

## canberra times: q&a

**Q1: I am 54 years old, divorced, earning a reasonable income and just starting to rebuild my savings. Is retirement planning still useful for someone in my situation or have I left it too late?**

Withheld, CANBERRA

A 1: The first point I would make is that the most important financial planning tool available is time. With time to work with, there are many strategies and disciplines which can be implemented to make the most of your financial situation. You may well still have another 10 years of work ahead of you.

The second point I would make is that everyone has a unique financial situation due to all previous decisions, whether good or bad, lucky or unlucky, and you need to get comfortable with letting your history be just that, and start taking action to make the most of your situation for the future. It is easy to get bogged down when comparing your situation to that of others, and this can lead you to taking no action at all.

When ready to take action, then get some professional advice. A certified financial planner can assist you by putting you in the picture about what you have and where you are going financially, to allow you to understand whether you are currently on track to achieving a comfortable retirement and achieving all of your desired financial objectives.

Once in the picture, your planner can then show you a number of financial strategies which can be applied to improve your retirement outcome. Should you not be on track to achieving all of your objectives, then your planner can help you understand what trade offs you can make to achieve most of your objectives, i.e. retiring at 65 rather than 62, or focusing on budgeting to spend \$40,000 pa leading up to retirement rather than \$45,000 pa.

A typical process for working with a financial planner is:

Step 1 - Initial meeting or Financial Check Up – here the financial planner can assist you in making sure you understand what you currently have, where you are financially, and also open your eyes to things you may be able to do that you perhaps have not thought you were in a position to explore.

Step 2 – Prepare a Financial Plan – to show you what life is expected to look like doing what you are doing now, and comparing this to the expected outcome should you apply various financial strategies.

Step 3 – Implement any Changes – such as budgets, new investments, savings plans, personal insurance policies, etc.

Step 4 – Keep You On Track - with ongoing advice to regularly fine tune your strategy and keep you in the picture about where you are heading.

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Regardless of age or objectives, one of the most valuable things you can do is to understand where you are heading financially. The sooner you do this then the sooner you will have the information required to be informed about what you need to do to achieve a comfortable retirement. A challenge for many is to not over-think things. From experience, many people are better off than they realize, but time to make positive changes is key.

Phil Thompson is a certified financial planner and authorized representative of Rise Financial Pty Ltd (ABN 86350987645), AFSL 311718, an Approved Financial Planning Association Professional Practice. Answers should be used as a general guide only and professional advice should be sought before making investment decisions.

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