



## Don't wait until your 60s to see a financial adviser

**Ask most 30 year olds who their financial planner is and the typical response might be 'huh?' After all, financial advisers are for older people with plenty of money to invest, aren't they?**

Well, yes, people nearing or in retirement will benefit from sound advice. But so will younger people. With the benefit of having time on their side, and with some help from an adviser, a 30-something can easily establish a wealth creation plan that can deliver a big payoff in the future.

### **Harness compound interest**

It's been called the most powerful force in the universe, and compounding returns – earning interest on your interest – can deliver dramatic results.

Imagine that, at age 30, you commence a simple savings plan. You contribute \$2,000 each year to an investment that delivers an after-tax return of 6% pa. After 30 years you will have contributed a total of \$60,000, but your investment will be worth

\$158,116. The magic of compound interest will have delivered you an effortless \$98,116! The longer you go and the more that you contribute the bigger the ultimate balance.

### **Manage debt**

The wrong sort of debt can have a huge impact on your future wealth. High interest debt such as credit cards and payday loans should be avoided if at all possible. Consolidating several debts into one lower interest loan can help get debt under control and save you heaps of interest.

Even with 'good' debt, such as a home loan, simple strategies can pay big dividends.

For example, repayments on a \$500,000 mortgage at a 4% pa interest rate over 30 years will be \$2,146.90 per month. Increase mortgage repayments by \$166.67 per month (\$2,000 per year) and the loan will be repaid in just under 25 years, saving \$80,144 in interest.

In these examples the savings plan delivers the bigger result due to the higher interest rate. However, paying down the mortgage is a low risk strategy. The higher return from a long-term savings plan is likely to come with a higher level of risk. An adviser can help you find your investment risk comfort zone.

### **Where will the money come from?**

While many people in their 30s can easily find a couple of thousand dollars a year for savings and debt reduction, for others that's not such an easy task. However, significant savings may be hiding in plain sight. For example, the average Australian household throws away over \$1,000 dollars worth of food every year. There's half the target already. Buying lunch each day can easily cost over \$2,000 a year. Taking lunch from home occasionally could easily provide the rest.

### **Don't forget protection**

Regardless of age, bad things can happen. The financial consequences of death, illness or disability can be devastating, and the younger you are the bigger the potential impacts. How will your retirement look if you're no longer able to earn an income or contribute to super?

Most Australians have much less life and disability insurance than they need. Your adviser can help you ensure that your family's wealth creation plans are well protected.

### **Who's your financial planner?**

Simple savings plans or increases in mortgage repayments are simple strategies that anyone can put in place. However, we live in a complex financial environment, and expert advice can really help you make the most of the wide range of opportunities available. This includes choosing the right savings structures (superannuation or non-superannuation), and investment products that suit your resources and priorities. A planner can also help you find hidden savings, and run the numbers to help you choose between different strategies.

Ready to meet your financial planner? Just give us a call.

### **Sources:**

Australians Throw Away Nearly \$10 Billion In Food Waste Each Year:  
[https://www.huffingtonpost.com.au/2017/10/24/australians-throw-away-nearly-10-billion-in-food-waste-each-year\\_a\\_23253505/](https://www.huffingtonpost.com.au/2017/10/24/australians-throw-away-nearly-10-billion-in-food-waste-each-year_a_23253505/)

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