

## Financial Planning Weekly

### Investing in your 40s+

Your 40's are a transformative period in your life. It's that stage of adulthood where you've accumulated valuable life experiences, probably made a few questionable decisions, and hopefully learnt a good lesson or two, and have settled into a career and relationship.

These are also usually your peak earning years, which also means you likely now have more complex financial needs and demands. These could be from raising kids, managing debts (mortgage) to saving for retirement.

In our last 2 weeklies we touched on building consistent financial habits and setting yourself up for favourable financial outcomes early in life. [Click here](#) for a refresher.

Our 40's and beyond are the years where we should start paying more attention on saving for retirement. As you move closer to your golden years, your ability to convert human capital to financial capital slows down, and time is now a factor to consider.

Here are some tips to consider in your 40's and beyond.

### Pay down debts

Hopefully by now you are on the path to clearing ongoing debts, or even better, having none. If you haven't gotten around to dealing with these by now, then putting a plan in place should be considered a top priority. Having a clear path to being 'debt free' is emotionally liberating and will also give you more flexibility with your financial decision making.

### Review your retirement contributions and Super

Super is arguably one of the most effective retirement savings vehicles available to Australians. The government continues to provide different methods to contribute more funds into your Super. It is worth considering contributing more into super as you get closer to retirement as this will give you a more robust financial cushion during your golden years, which should in turn enhance your lifestyle and security in retirement. Not sure how to contribute? Read our [previous weekly](#) on 'Super Sizing your SuperFund'.

If you feel your super is more than covered, you may want to consider alternative structures to accumulate and manage assets. Check out our previous weeklies [here](#) on Structures.

### Combat lifestyle inflation

It is easy to let lifestyle inflation gobble up the extra income you earned and saved through your life. Before you know it, credit limits increase, and luxury items are obtainable. Although there is nothing wrong with rewarding yourself, arguably the more you earn, the more you should save. Without increasing your savings rate, you may fall short in retirement because of your adjusted living expectations. Bottom line, save the equivalent portion as your income increases.

## Get professional advice

If you are just starting to get serious late in the innings, seeking advice can be immensely beneficial and put you straight onto the right track. Professionals have the insights to help guide you and provide a road map on how to get to where you want to be. They can assist you in making informed decisions aligned with your long-term objectives.

## Review your risk appetite

We all get older, and hopefully wiser. Regularly review the asset mix of your investments, and ensure they align to your evolving objectives. A high growth portfolio may make sense in your 20's, but as your wealth accumulates over time, your risk appetite may change, or events may change the way you view risk. The older we are, the less time we have to ride out market movements. As such, your focus may move to capital preservation, and by doing so, lowering your exposure to growth assets, and allocating towards more conservative investments.

## Protect what you have

There are fewer opportunities to rebuild as we get older and the risk of health-related challenges increase. Life is already unpredictable, so it's worth doing a bit of estate planning whilst you have a sound mind. Things such as a Will, Power of Attorney and Personal insurance are worth discussing with a professional, and putting in place before things start going pear shaped. We've touched on this in a previously weekly. [Click here](#) to read more.

As you navigate your 40's and 50's, remember that everyone's financial journey is unique. Feel free to call or email me, and together we can review your asset allocation and design a plan that aligns with your distinct goals and circumstances. Investing in your 40's+ deserves personalised attention, and we're here to help you make the most of it.

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