



## Preparing for retirement in today's world

To prepare for retirement, there's forced savings in the form of social security, such as superannuation. Other options to arrange for a secure financial future are savings in the bank, investments and insurance.

These days, preparing for retirement has become more challenging because of people's [longer life expectancies](#) and lifestyle choices, including [delaying marriage](#).

## Preparing for a longer life

Today, people can expect to live longer because of the many advances in science and technology, especially in the field of medicine. The challenge, however, is to ensure those additional years of life are adequately funded.

Therefore, when saving for retirement, it's crucial to set a reasonable future monthly budget to maintain your preferred standard of living. You also want to consider inflation if you were to, say, retire in 10, 20 or 30 years' time.

Would your superannuation and savings afford you the

lifestyle you want during retirement? Should you be making investments or increasing your savings now? Would buying life and health insurance help to secure your finances during retirement?

These are crucial questions worth mulling over if you want to ensure you're adequately provided for when you retire.

Women, in particular, need to find ways to smoothly navigate their future financial path as they [outlive men](#) in general.

If you're married or have a partner, you'll need to contemplate your and your partner's future care and health requirements.

## Modern family setups

Aside from delaying marriage and having children later in life, some people decide to stay single. Some people, whether they're married or unmarried, choose to have kids, whilst others opt to remain childless regardless of their marital status. And then there are those who marry, divorce, remarry and form blended families.

Whether you have a simple or complex family structure, it's worth thinking about estate planning for the preservation of your assets and the protection of your beneficiaries.

To ensure your retirement plans and estate planning work harmoniously, it's best to get the advice of your financial advisor or a wealth management expert.

You could start looking into trusts, asset titling and other viable estate planning tools to smoothen the wealth transfer process. This is especially crucial if you have a blended family, to prevent conflict over your estate in the event of your passing.

## Options for you

The earlier you can plan for retirement, the better.

And it's a good thing people have several options open to them today.

Instead of relying on the typical nine-to-five office job, you could get a side gig or freelance work. You can even juggle several remote jobs.

Also, some people at or near retirement age take on encore careers or delay retirement by simply doing the things they love and getting paid for it.

Whatever you do, don't forget to set aside some of your earnings for your future self.

You'll thank yourself for it someday.

***If this article has inspired you to think about your own unique situation and, more importantly, what you and your family are going through right now, please contact your advice professional.***

***(Feedsy Exclusive)***



## Common Investment Pitfalls to Avoid

Investing, a realm filled with potential opportunities and pitfalls, demands careful consideration to navigate successfully. Each misstep along the way can serve as a valuable lesson, contributing to a more refined and robust investment strategy. Here are 20 crucial investment mistakes to be aware of, each of which plays a pivotal role in shaping a sound investment approach.

- **Setting Unrealistic Expectations:** Investors must maintain realistic return expectations to stay committed to their long-term goals amidst

market fluctuations.

- **Lack of Clear Investment Goals:** Without clear long-term objectives, investors risk being swayed by short-term trends or the allure of the latest investment trends, losing sight of their primary financial ambitions.
- **Inadequate Diversification:** Diversification is essential for risk management, as over-relying on a single stock can significantly impact a portfolio's overall value.
- **Short-term Focus:** A fixation on short-term market movements can lead to doubts about the original strategy, resulting in impulsive decisions.
- **Buying High and Selling Low:** Emotional reactions to market volatility often harm overall investment performance.
- **Excessive Trading:** Studies show that highly active traders typically underperform the broader stock market by an average of 6.5% annually.
- **High Fees:** Ongoing fees can significantly eat into investment returns, especially over extended periods.
- **Overemphasis on Taxes:** While tax strategies like tax-loss harvesting can enhance returns, making decisions solely based on tax implications may not always be beneficial.
- **Infrequent Investment Reviews:** Regular portfolio evaluations, preferably quarterly or annually, ensure alignment with investment goals and highlight the need for rebalancing.
- **Misunderstanding Risk:** Striking the right

balance between too much and too little risk is crucial, as excessive risk can lead to discomfort, while insufficient risk may yield inadequate returns.

