

# Make money work for you, for life.

There's no denying the critical importance of professional financial advice. But have you ever considered that as you grow and your circumstances change, you'll need to review your financial plan and align it to your chosen lifestyle? Welcome to the world of life-stage financial planning.

## **What is life stage financial planning?**

The concept of life-stage financial planning is not a new one; you'll find that many financial services companies have subscribed to this way of meeting clients' needs.

The traditional life-stages began with finishing school in our teens, starting our first job in our 20's, buying a house, getting married and having children throughout our late 20's and 30's and enjoying a long career until we retire at 65. But are these stages really relevant today?

During recent years, there has been a shift in social patterns. New trends have resulted in children staying at home longer and delaying marriage, career changes have become more common than they were just twenty years ago, and some people may never buy a residential property in favour of investing through global property trusts or managed funds. Hence, the 'traditional' life-cycle really doesn't apply to today's society. Life-stages have become more fluid. Therefore tailoring financial advice to stages defined by demographics such as age had to be reviewed.

## **How does this affect my financial journey?**

Today, life-stages are more likely to be related to the challenges that we face throughout our lives or where we achieve key milestones, either of which could happen at any time. Our financial strategies should reflect what is going on in our lives, for example a wealth accumulation strategy may be most appropriate as your career progresses and stabilises, whereas a focus on debt management may apply if you have just purchased a property or bought a car.

As your priorities in life change your insurance needs will also evolve. The insurance needs of a person with financial dependants such as children, a spouse or elderly parents are likely to be very different to those of a person who is independent.

Similarly, someone with financial obligations such as a car loan, or other credit, may need alternative cover to someone who has no debts. It is important to regularly review your requirements to ensure you and your loved ones are adequately covered.

To address the fluidity of life challenges and milestones, Consultum has identified some key 'Stages' (see Figure 1.1). For each of these 'Stages' there are some key financial strategies where your adviser can assist you to achieve the optimal outcome for your lifestyle. The next few editions of 'Connect' will examine each of these stages in detail.

### So you think it may never happen to you...?

Did you know that:

**Around 48,000** Australians have a **stroke** each year, meaning that a stroke occurs **every 11 to 13 minutes**. Stroke is one of the leading causes of long term disability in adults.<sup>1</sup>

Every working Australian has a **one in three** chance of becoming **disabled** for more than 3 months before turning 65.<sup>2</sup>

**One in eleven** Australian women will develop **breast cancer** by the age of 75.<sup>3</sup>

**Depression** strikes **one in four men** and **one in six women** at some stage of their life.<sup>4</sup>

Don't let life risks impact you and your family financially. Speak to your Consultum financial adviser today about your personal risk management plan.

<sup>1</sup> National Stroke Foundation, 2005.

<sup>2</sup> Institute of Actuaries of Australia, 2000.

<sup>3</sup> Cancer Council NSW, 2003.

<sup>4</sup> Victorian Government 'Better Health', 2004.

### Seek professional advice

Remember that your needs are unique and constantly evolving. For more information about life stage financial planning, please speak to your Consultum financial adviser. No matter what stage you are at, your financial adviser can help you identify the most suitable strategies to meet your financial needs, goals and objectives.

**Figure 1.1 Life stage financial strategies**

Which one are you?

Life stage	When you find yourself facing the challenge of:	Your Consultum adviser could help you with these strategies:
<p><b>Mastering the basics:</b> Major focus on savings</p>	<ul style="list-style-type: none"> <li>■ Starting a new job</li> <li>■ Funding further education</li> <li>■ Credit card debt</li> <li>■ Moving out of the family home for the first time</li> <li>■ Making significant purchases e.g. car, holidays</li> </ul>	<ul style="list-style-type: none"> <li>■ Set savings goals</li> <li>■ Consider an insurance plan , including income protection and trauma</li> <li>■ Managing your debts</li> <li>■ Centrelink entitlements</li> </ul>
<p><b>Multitasker:</b> Major focus on debt management</p>	<ul style="list-style-type: none"> <li>■ Purchasing property</li> <li>■ Marriage or cohabitation</li> <li>■ Providing for children or other dependants</li> <li>■ Changing jobs or starting a business</li> <li>■ Increasing household expenses</li> </ul>	<ul style="list-style-type: none"> <li>■ Debt management or consolidation, including mortgage considerations</li> <li>■ Insurance as a high priority (income protection, life , trauma, TPD)</li> <li>■ Superannuation strategies</li> <li>■ Centrelink entitlements</li> </ul>

**Figure 1.1 Life stage financial strategies cont.**

<p><b>Balancing out:</b> Major focus on wealth accumulation</p>	<ul style="list-style-type: none"> <li>▪ Managing your costs of living</li> <li>▪ Stabilising your career path or business</li> <li>▪ Changes to your family structure, e.g. blended families, separation</li> <li>▪ Continued support of dependants</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accelerate your wealth accumulation and investment</li> <li>▪ Gearing</li> <li>▪ Tax effective strategies</li> <li>▪ Insurance review in accordance with income and obligations</li> <li>▪ Salary sacrifice</li> <li>▪ Superannuation strategies</li> <li>▪ Estate planning considerations</li> </ul>
<p><b>Changing priorities:</b> Major focus on superannuation</p>	<ul style="list-style-type: none"> <li>▪ Health challenges</li> <li>▪ Incoming inheritances</li> <li>▪ Transitioning to part-time work</li> <li>▪ A greater degree of independence</li> <li>▪ Funding your preferred lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>▪ Superannuation strategies</li> <li>▪ Review your style of wealth accumulation and investment</li> <li>▪ Tax effective strategies</li> <li>▪ Insurance review</li> <li>▪ Business succession planning</li> <li>▪ Estate planning considerations</li> </ul>
<p><b>The golden years:</b> Major focus on enjoying life!</p>	<ul style="list-style-type: none"> <li>▪ Funding your lifestyle</li> <li>▪ Providing for children &amp; grandchildren</li> <li>▪ Downsizing the family home</li> </ul>	<ul style="list-style-type: none"> <li>▪ Superannuation</li> <li>▪ Retirement income streams</li> <li>▪ Allocated pensions</li> <li>▪ Centrelink entitlements</li> <li>▪ Reverse mortgages</li> <li>▪ Estate planning considerations</li> </ul>

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