12 STEPS TO FINANCIAL SUCCESS FOR INTERNATIONAL EXPATRIATES

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About the author

You may be wondering what makes me qualified to be dispensing financial advice so here's a little bit of a background.

With over 18 years of experience advising clients remotely all over the world, and having helped 100's of expats to take control of their planning, most people can benefit from a conversation about their planning and take something away they can action and use to improve their circumstances.

I am a fully qualified professional financial advisor, registered with both the Chartered Institute of Insurance UK (CII) & Chartered Institute for Securities and Investment (CISI)

I'm a career professional, winning 13 awards in the process and have studied everything I can, passing 27 professional exams in financial planning after my degree. I have written and published 2 books on the subject and also have a weekly market update podcast and publication.

Originally from Sheffield, England, I graduated in the UK with a degree in accounting and business finance. Having initially worked for an accountancy firm, I quickly realised that I wanted to be consulting individuals on a broader range of complex issues. I have always had an interest in people as well as numbers and felt that I could bring the two together by helping people to solve their financial problems. Becoming a financial advisor seemed like a great fit for me.

I studied to gain my UK financial planning qualifications while simultaneously working for a financial advisory firm and after five years I decided to seek a new challenge and accepted an overseas expat advisory role in Malaysia. It was the best decision I have ever made and I have not looked back since!

Working overseas means that I work with a much broader range of nationalities than in the UK as well as a larger range of products. The biggest challenge however, is the far more complex financial planning scenarios I come across.

Working with my expat clients requires a holistic approach and this is the most interesting aspect of my job, allowing me to set out a clearly defined financial plan with solutions tailored to each client's unique individual circumstances. I get immense satisfaction from helping people put structures in place to, first of all protect their families and then build for the future. As an expat myself, with a young international family, I share and understand the financial planning needs of my clients such as saving for retirement, education planning, international life and medical insurance and buying investment properties.

I provide remote advice to global expats. I have residences in the UK, Hong Kong and Thailand but my clients are based all over the world.

My aim is to provide advice and planning for as many people as I can to help them achieve financial success.

I'm a firm believer that a good financial advisor can make a significant, positive difference to people's lives and that's why I love what I do.

Together, we can take control of your own future goals, to help give you more freedom to focus on your career or retirement and spend more time with your family, safe in the knowledge your financial planning is taken care of.

If you have any specific questions, reach out on email carl@carlturnerfinancial.com

Chapter 1
Introduction

Do you constantly worry about your finances but don't know what to do to improve them?

Do you find yourself unable to put together a planning strategy for your financial future?

Do you sometimes wonder what you should be doing in order to protect your future and guarantee a healthy and successful financial life for yourself and your family?

Do you want to beat financial stress and achieve financial independence in 12 easy steps?

If you answered yes to any of these questions, then keep on reading!

What you will find in this book

12 Steps to Financial Success breaks financial planning down into 12 key areas in a step-by-step guide to achieving financial freedom.

It begins with the basics of defining and setting your financial goals and budgeting and works through a logical strategy covering the key elements of any financial plan to both protect and create wealth.

You will learn how to take control of your financial situation with easy-to-follow tips on key areas of personal and family financial planning relevant to international expatriates. These include: life insurance, medical insurance, retirement planning, buying a property and estate planning.

The 12 steps cover everything that you need to do in order to have a happy and successful financial life.

Why I wrote the book

I have seen first-hand how difficult many people find it to take control of their financial futures. My clients over the years have included top CEOs and CFOs and it has surprised and shocked me just how many of them don't have the basics of their own finances in order.

Thinking about it, this is hardly surprising when you consider that not even the basics of managing personal finances are taught either at school or university. Budgeting and debt management are key to all of our lives but these subjects simply don't figure in the curriculum.

I have also seen how empowering it can be when people take control of their finances and achieve financial success and I wanted to make this attainable to as many people as possible.

And so the idea for this book was born. My aim was to create a step-by-step plan that individuals can work through in their own time, around their busy lifestyles, to learn exactly what they need to do and why. Of course, there are plenty of self-help financial guides in the marketplace but I wanted to create something which I feel is lacking: a clear and easy-to-follow process which will help people to help themselves.

I based the 12 key steps on the recurring themes that have arisen while working with my expatriate clients over the last decade. They are the fundamental areas that all international expats, whether they are a CEO or an intern, should take care of.