- **Unawareness of Performance:** Many investors are not fully aware of their investment performance. Regularly reviewing returns, accounting for fees and inflation, is vital to assess progress towards investment goals.
- **Reactivity to Media:** Short-term negative news can trigger fear, but it's essential to maintain focus on the long-term trajectory.
- **Ignoring Inflation:** Historical inflation averages around 4% annually, which can significantly erode purchasing power over time.
- **Attempted Market Timing:** Trying to perfectly time the market is exceptionally challenging and often less profitable than remaining consistently invested.
- **Insufficient Due Diligence:** It's critical to verify an advisor's credentials using online resources to review their history and any complaints.
- **Incompatible Financial Advisor:** Taking the time to find an advisor whose strategies align with one's goals is crucial for a successful partnership.
- **Emotion-Driven Investing:** Maintaining rationality during market fluctuations is essential to avoid emotional decision-making.
- **Chasing High Yields:** High-yield investments often come with higher risks. It's important to align investments with one's risk tolerance.
- **Delaying Investment:** Starting to invest early can

lead to greater potential returns, as exemplified by comparing the outcomes of investing \$200 monthly from different starting ages.

- **Not Controlling the Controllable:** While market trends are unpredictable, investors can manage their own contributions, which can lead to significant outcomes over time.

To avoid these common pitfalls, investors should seek financial advice, prioritise rational decision-making, and focus on long-term objectives. Factors such as financial goals, current income, spending habits, market conditions, and expected returns should guide portfolio construction. This approach helps investors steer clear of short-term market volatility and underscores the importance of consistent, long-term investments in wealth accumulation.

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This information does not take into account the objectives, financial situation or needs of any person. Before making a decision, you should consider whether it is appropriate in light of your particular objectives, financial situation or needs.

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**Refinancing your mortgage, should**

## you go fixed or variable?

A mortgage refinance entails taking out a new loan to replace the old one. Refinancing a mortgage is often done by homeowners in order to obtain more advantageous or favourable interest rates or other loan features that can result in cost savings. So, when you refinance your current mortgage, it's presumably done for you to get one with better terms.

When you go for mortgage refinancing in Australia (or wherever you're located), you usually need to choose between fixed and variable loans.

### Fixed and Variable Loans – A Comparison

You may have encountered the terms fixed-rate and variable-rate home loans when you first took out a mortgage. However, if your memory's a bit rusty now, the comparison below should help.

#### Pros and cons of fixed-rate home loans<sup>1</sup>

A fixed-rate home loan provides security and stability in the face of an erratic real estate market, which is frequently impacted by factors like political conditions or a variety of overlapping elements. Thus, it can protect you from changing interest rates, allow you to budget accordingly and provide peace of mind. Of course, when done right, it can also mean significant savings.

However, if market conditions become favourable and interest rates go down, the fixed rate you've committed to earlier could mean you pay a rate that's too high. Also, a fixed-rate home loan can make certain features like an offset account or redraw facility inaccessible, so make sure you discuss this with your mortgage

refinancing provider. You may not be able to make additional repayments as well, even when you can afford to do so.

#### Pros and cons of variable-rate home loans

Home loans with variable interest rates are flexible contracts that can be modified in response to changes in interest rates set by the Royal Bank of Australia (RBA) or the lender. It can be a better strategic move to switch from a fixed-rate loan to a variable loan in a market where interest rates are going down. Choosing a variable loan can also mean access to additional features like offset and redraw facilities, bank accounts and credit cards.

However, mortgage refinancing with a variable loan can also mean stress arising from the uncertainty of rates, higher fees from using the aforementioned extra features, and higher repayments due to rate increases.

#### Get Expert Advice When Refinancing Your Mortgage

Going for mortgage refinancing may seem like an attractive option.

However, you can gauge the soundness of your plan better after discussing your equity and capacity with your advice provider.

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