

Keeping in Touch

February 2020

Forty and fabulous

If you are in your 40s and feeling like your financial fitness could do with an overhaul, then make 2020 the year to do it!

These days your 40s is mid-life, given the average age expectancy for men is 84.7 years and for women it is 87.3 years¹. Rather than have a mid-life crisis and blow all your hard-earned savings on something that will only bring momentary enjoyment, how about sitting down with your financial adviser to take a good look at your finances and decide how financially fit you really are?

Assess your financial fitness

- In your 40s you may have a number of large expenses and conflicting priorities.
- Do you may have a mortgage (or two)?
- Do you own your car or lease it?
- Are you considering a career change or reducing your working hours to look after family? How will this impact your salary?
- Are you a small business owner with a lot of debt tied up in the business?
- Are you a parent juggling to pay school fees, extra-curricular activities, clothes, toys, excursions?
- Do you have ageing parents who are contemplating their aged care needs and the costs?

Looking at your whole financial picture and using financial modelling tools can help assess how financially fit you really are.

You've done the fitness test, now what?

Get a plan! If you don't have a financial plan, it's time to get one. A financial plan is designed to identify areas you can target to boost your savings and take a long-term view of your financial health. A financial adviser can work with you to develop and implement a realistic plan that considers your financial goals and objectives.

How fit is your super?

Aside from owning your own home, your superannuation can often be your biggest financial asset.

A quick super health check may help you increase your retirement savings. By looking at your investment options, your risk profile and whether you have multiple accounts that can be consolidated, then making some tweaks, you're already winning.

Super can be a bit boring to think about, but your financial adviser is knowledgeable in this area and can help you better understand how to better align your super to your overall financial goals.

Pump up retirement savings

Your 40s can be peak earning years, particularly if you have been in the same job for a long time or have returned to full time work after family or career breaks in your 30s.

Recent data from the Australian Bureau of Statistics highlights that employees aged 45 to 54 earned an average weekly income of \$1,544.20, the highest of all age groups.²

This may be the decade to divert some of your savings into your superannuation through salary sacrificing to build your nest egg during in your peak earning years. Be sure to do your homework and speak with a financial adviser to find out what your options are.

Financial Services Partners Pty Ltd

ABN 15 089 512 587 AFSL 237590

T 1800 006 216 W www.financialservicespartners.com.au

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Mo' money, mo' problems

If your 40s are your peak earning years, then you should be living it up, right? You could, but is it sensible and sustainable? How would you feel if you suddenly didn't have as much disposable income and had to scale back your lifestyle?

Having a sensible plan and a realistic view of your overall financial position can help you set and maintain financial goals now, and into the future.

Scale up your investments

You've got the plan, you've established you may be in your peak earning period, how do a few investments sound?

If you decide to start an investment portfolio, or increase your current level of investment, keep in mind that it's important to work with a financial adviser who can source and explain the different investment options and how they align to your financial objectives and risk profile.

Shares, bonds and Exchange Traded Funds generally have a long-term time horizon, so it's prudent to get advice before diving in.

Ready, set, go

Your 40s are a great time to really look at your finances and set, or re-set, your financial goals. Talk to your financial adviser. Secure your future. Make 2020 your year!

¹ <https://www.aihw.gov.au/reports/life-expectancy-death/deaths-in-australia/contents/life-expectancy>

² <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6306.0>