

MONEY WEEK 2022

FINANCIAL ADVICE NZ

Review your goals and financial position every year

Your financial and personal goals should be reviewed every year to firstly check you are on track and to make any changes for the coming year. Don't 'set and forget' your goals because this may not be the best way to make real progress, and small changes can make a big difference. Here's a few tips on how to make the most of the planning you have done.

Reviewing your goals

Sometimes changes in our lives mean we have to change tack or plans. Maybe an overseas holiday is now a possibility? If so, you need to put that in your timeline of goals and work out how to achieve it.

Tick off the short-term goals you have reached and really think about what you planned for the year ahead to make the medium-term goals achievable. Measuring your success can be very rewarding. Keep setting new goals where appropriate – it's a great habit to get into.

Review your budget and cashflow

It's a great idea to review your budget and income each year to see how your cashflow is changing.

Are you directing any surplus income into your investments or repaying the debt you planned to do the previous year? Did you get a pay rise and not do anything with it? Remember, your cashflow is essential to being able to meet your goals each year. Make it work for you.

Your insurance needs may change

If you are getting married and having children, you also need to consider how these important milestones impact on the level of income cover you have and what is affordable. Sometimes going from two incomes to one can be very difficult, but it is important to protect what you have and to prioritise what level of insurance cover is required.

If it's the first time you've even considered having insurance, speak to an expert to get some good advice on what's appropriate for you and your family.

If you have insurance, a good time to review your level of cover is at renewal time. You get a policy renewal notice at least annually, so that's the time to sit down and see if anything has changed and if your cover is still appropriate to your needs.

As your debt is repaid and dependants get older, your insurance needs may reduce. That means you could have less insurance cover or lower premiums, giving you surplus money to divert those small premium savings into long-term investments.

When your emergency fund has been established perhaps you could increase the wait times on insurance, reducing your premiums. This could be on income protection insurance, for example, by turning a 30-day waiting period to 60 days.

Your premiums usually increase with age, so reviewing your insurance needs could save you money, enabling you to put your savings into investing for the longer term.

Wills and Enduring Power of Attorney

Review your will when you have big life changes, such as marriage, the birth of a child, or a marriage separation. Things don't always stay the same in our lives and can impact on our plans. Having your legal documents updated will help when your family may need it the most.

The Executor of your will or your nominated Power of Attorney may need to be changed over time, so remember to check this and notify any key people of changes with help from your legal expert.

It's a great idea to review your goals and financial position at least once a year and make any changes to make the most of your planning. If you need help, reach out to a Financial Adviser and keep moving ahead on your path to wealth creation while protecting your family and assets along the way.