

Financial Planning at Different Life Stages

The 4 Financial Life Stages

1. The *Early Career Stage* – ages 18 to 30
2. The *Career/Family Stage* –ages 31 to 50
3. The *Pre-Retirement Stage* ages 51 to 69
4. The *Retirement Stage* - age 70 and beyond

Planning for each life stage

In order to secure the financial resources needed to live comfortably throughout life, it is important to understand the financial responsibilities that occur at each stage.

This financial knowledge will help decrease the stress and anxiety often associated with decisions or issues regarding money.

1. Early Career Stage

Some people may be working full time, while others may be furthering their education while working part time.

Personal goals tend to be short-term, with a priority on accumulating material possessions.

Therefore, budgeting becomes very important and should be a key focus at this stage.

Responsibilities at Early Career Stage

- Monitor your debt levels
- Pay your debts as quickly as possible
- Always pay off high interest debt
- Establish and maintain a good credit history
- Start a savings habit
- Get a retirement savings plan started
- Build an emergency savings fund
- Have suitable life insurance (for those starting a family)

2. Career / Family Stage

The stage where you begin to assess your net worth. Your net worth is made up of your assets, minus your liabilities (debts).

Your assets are everything that you own that has a dollar value.

Your debts are anything that you owe, which often are monetary debts.

Your focus is starting to shift from wealth accumulation to wealth management, particularly as you approach age 50.

Responsibilities at Family / Career Stage

- Obtain sufficient health and life insurance to preserve your family's security and well being.
- Implement a savings plan, and invest your savings to prepare for retirement.
- Maintain a budget and manage debt to control expenses, which usually rise at this stage.
- Ensure that you repay your debt obligations without any negative impact on your retirement savings, insurance protection or family goals.

3. Pre-Retirement stage

The closer you get to retirement, the more you will want to be cautious in investing your savings.

You should start shifting from thinking about aggressive growth and accumulation of wealth, to financial safety and security.

Make it a priority to ensure that you will enter retirement having little to no debt (ex: paying off your mortgage, paying off & avoiding credit card debt, avoiding personal loans, etc.).

Responsibilities at Pre-Retirement Stage

- Update your life and health insurance.
- Make a legal will to distribute your wealth as you intend.
- Make a realistic assessment of your anticipated retirement income and living expenses.
- Reduce or eliminate discretionary expenses (ex: downsize vehicle, pay off mortgage, eliminate credit card debt, etc.).
- Identify whether your income sources are lifelong or exhaustible.

4. Retirement stage

At this stage in life, it is likely that you have less income but also fewer expenses.

Managing income and making spending adjustments are critical.

Your housing needs may change and downsizing is a common practice.

Your financial focus turns to estate preservation.

Responsibilities at Retirement Stage

- Manage your investments to generate income and protect from inflation.
- Maintain adequate health insurance and reconsider the need for life insurance.
- Have little to no debt.
- Simplify and organize your finances.
- Concentrate on the activities that are important to you.

Thank You!
Questions? Comments?
(contact information)