The steps are set out in a specific order of priority. Protection and paying off debts should be tackled first in your overall strategy before you move on to building wealth. I work on worst case scenarios and this is how everyone should assess their financial situation - plan for the worst and then there will be no nasty surprises for you and your family.

Even if you have already started getting your finances in order and have carried out some of the steps, you will still find the guide useful. From my experience at least 90% of individuals need to assess and improve at least some of the elements of their financial planning, My hope is that you will read this book and act on what you learn, either by yourself or by doing some further research and seeking qualified advice.

What is financial success?

Financial success can be defined as having a sound financial plan which means that you never have to worry about your finances again. By putting relevant strategies in place and planning for all potential outcomes, whatever life throws at you, you can protect your financial future while you are working and also in your retirement.

As a financial adviser of 19 years, I have helped hundreds of clients take control of their financial planning and get into this exact position. Now, with the help of this guide, you can do the same.

Why is it important to achieve financial success?

A survey by the market researcher GfK, which monitored responses from 27,000 individuals in 22 countries, revealed that financial worries are the biggest cause of stress across the globe.

More than half of respondents in a PWC survey in the States admitted to being stressed about finances. This is perhaps not surprising with the cost of living soaring, wage stagnation, rising housing costs and a volatile stock market.

Unfortunately, the implications of financial stress go far beyond the state of your bank balance. The American Psychological Association has estimated that over 75% of doctor's visits can be linked to stress and that it is a major factor contributing to the six leading causes of death in the US - heart disease, cancer, lung ailments, accidents, cirrhosis of the liver and suicide. Stress has also been linked to ulcers, migraines, sleep disturbance, binge eating, excessive drinking and depression; not to mention the detrimental impact it can have on your personal relationships and your productivity at work.

Financial stress doesn't only affect those on low incomes either. Whether rich or poor, it is often the lack of control over your situation which is the cause of anxiety and strain. The good news is that taking control of your finances will banish stress and following this 12 step guide will help facilitate that.

How to read the guide

You should ideally read this guide from start to finish as each chapter is relevant for financial success. Alternatively, if you are more advanced with your financial planning, you can choose just those chapters which you know you need to work on and come back to the other ones at a later time.

Each step concludes with an easy to read 'key points' section which helps you decide if you need to read or research anything further.

I hope you enjoy the book, that you find the tips in it simple and easy to follow and that it succeeds in my desired aim to enable you to take control of your financial future and achieve financial success.

Find out more

If you have any questions about your own financial planning feel free to reach out by email to carl@carlturnerfinancial-.com or send me a message on Linkedin.

Chapter 2

Step 1: Set financial goals

What is your definition of financial success?

People with goals succeed because they know where they are going. The reason many people fail to realise their goals is not that they lack intelligence, ability or courage; but simply because they have never concentrated their energies on a specific target.

Do you have clearly defined financial and personal goals?

If you don't then you need to read on.

The reality is most people spend more time planning their employer's future strategies and profits than their own personal financial future! Typically people plan their vacations in more detail than their own goals and objectives.

Statistics show that around 86% of people have *no* financial goals at all and less than 4% of the population have written financial goals.

Studies have highlighted that people with clear written goals are over 50% more likely to achieve them than people without goals.

If you are reading this, I assume that one of your aims is financial independence. It is great that you have identified the goal but in order to achieve it, you need to decide exactly what that personally means to you. Financial independence is an objective concept which will mean dramatically different things to different people. So, what do you personally need to achieve to gain such independence?

Finding the answer to this question is not always easy. A big part of my job as a financial adviser is working with clients to pin down their financial goals; putting them in writing and making each client accountable. In order to achieve this, I find it useful to ask them what their ideal life looks like in 10 and 20 years from now. From there you can work backwards to determine where you need to be financially at various stages of your life to enjoy that ideal life.

While for the rare few, an ideal retirement might involve cruising around the Mediterranean on a super yacht, most people have less lofty, and perhaps more realistic, dreams. This could be a tangible asset such as a holiday home by the coast, or it could be more abstract. A common goal for my expat clients is to save surplus income while overseas to enable them to live a comfortable life and to retire with enough savings to be able to afford to do all the things they wish to do without money constraints.

