

## 5 Financial Stages of Life: What you can do in each stage to promote financial wellbeing



### Stage 1: Entering the Workforce

- Build your savings and establish a good credit history. This will make purchasing assets like a car or home with credit/loan much more accessible. It takes time to build but will pay off in 5-10 years when you are ready to make those essential purchases.
- Avoid increasing high-interest-rate debts and pay the outstanding ones as soon as possible. Examples include student loans and credit card debt.
- Live within your means and control that which you can. When considering purchases, evaluate monthly expenses and savings goals before purchasing.
- Start thinking about your retirement and set up your financial accounts early. Take advantage of 401(k), 403(b), Roth IRA, or any other opportunity your employer may offer.
- Get disability insurance to help cover your expenses while you recuperate in case you become seriously injured or ill.

### Stage 2: Family and Career Building

- Purchase health and life insurance to protect you and your family from risks.
- Update your disability insurance to ensure you have enough protection.
- Review your estate plan and prepare your will. This becomes vital as you increase your assets and produce more beneficiaries.
- Save for college education for your child(ren). Explore options and get help finding suitable options for you and your family with a financial advisor.
- Take opportunities to grow your income and diversify your portfolio.
- Grow your savings. When paying your bills every month, remember to pay yourself.



# P L A N N I N G



## Stage 3: Pre-Retirement Years

- Continue to pay off your mortgage and other debts.
- Ensure you have enough money to send your kids to college or contribute to their goals as you have planned without having to apply for additional loans.
- Review your options for reducing your taxes at retirement. Most income sources in retirement are taxed.
- Plan for retirement. Regularly check your portfolio to ensure you are on the right track. Seek support from your financial advisor as needed along the way.

## Stage 4: Early Retirement Years

- Have a clear idea about your potential expenses during retirement.
- Update your will and evaluate your estate plan to ensure your investments are in order and the estate you will leave to your family is as you intended.
- Strategically turn your retirement and pension savings into income. Utilize your accountant and financial advisor for advice and to develop strategies that meet your needs.

## Stage 5: Later Retirement Years

- Consider ways to limit your overall tax liability.
- Remember that tax brackets matter - larger withdrawals can take you to a higher tax bracket.
- Update your estate plan regularly and every time you get rid of or acquire new assets.
- Learn about long-term care. Explore the options to see what places and prices make sense for you if you should need assisted living later in life.

