INFORMING YOU

FLYING SOLO: FINANCIAL ADVICE FOR SINGLES

Single and fabulous? Make sure your finances are in top shape as well.

Whether you're single by choice, readjusting after a break-up or the death of a partner, or maybe you just haven't found The One yet – you probably agree that single life comes with a lot of personal freedom and flexibility.

It can also bring plenty of financial freedom too, since you may have fewer monetary commitments – and more to spend on yourself. For instance, you might be more likely to spend big on things like overseas adventures or treating yourself to extravagant (but well-deserved) gifts.

But when you're flying solo, things can end up costing more – so you might have to work harder at budgeting and saving. And because you need to create your own safety net to fall back on in tough times, it's even more essential to have watertight financial protection for your assets and lifestyle.

That's why it pays to have a financial plan tailored to your unique lifestyle and goals, so you can live life exactly how you want. Luckily, there are plenty of ways to use your financial freedom to your advantage, so you can build and protect your wealth and get more out of your money. Here are five ways to get your finances into shape.

1. Budget for one

If you don't have any kids, your household budget probably looks very different to someone your age who is supporting a family. On the one hand, you'll have more cash flow to manage your day-to-day expenses, but it can also be easier to give into the temptation to splurge.

At the same time, you need to cover all your regular household expenses – like groceries, phone and internet charges and utility bills. By making a careful budget and sticking to it, you can enjoy a comfortable lifestyle.

2. Knock debt on the head

Managing debt can be a daunting task, especially when you're tackling it solo. If you're like most people, the biggest debt you'll ever take on is a mortgage – but you may be uncertain about how to save for a deposit and find a lender who will approve you on a single income. The good news is, it's possible to secure and manage a mortgage on your own. To get yourself into the best financial position to take out a home loan, all you need is a sound financial strategy. As a starting point, it helps to prioritise your existing debts like credit cards or personal loans, and pay these down first with an achievable repayment plan.

And when you do buy your dream home, ask your Financial Adviser to help you restructure your finances so you can pay it off sooner without putting a strain on your cash flow.

3. Get the right cover

Being single has many advantages – but your income is even more precious when you're relying on it for all your financial support. So it's worth considering what would

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happen if you became ill or injured and couldn't work. Would your savings be enough to see you through recovery until you're back on your feet?

Getting the right insurance cover is essential. Options include income protection, which provides regular payments if you're unable to work due to sickness or injury for an extended period; Total and Permanent Disablement (TPD) insurance, which pays a lump sum if you become disabled and can't return to work; and trauma insurance, which covers you against critical illnesses like stroke and cancer.

A Financial Adviser can help you work out how much cover you need to protect yourself and your lifestyle. You might also want to set up a 'rainy day' savings account, so you're prepared for any financial curve balls that are thrown your way.

4. Build your nest egg

Retirement planning takes on a new dimension when you're saving for it on a single income. The maximum basic Age Pension rate per fortnight is $797.90 for singles – but with even a modest lifestyle estimated to cost a 65 year old $914.12 a fortnight, every extra bit counts when you're saving for retirement.[1]

That's why it makes sense to grow your retirement savings as much as possible while you're still working. By making sure you don't need to rely solely on the Age Pension to fund your retirement, you can get on the path to a comfortable standard of living.
No matter whether you're just starting out in the workforce or winding down your career, it's always a good time to invest for your retirement. One way is to add a little extra to your super whenever you can – either by salary sacrificing a portion of your pre-tax salary, or by topping up with personal contributions. Your Financial Adviser can help you tailor a strategy that will allow you to retire in style without overstretching your finances in the meantime. And when the time comes to leave work behind for good, your Financial Adviser can make sure your retirement savings stretch as far as possible.

5. Decide where your money will go

When you're single and living it up, making a Will is probably the last thing on your mind. But it's still important to think about who you want your assets to go to when you pass away. This is important not just for the assets that automatically form part of your estate, but also the assets that don't – such as your super or life insurance, where you might be able to nominate which eligible beneficiaries will receive these assets once you pass away.

For instance, you may want to nominate a friend or family member as a beneficiary, or donate your estate to your favourite charity. Otherwise, if you don't mind who gets your money after you're gone, you may prefer to put your money towards enjoying your retirement or even travelling in your later years.

Your Financial Adviser can help guide you through your options so you can decide which one feels right for you. The most important thing is to start planning now – you never know when your estate plan will need to take effect.

1 ASFA Retirement Standard, June quarter 2016.

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