Whereas specific financial goals will vary for each individual, the journey to achieving them will be remarkably similar for most people. If you were hoping for some get-rich-quick tips, I'm going to disappoint! Building wealth and gaining financial freedom takes time and effort. It is a lifelong marathon which will involve staying focused and putting in place steps that can be achieved in the short, medium and long term.

Short-term goals

These are generally achievable in less than one year. The most common examples in financial terms are:

- Saving for an emergency fund
- Paying off a credit card debt or another loan
- Protecting wealth with insurance
- Sorting out your estate planning

Medium-term goals

These are achievable in one to five years and could include:

- Getting budgeting under control to enable you to save
- Starting to pay into a company pension
- Saving for a deposit to purchase a house

- Paying off a student loan

Long term goals

These have a time horizon of over five years and could stretch far into the future. They may be:

- Saving sufficient funds for retirement
- Getting into a position where you can choose whether to work or not
- Funding a university education for your children
- Taking early retirement to pursue hobbies or spend time with grandchildren

Take some time to think about what your short, medium and long-term goals are – don't worry about how achievable they are at this stage, just think about where you would like to be in an ideal world.

A comprehensive financial plan will include all three types of goal. So once you have your emergency fund in place you can focus on paying off your debts and once they are clear you can turn your attention to saving. Of course, it is possible, and desirable, to work towards several different goals at the same time – for example, it is a good idea to pay into a pension even while putting money aside for a deposit on a house.

Goal setting is a powerful process providing the motivation to turn your vision of the future into reality. You should by now have a set of goals in mind but goals without plans are really just dreams so to turn these dreams into reality, you need to take things to the next stage. The first step is to write your goals down. This is key.

Write it down, make it happen

How many times have you got excited about a dream and planned out in your head how you are going to achieve it only to forget about it a couple of days later? I speak from experience – this very book remained a figment of my imagination, continually put on the backburner for years before I actually put pen to paper and started to set out what I wanted to achieve and how I was going to do it. That first step was actually the hardest and after I had taken it, I was motivated to take the next step of putting words onto paper, chapter by chapter. I hope that taking the initial step towards getting your financial situation in order will have the same effect.

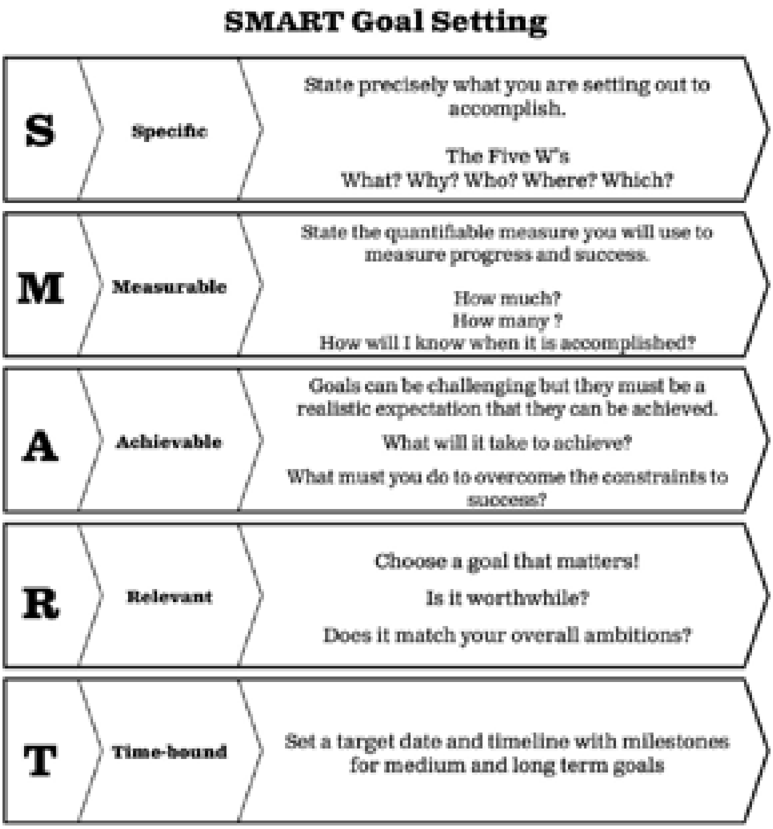
The simple fact of writing down your goals with a target date transforms it from merely a dream into something more tangible that you can work towards in a methodical and logical way. That is why I urge you to write them down – on your phone, your computer or in a notebook – and look at them on a daily basis. This will keep them in the front of your mind at all times and reinforce your objectives in your subconscious.

