

Life events that require financial planning

It may surprise people to learn that some of the most predictable life events require financial planning.



Lisa Griffith, an Associate
Director at BDO Wealth Advisers

Starting your first job, getting married, moving into a new home, having children and climbing the career ladder are all examples of life events that necessitate financial planning, and ultimately, guidance from a financial adviser.

Lisa Griffith, an Associate Director at BDO Wealth Advisers provides some guidance on which life events require financial planning and why.

- **You graduated and got your first job**

"Young people starting their careers might not think they have the need or the means to talk to a financial planner, but now is the time to start structuring your starter income," says Griffiths. "Some people may have student loans that need repaying, and it is also important to start saving for retirement from the word go. A financial adviser can assist with guidance and the prioritising of payments as well as risk solutions - for example medical aid and savings."

- **You're relocating**

Relocating to a new province or even country involves a massive amount of planning, not to mention moving related costs," advises Griffiths. "An overseas move in particular requires much planning as you consider things such as moving bank accounts, the various options for your pensions, investments, selling up property, changing service providers (such as medical aid, insurance etc.) and much more. This certainly would be the time to see a financial planner and one should consider firms with a national footprint."

- **You are tying the knot**

Couples are marrying later in life than they used to. When they finally do say their "I do's", combining finances can be complicated. "Consultation with a financial planner is an imperative, as old approaches to combining finances, prenuptial contracts and more seldom have relevance in the modern relationship," says Griffiths.

- **You're expecting a new arrival in the family**

Starting a family comes with all sorts of new areas to navigate, such as saving for your children's education, additional life insurance policies, budgeting for that new family member and their needs, and more. According to Griffiths, this is a good time to consult with a financial planner to ensure that you have all your affairs in order because once baby arrives, life is hectic, time is short and the brain is numbed from sleep deprivation!

- **You're buying the BIG toys - a holiday home, a boat, a 4X4 or perhaps an off-road caravan**

Holiday homes are great. But purchasing one - especially one that requires rental income to finance - can be a complicated long-term commitment. "Purchasing lifestyle assets such as a boat, an off-road caravan, a motorbike, a 4x4 or any of these luxury "toys" are expenses that should be carefully considered and structured," says Griffiths. "A financial planner can help you to consider all your options, especially how to hold that asset, before making that decision."

- **You were granted a generous salary increase or bonus**

"Salary increases are normally small and incremental, so getting a big raise is cause for excitement," says Griffiths. "After the champagne, it is also time to do some serious planning to decide how much you should be saving for the future - it might be time to bump up your retirement savings."

- **You inherited**

Griffiths advises that receiving lump sums through an inheritance can raise questions about spending habits, charitable contributions, tax payments and a slew of other concerns and you certainly need professional help to figure out how to handle the money.

- **You are retrenched and get offered a severance package**

"A financial planner can add serious value if you are offered a severance package as tax and other implications must be navigated before you sign on the dotted line," says Griffiths.

- **You retire**

According to Griffiths, retirement is possibly the key financial moment in a person's life. "Retirement is no longer the brief interlude between the end of work and death. We are retiring earlier and living longer with better health. Retirement has possibly become the happiest and most rewarding period in many people's lives. If you haven't already worked with a financial planner to figure out your plans and budget, then now is the time. In fact, during your 20s and 30s you should start planning for retirement, to ensure you are saving enough during your peak earning years."

For more, visit: <https://www.bizcommunity.com>