



Antipodean Advisory

Antipodean Private Pty Ltd
133 Alexander Street
Crows Nest NSW 2065
Phone: 1300 101 250
Mobile: 0438 893 571
Email: michael@antipodeanadvisory.com
Web: www.antipodeanadvisory.com

6 ways to navigate your finances in your 40s

Although marriage, mortgage, and young children may have characterised your 30s, your 40s often feature growing responsibilities and ever-competing priorities. Your parents are older, your mortgage is still on foot, children's education costs are growing, and though retirement may seem a distant reality, planning for that reality becomes an important consideration.

The good news is that in your 40s, the financial planning you undertook in your 30s begins to come to fruition. Perhaps even better news for many is that it's still not too late to start this planning in your 40s if you haven't already done so.



Getting organised and keeping your finances fit

A common goal across all age brackets is to organise and optimise your financial affairs. *Everyone* needs a financial plan, and all plans should be in writing so as to be measurable and accountable.

At a minimum, your financial plan should encompass your current circumstances, such as specific financial goals, budgeting, emergency funds, cash flow, as well as your road map for achieving these objectives. This road map should cover both wealth-accumulation strategies – that is, growing your investments – and wealth-preservation strategies, which can include using appropriately structured life and income insurance as well as appropriate legal documentation, should something happen to your health, life, or family situation.



Antipodean Private Pty Ltd
133 Alexander Street
Crows Nest NSW 2065
Phone: 1300 101 250
Mobile: 0438 893 571
Email: michael@antipodeanadvisory.com
Web: www.antipodeanadvisory.com

Once you have this plan in place, you need to regularly review it and adjust it when changing laws and circumstances dictate.

Maximising your cash despite vying priorities

Do you have a budget? In your 40s, you should have a family budget that you also regularly review. Simply writing down and ranking your key priorities, then allocating the cash flow accordingly, can bring valuable clarity and simplicity to your budgeting.

Often, you don't need to earn *more* to improve your cash flow; you just need to better manage the money that passes through your hands. Depending on your marginal rate of tax, a dollar saved can almost be worth as much as \$2 earned.

Paying off your mortgage faster

In your 40s, with luck, you've left behind the credit card debt and personal loans from your 20s and 30s. After all, these days, you've got enough to juggle and should be dealing with only one non-deductible debt. For everything else, don't buy it if you can't afford it (this includes upgrading to a bigger house that you really can't afford). There are a few techniques for accelerating the repayment of your mortgage and saving thousands of dollars of interest over the life of the loan:

Consolidating your debt;

- Finding a loan with a great rate;
- Making extra repayments;
- Making repayments fortnightly;
- Efficiently using a mortgage offset account;
- A combination of the above.

Using superannuation effectively

Although superannuation is an important vehicle for your retirement wealth, if you're in your 40s and more than 10 to 15 years away from retirement, it's generally better to use your surplus cash flow for the repayment of non-deductible debt instead of additional pre-tax super contributions. Within 10 years of retirement, it's typically better to flip this strategy and focus on maximising superannuation contributions with your surplus cash flow.

Growing and accelerating your wealth

Given Australia's ever-changing superannuation rules, it's a good idea to have some investments outside of this retirement vehicle. These investments can provide you with the flexibility of a retirement before the superannuation preservation age (the age at which you can access those funds).



Antipodean Private Pty Ltd
133 Alexander Street
Crows Nest NSW 2065
Phone: 1300 101 250
Mobile: 0438 893 571
Email: michael@antipodeanadvisory.com
Web: www.antipodeanadvisory.com

You can grow your personal wealth either from your own cash flow (after tax savings) or by borrowing money to invest. It may be appropriate to consider your wealth accumulation and debt management strategies together (that is, a debt recycling strategy). A well-constructed portfolio is one that takes into account your objectives and personal circumstances. It should be well diversified and should focus on performance.

Navigating your 40s *and* your finances can be a challenging combination, but with some help and careful financial planning, you can achieve your financial goals and live the life you want.