They say it takes 21 days to make a habit so I challenge you to read your goals every day for 21 days and see what impact this will have on your thought process. I have no doubt that your life is busy and full of the noise of work and family commitments, an inbox full of emails needing responses and innumerable demands on your time. I hope the act of continually coming back to your goals will motivate you to take some active steps to make them happen and keep you on track.

Goal-setting the SMART way

A tried-and-tested technique for managing goals is the SMART method, credited to an American consultant called George T. Doran. I find this a very useful way of exploring my own goals in more detail. Asking the questions posed in the SMART diagram helps to transform goals from being vague notions ('I want a big enough retirement fund to be comfortable') to precise and detailed objectives ('I will need an income of $60,000 when I retire, which means I need to save a pension pot of $2million).

Of course, your financial goals have to take into account your present situation so that you can work out how you are going to get from one to the other. It is pointless planning to buy that super-yacht in two years' time if you are currently up to your eyes in credit card debt!



Now you have written your goals down, look at each one and go through the SMART checklist to drill down into a bit more detail and get to the point where you have a set of detailed objectives which you can work through methodically and logically. Big goals are achieved by taking small steps and the SMART checklist will help you focus on what those small steps are going to be by formulating a plan of specific actions.

The SMART technique will come in useful in subsequent chapters when we are dealing with specific financial goals such as planning your estate, putting in place health and life insurance and building a healthy retirement fund. In the meantime, here are some tips to bear in mind as you read the rest of the book and take active steps to get all areas of your financial life into tip-top condition.

Seven tips to achieving your goals

1. **Be realistic** – it is important to be realistic both in setting an achievable target and regarding the time frame it will take. Setting unrealistic goals will lead to frustration, disappointment and to potentially giving up.
2. **Take control** – accept that you are responsible for your life and put yourself firmly in the driving seat. Believe that you can do it and take one step now to start the process and build momentum towards your goals.
3. **Track progress** – I am a great believer in to-do lists. In my experience, the most successful people have a daily to-do list with the jobs for the day prioritised and systematically cross off tasks as they are completed. This is an effective and satisfying way of working and really gets results. Your financial journey can be tracked in exactly the same way. Dedicate a small amount of time each week to getting your finances in order and you'll be amazed at how quickly progress can be made. Being able to cross items off

your list will give you a sense of achievement and motivate you to keep moving towards your end goals.

4. **Involve others** – your family and friends may be able to assist you in setting and achieving your goals so share your plans with them and listen to their advice. Be flexible and open-minded to suggestions while staying true to your goals.
5. **Be prepared to fail** – failing is an important step in any process; we learn from failure so welcome it and learn to keep going in the face of it.
6. **Celebrate your achievements** – rewarding yourself when you have successfully achieved a minor goal is an important part of the process. Enjoy each triumph and use the sense of achievement to motivate you to carry on.
7. **Stay focused** – constantly remind yourself of your vision and always keep your goals in sight, even when you face those inevitable obstacles which will do their best to distract you. Read your goals on a daily basis to always keep them at the forefront of your mind.

Getting started with your specific financial goals

Whatever financial success means to you, there are a number of common elements to a sound financial plan which we all need to think about and which form the subsequent chapters of this book. Each one is a stepping stone on the road to your financial independence.

There may be some which are not relevant to you - if you don't have children, for example, you are lucky enough to be spared the need to put aside vast sums to cover their university education - in which case skip that section, but use the rest to put in place a framework for outlining your short-term, medium-term and long-term financial goals – and achieving them!

Chapter summary – key points on setting financial goals

- Think carefully about your short, medium and long-term goals and write them down
- Set target dates for each of your goals
- Work through the SMART checklist for each of your goals to give yourself a precise and detailed list of objectives
- Produce a list of specific actions which you can start working on immediately
- Review your goals and actions on a regular basis.

Chapter 3

Step 2: Set a budget … and stick to it!

What is a budget and why do I need one?

It always amazes me how many households simply don't have any kind of budget in place. Many clients I have come across have a very woolly idea of how much flows in and out of their households each month. Without this knowledge, it is not surprising that they are unable to make concrete financial plans.

