financial advice, now is the time to get some.
- **Think About Work/Life Balance;** Re configure your life with some part-time work if you want to take your foot off the pedal a bit, but don't want to retire yet.
- **Plan That Big Trip;** You're still healthy and if the finances are looking okay, think about treating yourself.
- **Think About Downsizing;** Perhaps having a big cull of your possessions, selling the family home and downsizing is the change you need.
- **Look Forward To The Future;** Retirement in Australia is increasingly the Third Age, a 20 odd year period of happiness and fulfilment. Think about making that happen for you.

70s

In theory, the 70s are the decade when work stops and retirement kicks in with all its rewards, benefits and relaxations.

That might be the case for some of us, but for many people the reality is that they need to continue working into their 70s because their super balances are inadequate. Recent analysis of Australian Bureau of Statistics data shows the number of over 45s who say they will not retire before 70 has dramatically increased, from 8% to 23% in a decade.

We might be living longer, but that requires more money to survive and many of us are working longer. For some, this is no chore. They enjoy their work and like to keep their hand in. They might still be running a business, but have taken their hands off the tiller and delegated day to day responsibilities to someone else.

While there is still work to contend with, many people are facing major health issues for the first time in their lives. Even if your health is relatively good, it is likely you will be visiting the doctor more frequently than you have before.

The sad reality is that in their 70s, many people will be mourning the loss of a life partner. For those who have divorced earlier in life, there are the challenges of being a 70s single, and issues of loneliness.

In terms of your living situation there is the question of downsizing, perhaps for a second time. Is the next move into a retirement living facility? If so, what can you afford and what services do you need?

So while the 70s should be the decade of smelling the roses, for many it is another balancing act. The balance on the super fund needs to be monitored regularly, and any major decision, such as a holiday, can have a serious financial consequence.

It is also the decade when the impact of your financial planning earlier in life becomes clear. Have you done enough and planned well enough? Not everyone, unfortunately, will be able to answer this question with a resounding "yes."

Six Point Checklist

- **Keep Your Momentum;** Whether it's travelling, taking up a hobby or volunteering, stay involved and keep yourself active.
- **Forget You're 70;** Each generation of 70-year old's is pushing the boundaries on what this decade means in terms of fitness and health. There's still a lot of fun to be had.
- **Check Your Estate Planning;** Make sure that if anything did happen to you, everything is in order and as you want it.
- **Take Advantage Of Being A Senior;** There's a range of entitlements and discounts for senior citizens. Use them, even if you don't feel like a senior.
- **Watch Your Super;** We've all heard the one about not being able to afford to live to 80. Keep a close eye on your funds so to make sure they don't run out.
- **Smell The Roses;** Cherish your friends and your family and enjoy the first chance in decades to live for the moment.