



The globally recognised mark of excellence in financial planning.



# How to make financial independence your reality

---

Who doesn't want to be financially free? For most of us, not needing to work to earn an income is one of our biggest money goals.

But it doesn't need to involve a Lotto win or an inheritance windfall from a rich relative you've never heard of. Here are five steps to start you on the path to financial independence, no million-dollar trust fund required.

## 1. Determine your needs

You may be closer to financial independence than you think. If your ideal lifestyle just involves a bit of fishing, or walks on the beach, you should not need to accumulate as much of a nest egg as someone who wants to regularly jet off around the world.

Draw up a budget and work out exactly how much you need to get on. Getting expert help with this can be a useful way to ensure that it's accurate and practical.

## 2. Pay off your debt

One of the biggest drags on financial independence is carrying unhelpful debt. That's things such as credit cards, car loans, consumer loans, or even the mortgage on the house you live in. This debt just increases the amount of money that you need to bring in each month, in order to survive. Get rid of it to give you a lot more flexibility and freedom.

There is some debt that can help you to achieve financial independence, for example loans taken out to buy investments or to boost your business. A financial planner can help you decide which loans are problematic and which are a useful part of your strategy.

## 3. Have a safety net

Don't let disaster knock you off course. To remain truly financially independent, you'll need a contingency plan for the worst-case scenarios. That could be a significant emergency fund, highly liquid investments you can call on without notice, or insurance that is appropriate for your circumstances. A financial planner can run through the options with you to ensure you're not left vulnerable.



The globally recognised mark of excellence in financial planning.

**Financial Advice**  
NEW ZEALAND

## 4. Develop strategies to ensure you have money available when you need it

When you are no longer working, you need access to money to pay for living expenses and to allow you to enjoy life (for example, to travel). You will need a nest egg that can be used to provide these funds using a combination of investment return and capital drawdown (that is, using up your nest egg over the remainder of your life).

You will need strategies to build up this nest egg, to invest it and to make sure it is available to you at the time when you need it.

Investing your money in bank deposits is unlikely to give you the return you need. There are other investment classes to consider, such as property and shares which will grow in value over time. Using up your nest egg once you have stopped working needs to be done carefully so that you don't use up your money either too quickly or too slowly.

## 5. Diversify

Don't concentrate your investment risks. Diversify your investments across a range of asset classes. This should enable you to ride out any market volatility and use income streams to supplement each other, should one prove a bit lean for a while. An experienced financial planner can help you lay the groundwork for your path to financial independence, and ensure that you achieve and maintain the quality of life you expect when you get there.

## Why choose a CERTIFIED FINANCIAL PLANNER<sup>CM</sup> professional?

When you're dealing with the biggest assets in your life – your retirement nest egg, your income, your business, the legacy you leave your children – it just makes sense to seek assistance from someone whose job it is to put you on the right path. When you opt for a CFP<sup>CM</sup> professional, you're choosing someone who is at the pinnacle of their industry and has chosen to attain the CERTIFIED FINANCIAL PLANNER<sup>CM</sup> mark to prove that. It's a global standard of financial planning excellence, with a structured framework behind it to ensure that you're getting reliable, trustworthy, comprehensive advice to help guide your financial life.

Disclaimer: Please note that the content provided in this article is intended as an overview and as general information only. While care is taken to ensure accuracy and reliability, the information provided is subject to continuous change and may not reflect current developments or address your situation. Before making any decisions based on the information provided in this article, please use your discretion and seek specialist advice.