A budget is simply an estimate of how much income and expenditure you expect over a given period of time. A household budget, for example would typically cover a month. Income is the money which comes into the household over the course of the month - generally from salaries, pensions, state benefits but also from things like share dividends, interest on bank deposits and rental property income. Expenditure will be made up of regular payments such as a mortgage or rent, bills, credit card payments, life and medical insurance payments, retirement and education planning savings, expenditure on food, entertainment and so on.

Many people on good salaries think that budgeting is only for situations where money is tight, but this is simply not true. Just as any business needs to know its cash flow situation, so all households should work to a budget. A budget will certainly stop you overspending and moving into debt territory at the end of each month, but it will also enable you to save in order to fulfil your financial goals.

The key is not to save what is left after spending but to spend what is left after saving. That only becomes possible when you are working to a budget.

Why do I need to save?

As an expat you may be in the top salary bracket, earning over six figures a year and enjoying a very comfortable lifestyle free of any money worries at all, but if you want to maintain a similar lifestyle in the future and safeguard it for your entire life, you will need to put money aside on a regular basis in order to do that. Most of us find it very easy to expand our lifestyles to match our income but the smarter person is the one who takes care of their money and uses it to attain financial independence for the future. There is always a choice between instant gratification and long-term security and financial freedom.

A saving habit is even more important as our life expectancy increases. Today's 20-somethings have a 23% chance of becoming centenarians. They will potentially spend as many years in retirement as they do working and if they want those years to be happy ones spent in financial security rather than in poverty they will need to build up a healthy pension pot.

19th-century politician, Henry Buckley, made a comment which is still relevant today. He put it neatly when he said 'Save a part of your income and begin now, for the man with surplus controls circumstances and the man without a surplus is controlled by circumstances'. So saving gives you control, but how?

Four ways saving gives you control

1. Avoiding financial crisis

Unfortunately, circumstances have a nasty habit of throwing unexpected and sometimes unpleasant events into our lives, even for the most meticulous of planners. In order to be prepared for whatever comes your way, be it a job loss, an unexpected tax bill or a health scare which means you have to stop work, you should build up an emergency fund of easily accessible cash that will be sufficient to cover your living costs for six to twelve months (see chapter five). This will be a cushion to fall back on should you need it and ensure that you can maintain your standard of living in the short term, even if you have no income coming in. Different types of insurance which safeguard your wealth, such as health insurance, can help with this too, but more of that in subsequent chapters!

2. Enabling you to fulfil your financial goals

We looked at identifying your financial goals in chapter two. The biggie for the majority of us is retirement but you have hopefully identified other goals which are tailored to you. Developing a savings habit will enable you to start to work towards these in a logical manner.

3. Helping you to get the most from your money

We've all heard the phrase 'money comes to money' and it is true. Saving harnesses the power of compounding – the process whereby interest on your money gains interest - and it can be a very powerful force.

As an example, let's say that on the birth of a child the grandparents invest $10,000 for their future benefit. The money remains untouched until their 21st birthday earning 5% interest. By the power of compounding, that $10,000 will more than double in the intervening years to almost $28,000; a significant sum to put down as a deposit on a starter flat or contribute towards a university education.

The earlier you start to save, the more your money can potentially benefit from compounding.

4. Giving you peace of mind

As a financial planner, one of my key roles is to encourage clients to adopt a savings habit. Clients who follow this advice often come back to me at a later date and tell me how having savings has transformed their lives. It is a very powerful thing to know that you are prepared for whatever life throws at you and can dip into your ever-growing invested pot if you really need to.

How do I put together a budget?

The first step is to decide how to document your expenses and keep track of your spending. A simple Excel spreadsheet or even an old-fashioned paper and pen will suffice, although there are a whole range of budgeting apps like Mvelopes and Wally.

Let's say you are taking the simplest route with a spreadsheet. Below is a sample I have put together with a fairly comprehensive list of expenses. Some of these may not be relevant to you, and it is possible there will be some extra expenses you will want to add but this serves as a good starting point.

Some costs are fixed each month, such as your mortgage or rent, others are more fluid and will vary from month to month. You will need to take 30 minutes or so each month to add up totals for each expense by going through your bank statements. At first, this will be an exercise in data collection so be as accurate and honest as possible and don’t judge yourself or try to change habits at this stage.

As an expatriate, you are likely to have higher travel costs than most so don’t forget to factor these into your budget.

