



## Feature Article

Welcome to this latest edition of our newsletter!

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*In this issue, we have the latest in our series of looking at the financial challenges of a particular age group. Welcome to the world of the 50 - 60 year olds! This is followed by some financial goals we've identified that will help you to achieve the lifestyle that you want.*

*Finally, there is our usual mix of content that we found on the web that we think will be of interest to you.*

*Best wishes!*

*Brian*

## Main Articles

### Your 50's - time to build and retain your wealth

*This is the latest in our series of articles that consider the financial challenges for clients at a specific stage in life. This time we're looking at people who are in their 50's. This is a really important stage in your financial life as it is often the time in life of maximum income and the greatest opportunity to really build your wealth.*



This is the latest in our series of articles that consider the financial challenges for clients at a specific stage in life. This time we're looking at people who are in their 50's. This is a really important stage in your financial life as it is often the time in life of maximum income and the greatest opportunity to really build your wealth.

Here are some thoughts on how you might approach your finances differently in the second half-century of your life.

#### **Accept advice and help**

We very definitely put this one at the top of the list, as there are some crucial strategies to implement correctly at this stage in your life. If you should make major mistakes in relation to your retirement funding during your 50's, you probably won't have enough time on your side to fully recover from them. There are also significant tax saving opportunities available to you in retirement funding, investment schemes and exiting your business. Each of these needs to be considered carefully. This is also a critical time to plan how to transfer your wealth to the next generation in a tax efficient way.

Each of these (and more) are important strategies to get right and each of them require careful advanced planning. We modestly suggest that you accept our help in helping you to maximise the financial opportunities open to you. At the end of the day, research has shown us time and time again that clients who accept advice and help from experts achieve better outcomes.

#### **Have crystal clear goals**

Now is not the time to muddle along and hope for the best. We encourage you to take a step back from your bank and investment statements and really look into the future. What does your desired **life** look

like for the next 20/30/40 years? When you have this picture clear in your head, then it's our job to show you what you need to do to achieve it. We'll create the plan and then work with you every year to ensure you achieve your dreams. Without the clarity of your dreams and objectives, are you just drifting along to see where life takes you?

### **Don't touch bonuses**

Now we start getting very practical! Hopefully at this stage of life your monthly income exceeds your expenditure. You probably have the back broken of your mortgage or even your mortgage may be behind you. Bonuses that you get in work or from inheritances etc. are very welcome, but in truth probably not necessary to fund your life today. So don't use them for today, give yourself more options in the future. If invested wisely, they might help you to retire earlier, buy a place in the sun or (not quite as exciting!) pay for long-term care later in life. Do you really need that 3<sup>rd</sup> holiday this year or the very top of the range car?

### **Maximise your pension contributions**

Once you hit your 50's, you can get tax relief on your own pension contributions at your marginal rate on 30% of your net relevant earnings. Once you hit 55, this rate increases to 35%. While there is a maximum annual amount of earnings of €115,000 for which tax relief will be given, if you have spare cash there are great tax saving opportunities here. Of course if you have your own business, there are opportunities for even greater tax savings through making pension contributions. As you generally cannot claim relief for years gone by and as the radio ad says, "Once they're gone, they're gone", don't let these opportunities slip through your fingers.

### **Pay attention to your investments**

As mentioned earlier in this piece, your 50's are a time for continued wealth accumulation, but without taking significant bets at this stage. It's really important that you work very closely with your adviser to ensure that your investments reflect your timeframes and your appetite for risk. You should be watching that money grow in a way that doesn't cause you sleepless nights.

### **Keep the kids moving!**

Yes we all want to help our kids and we're not advocating that you throw your kids out on to the streets once they are through college! But at the same time, be careful about the level of support that you give to them in buying a house or in their careers. Support them fully ***within your means***, but don't let their financial needs derail your own goals. Otherwise financial problems will just stack up for you in the future, and these may also come back to haunt your kids!

Your 50's are a time of great financial opportunity. Please give us a call and we will help you to make the most of these opportunities for you and your future.

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## **8 Great Financial Goals to improve your Lifestyle**

*We're now well into 2018 and we often find that the finances of our clients settle down a bit at this time of year. The madness of Christmas is behind us, and a lot of annual financial commitments have often come and gone at the start of the year. Spring is a good time to take a step back*



We're now well into 2018 and we often find that the finances of our clients settle down a bit at this time of year. The madness of Christmas is behind us, and a lot of annual financial commitments have often come and gone at the start of the year. Spring is a good time to take a step back and consider how you can maximise the impact of your financial resources in achieving your desired lifestyle.

We've done some thinking on this and have set out 8 ways in which careful management of your finances can positively impact your lifestyle goals.

