



## Live well: build wealth and bury debt

If you're in your mid-thirties to mid-forties, you might be so busy getting through today that it's hard to give much thought to tomorrow. But life can be more than making ends meet.

Chances are you're busy with a career and children and juggling demands and debts. Maybe you're renovating, looking to upgrade the home or investing in quality education for your children.

It's a time full of financial pressures but also opportunity - opportunity to make your money work smarter for you and secure financial peace of mind.

### Getting more from your 30s and 40s

#### Debt management

At this stage of your life, responsibilities tend to grow and so can your expenses. Concentrate on reducing or eliminating non-tax-deductible debts like your mortgage, credit cards and personal loans, giving debts with the highest interest rates the highest priority. It might also pay to consolidate your loans under one lower interest rate.

Remember often the after-tax return on many investments can be less than what you're paying in interest on your mortgage, in which case paying off your mortgage sooner you can make hefty savings in interest payments.

## Discipline

Taking a disciplined approach to spending and saving can make the world of difference to your financial situation, and after a while can become second nature.

Don't underestimate the power of a budget to help you understand and manage your income and fixed and variable expenses. It can help you manage your cash flow and ensure you don't overextend yourself.

As part of your budget, include savings for things like children's education, holidays and emergencies. A financial adviser can help you take control of your debts and develop a budget, as well as helping balance your immediate needs with long-term goals.

## Beyond today

While it can be difficult to begin, putting away money now is essential for your future. And the sooner you start, the greater the benefits from compound interest.

You might consider investing in managed funds, a direct share portfolio, property, or even decide to borrow money to invest.

Superannuation in particular presents a number of opportunities for younger people with the Government trying to encourage everyone to start investing for retirement as soon as possible. By making personal contributions to super, you could take advantage of super's tax advantaged environment and, depending on your income, even be eligible for a co-contribution from the Government of up to \$1,000 a year until June 2012.

Some employers will also contribute extra if employees put money into super themselves. If your employer offers flexible remuneration packaging, this could provide benefits such as tax savings.

For example, by taking a little less home in your pay packet and asking your employer to contribute the difference pre-tax to your superannuation, you could end up paying less tax and having more money going into super from your after-tax income.

All investments have different pros and cons and your adviser can help you find the right mix for you.

## Peace of mind

Many people see their thirties and forties as the prime of their lives. With a significant earning capacity, flourishing career, established home and family, they may feel a little invincible.

But accident, illness or death can happen at any time so make sure you don't lose it if the unexpected happens. A financial adviser can help you ensure you and your loved ones enjoy a secure future by having the right insurance.

## Case study

38-year-old Blair is a self-employed plumber. Three years ago, he and his wife had their first baby and suddenly Blair felt an added sense of responsibility. The couple met with a financial adviser who showed Blair how relatively little he'd have to pay for some peace of mind in case something were to happen to him.

Taking the advice, Blair obtained:

- Trauma cover which would provide a lump sum payout of \$300,000, plus
- Income protection insurance which would provide him a monthly benefit of \$3,125 (after a one month waiting period)
- Both policies will continue until he reaches age 65.

Recently Blair was diagnosed with cancer. Fortunately his trauma policy payout helped him cover the costs of managing his illness as well as paying a lump sum to help pay off their mortgage and other debts, and leaving some money spare.

His income protection policy provided a monthly income while Blair underwent surgery and chemotherapy and was unable to work, supporting his family financially so Blair could concentrate on getting better.

Note: Assumes Blair has an annual income of \$50,000

## Helping you get more from your 30s and 40s

Speak to a financial adviser to find out which strategies are the smartest for your personal needs and circumstances. Good choices now will help you better manage your finances and give you greater flexibility and freedom in future.

**For more information contact RI SEQLD on 1800 065 551 or visit our website at [www.riseqld.com.au](http://www.riseqld.com.au)**