After a few months of tracking expenditure, you will see patterns start to emerge and these might reveal some surprises about your spending habits. That Starbucks morning coffee could easily be costing you $80 a month or $960 per year. Your monthly splurge on new clothes could be adding $2,000 on to your annual spend!

Calculating your monthly Budget

Income Details

Salary After Tax .... $
Pension Income .... $
Savings / Investment Income .... $
Investment Property Income .... $
Other Income 1 .... $
Other Income 2 .... $
Total Monthly Household Income .... $

Monthly Outgoings

Household Bills .... $
Mortgage Payment / Rent .... $
Property Costs Eg Service Charge .... $
Household Insurance .... $
Life And Medical Insurance .... $
Utility Bills .... $
Tv Subsctiptions .... $
Internet
Mobile Phone Bills .... $
Newspaper / Subscriptions .... $
Other Costs 1 .... $
Other Costs 2 .... $

Family Related Outgoings

Childcare .... $
Maid .... $
School Fees And Extra Costs .... $
Activities & Club Memberships .... $
Kids Pocket Money .... $
Other Family Related Costs 1 .... $
Other Family Related Costs 2 .... $

Transportation Costs

Car Fuel Costs .... $
Other Transport Eg Taxi, Train .... $
Maintenance & Repairs .... $
Car Insurance .... $
Road Tax .... $
Car Loan Repayments .... $
Parking Costs .... $
Other Transport Related Costs 1 .... $
Other Transport Related Costs 2 .... $

Leisure Expenses

Holiday Costs .... $
Birthdays .... $
Meals And Drinks Out .... $
Takeaways .... $
Sports & Club Memberships .... $
Hobbies .... $
Day Trips .... $
Other Leisure Costs .... $

Living Costs

Monthly Shopping Budget .... $
Lunch Costs .... $
Clothing And Shoes .... $
Hair Cuts & Beauty Treatments .... $
Medical Costs .... $
Dentist Costs .... $
Other Costs 1 .... $
Other Costs 2 .... $

Financial And Insurance Costs

Pension Contributions .... $
Childrens Education Planning .... $
Additional Monthly Savings Plans .... $
Other Financial Costs 1 .... $
Other Financial Costs 2 .... $

Total Monthly expenses .... $
Total Monthly household income .... $
Minus Total Monthly expenses .... $
Monthly Surplus Income .... $

Often, people find that the simple act of tracking expenditure makes them a little more thoughtful about whether or not a purchase needs to be made, particularly those treats and impulse buys! Of course, managing a budget is all about balance. I'm not suggesting you become a modern-day Scrooge, squirreling away every last cent and denying yourself all of life's pleasures but budgeting will enable you to strike the balance between affording yourself the odd treat while still putting money aside for the future.

Once you have a handle on how much you are spending, and how that compares to your monthly income, you can work out how much surplus you have each month (or not!) and whether the surplus is enough to save in order to meet your financial goals.

If there is a shortfall between how much you need to save to hit your financial goals and how much you have available, you should look carefully at where you can trim expenditure.

Ten tips on how to cut your expenditure without really noticing

1. Reign in the rewards

It's fine to give yourself a treat or indulgence but make it a new pair of shoes rather than a new watch!

2. Inspect your insurance

Most of us are, frankly, quite lazy when it comes to insurance and blindly accept renewal quotes on car and house insurance without shopping around. Make it a habit to review your policies each year if you pay for these and check that what you are paying is the best value for money you can get. New customers are often offered the best deals so it's definitely worth shopping around.

3. Commit to cooking

Eating out regularly can be a huge drain on your expenses. Even cutting down on one meal out per week could help you achieve significant savings. Not only can taking your own lunch to work have a very positive effect on your budget but it will have health benefits too. Restaurant-cooked meals are loaded with sugar and salt whereas cooking at home will enable you to control exactly what you are eating and cut down on the unhealthy stuff.

4. Reduce the expat treats

All expats yearn for home from time to time, and this often manifests itself in a craving for expensive imported foodstuffs. Do you really need that air-freight imported steak and bottle of wine from your favourite vineyard in France? Try to switch it for a regional or local product to save on costs.

5. Love loyalty cards

From Air Miles to supermarket reward points, shopping cleverly and making maximum use of loyalty cards can create significant savings.