## 1. Don't live on the financial edge

We have come across a number of situations with new clients over the last few years in which they have relatively significant investment portfolios, but without any real liquidity. Their money is tied up in properties and other long-term investments.

One of the impacts of this is the discomfort it causes, as the conversation includes statements such as, "We're fine once there are no short-term shocks and we need money".

Why put yourself though this? We suggest that you keep a portion of your investments accessible at all times. You might want to (or have to) take a few months off work, do some significant work to your house, or financially help a family member. Allow yourself the luxury of being able to do these things.

## 2. Pay yourself first

Saving money for the future and planning your retirement are among your most important financial activities. Treat them like this. We've seen many examples of people who save whatever is left over at the end of the month. This approach unfortunately rarely works as there is no lid put on spending.

Instead we advocate that you identify in advance how much you want to save each month and take this money out of your current account immediately after payday. You are now more likely to curtail unnecessary spending as you see your account balance reduce over the month. Yes, from time to time you will need to dip into your savings – but at least now they are there to allow you to do so!

## 3. Clear your debts

Debt is the drag on all your finances and once these are cleared, everything you earn is pretty much for you. Actively look to pay off your debts. There are many different ways of doing this; negotiating better interest rates, paying off high interest rate debts first or paying off your smallest debts first (known as the snowball effect). Talk to us and we'll give you a steer on how best to do this.

## 4. Create multiple income streams

We have a client who took the plunge a few years ago and left corporate life, establishing himself as a self-employed professional service provider. He then started writing a (paid for) newspaper column and soon after starting lecturing too, which was another nice income stream. He's gone on to collaborate on two books which have both delivered income. He hugely enjoys each of these activities. And all the while his own consulting business blossomed.

We all have multiple skills. The trick is identifying our skills and passions and then leveraging them so that work is not really *work!*

## 5. Plan to retire early

We're not saying necessarily that you *should* retire early, instead we're advocating that you plan to do so. Pay a lot of attention to your retirement planning, if possible don't plan that you'll be ok if you work until you're 68. Instead plan so that you can retire at 55 or 60 or whatever age makes sense for you. Of course, it doesn't mean you *have to* retire early; you can work into your 70's if you want! But now you'll be working on your terms, without financial pressure.

## 6. Live within your budget

First of all, do you have a household budget? Because if you don't, you should... Identifying what you currently spend every month and what you should be spending each month are an important step in getting your finances under control. The next step is to live within your means, and this means that your income should comfortably exceed your spending. If it doesn't it's time to either rein in your spending or cut some items from the budget.

## 7. Don't skimp or overspend on insurance

Insurance is a tricky business, and let's be honest it's a cost that none of us enjoy paying for. In the best-case scenario, we get nothing back for our money because we've had no need to claim! By the time you insure your house, cars, health, income and life, the costs really start to stack up!

It's important as a result to get the right levels of cover in place. Don't skimp on insurances, some of them are legal requirements such as car insurance and indeed the requirement for life insurance usually

forms part of your mortgage contract. You need to have enough in case anything goes wrong. However we also see situations where people have too much cover, where they are over-insured. At a claim stage, your pay-out will be limited to your **insurable interest**, the amount required to make good your loss. We can help you to identify the right level of life assurance and income protection that you need to ensure that your financial goals can be achieved, no matter what happens in the future.

## 8. Leave a great legacy

We place a lot of store on helping our clients to plan for when they are gone. You don't want to leave a financial mess behind you, potentially a tax bill and huge worries stacked on top of grief for your family. Instead you want to leave a large bank of great memories and a capability for your family to achieve their full potential and dreams. This can be done, but it requires careful planning and we will help you to do this.

We hope that there are goals in here that you can implement immediately. We would love to help you develop your thinking and your plans around them, so please feel free to give us a call to discuss them further.

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### Around the Web

#### Market Crash Makes Case for Multi-Asset Investing

*A little volatility should not trouble a long-term investor, but investors who are diversified by asset class experienced far milder recent losses.*

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#### Buffett's Annual Letter – Some Key Takeaways

*Warren Buffett's annual letter is always a must-read for investment enthusiasts. Here are the key points from his 2018 letter.*

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#### Why Hardcore Saving is much more Powerful than Masterful Investing

*At the end of the day, your financial outcomes are largely determined by how much you actually save.*

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#### Overhaul of pensions tax relief would affect thousands of workers

*A move to a standard rate of tax relief could have a significant impact on higher rate tax payers who are saving for retirement.*

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#### 10 Things You Need to Do Before You Start Investing

*Here are 10 things that you really should do before you even consider investing in anything beyond a savings account.*

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#### Burdened by teenage kids and elderly parents, it's grim for 'parent-sioners'

*Financial woes are making people delay having children and getting on the property ladder.*

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