6. Go generic

Opting for non-branded items when it doesn't really matter to you is a good money saver. We all have our non-negotiable cravings – for example, your favourite tea bag or brand of tomato ketchup – but often there is no difference in product quality between branded and generic goods, only on marketing spend.

To give an example, I have clients in the garment industry and they tell me amazing stories about how designer clothing is actually made in the same factories as some of the high street clothing ranges and the only difference in the goods are the labels.

7. Prioritise pleasure

If you're having to make choices about where to direct your non-essential spending, think hard about what extra-curricular activities give you the most pleasure and direct your expenditure that way. If the latest phone means more to you than eating out then, by all means, buy the phone but ditch dinner out for a month.

8. Cut the cost of debt

All debt costs you money, but not all debt is equal. Prioritise those with the highest interest rates first and look at whether switching cards could give you an interest-free period which allows you to pay them off more quickly. Consolidating loans could be a way to make some savings too.

Mismanagement of credit card debt is a recurring theme which comes up time and time again with my clients. Many of them actually have the funds to pay off the debt and could and should do this to avoid the monthly interest payments.

9. The 30-day rule

Often a purchase which seems essential one day can lose its importance if you simply wait. Instead of opting for instant gratification, make it a rule to put off the purchase and see how you feel in 30 days (or your own self-imposed limit if you really can't wait that long). In many instances, you will come to the conclusion that the expenditure was not so essential after all.

10. Make one change to save

Target one area where you can identify an opportunity to save and implement the change. Ideas include:

- Cancelling an unused gym membership and taking up a free sport such as running or following a free YouTube home exercise programme
- Stop drinking alcohol during the week
- Make lunch at home, which is usually healthier too
- Stop buying a daily coffee
- Only pay for things with cash, never on credit

- Compare the prices at the supermarket for similar goods and try to buy locally produced food and less imported goods
- Avoid getting into the 'upgrade trap' each time a new version of your phone, tablet or laptop is released

Whatever you choose, arrange for the money saved to be put aside in a separate account so that you can see the direct result of your change.

Ten tips on how to cut your expenditure without really noticing

- ✓ Reign in the rewards
- ✓ Inspect your insurance
- ✓ Commit to cooking
- ✓ Reduce the expat treats
- ✓ Love loyalty cards
- ✓ Go generic
- ✓ Prioritise pleasure
- ✓ Cut the cost of debt
- ✓ The 30-day rule
- ✓ Make one change to save

The golden rule of budgeting

Stick to your budget! It may sound obvious but it is worth reiterating as it is so easy to go off-piste even with a strict budget in place and the very best of intentions. Be mindful of your spending habits at all times.

In chapter two I talked about how it is said to take 21 days to form a habit. That being the case, after less than one month, you should be getting to grips with budgeting and this will be another important step towards the financial success you are aiming for.

Chapter summary – key points on budgeting

- List all your income streams and document your expenditure over the course of a month
- Identify areas where you could cut back on spending
- Get into the habit of tracking income and expenditure on a monthly basis
- Put the money saved into a separate account so that it isn't spent

Chapter 4

Step 3: Pay off your unsecured debts

In the last chapter, I touched on this subject briefly when I said that debt mismanagement is a recurring theme that I frequently tackle with my clients.

When you are in debt you are a slave to your money whereas when you are in credit, money becomes your servant. That is why it is imperative to get into the position where your money is working for you and not the other way round. In this chapter, I'll tell you exactly how to go about doing that.

Good debt vs. Bad debt	
Good debt is: ✓ where you make an investment in the future ✓ where the value of the purchase outlasts the loan ✓ offered at lower interest rate	**Bad debt is:** ✗ where the purchase will not increase wealth ✗ where the purchase depreciates below the cost of the loan ✗ subject to high interest rates
Examples of good debt: Mortgages, business loans, student loans	**Examples of bad debt:** Car Loans, credit card debt

Although in an ideal world, it would be lovely if we never needed to borrow money, the reality for most of us is that if we want to purchase large items such as a house or a car, it will involve a debt. These kinds of loans are classed as secured debt – the lender takes on a certain amount of risk but this is mitigated by the fact that an asset is held as collateral.

As a result, the risk to the lender is reduced which is one reason why interest rates on mortgages are significantly lower than, for example, those on credit cards. In the case of property, the debt is often used to purchase an asset which subsequently rises. UK national house prices, for example, have risen by around 400% over the last 20 years while in New Zealand the median house price has increased almost fivefold over a decade. This shows that secured debt used sensibly can make sound financial sense.

Unsecured debt, however, is a different story. As no security is required for a loan of this nature, the lender relies on the borrower's credit history and promise to repay. Not only is the risk far greater but it is much harder for creditors to recoup any failed payments – this involves a long legal process and high costs – and for that reason, interest rates on credit cards are far, far higher than for secured debt.

When it comes to financial planning, a secured debt which is taken out sensibly to purchase a tangible asset and with manageable repayments is good financial planning, unsecured debts are almost always detrimental to a client's future savings. Typical interest rates on credit cards, whether in the US, UK, Australia, or Europe are around 20%, sometimes more, making them one of the most expensive kinds of debt you can have.

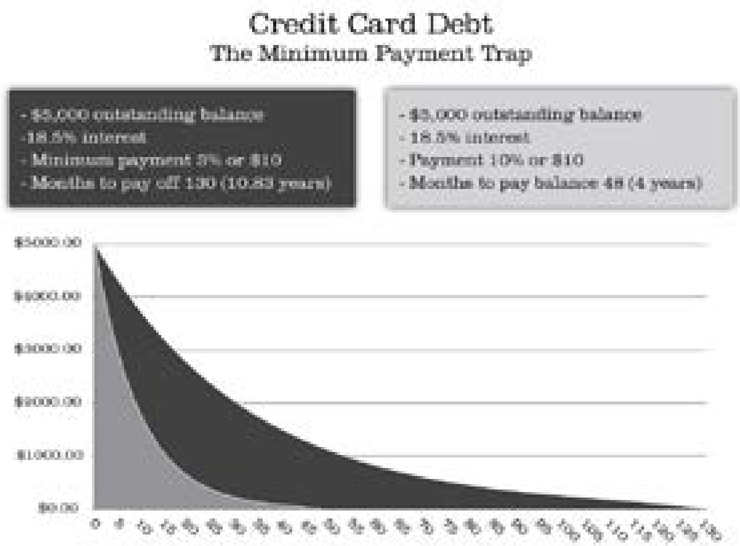
Unsecured debts – the minimum payment trap

Some sensible people with high levels of self-control and good financial planning skills use credit cards to gain access to free short-term credit and reward schemes but pay them off in full each month. This can be a useful financial tool.

The problem is that very few people actually possess the willpower to use their cards like this. Many who have every good intention of clearing their credit card at the end of the month get caught in a cycle of sticking more debt onto cards – 'Another $1,500 to upgrade my phone won't hurt' - and then paying off just the minimum payment each month with hugely expensive consequences.

Credit card companies have to set a minimum repayment amount by law and a failure by the cardholder to pay this amount will result in a fine. The amount set will vary from one provider to the next and could be a defined monetary value such as $10 or a percentage of the balance – often as little as 1%. The problem is that paying the minimum amount off each month will reduce your debt but the next month the minimum amount will be smaller so as your debt decreases, the rate at which you are paying it off will slow down. This is how relatively small debts end up taking a long period of time to pay off with the credit card company earning high interest.

The following table illustrates exactly this point. A debt of $5,000 takes 109 months (over 9 years) to pay off with minimum monthly repayments, whereas with fixed payments of 9% per month, the debt is cleared in 13 months. That's a huge difference in both time and money.



So now you know why credit card companies love those who pay regularly but always at the minimum amount. That is what keeps them in business. While it is in your interest to pay quickly and minimise the overall interest you pay, the credit card provider has the exact opposite aim – the longer you remain in debt, the more money they will make out of you. Minimum payments are a trick used to achieve exactly that aim. A lack of education on how credit cards work is at least in part responsible for many people's finances spiralling out of control and into serious debt.

If you can afford to pay off your cards in full then do so – now! I am always surprised when clients of mine with substantial incomes maintain credit card balances paying off the minimum payments each month whilst at the same time saving for a property or retirement. This makes no sense. The interest rates on the credit will far outweigh any potential investment returns from the equivalent amount invested. If you have credit card debts, it is important to pay them off before saving. While this may seem to contradict my saving mantra, it will be more financially beneficial in the long run.

If you can't afford to clear your unsecured debts immediately you should make it a priority to do so as quickly as you possibly can and here's how to go about it.

My seven-step plan for eliminating your unsecured debts

1. List your debts and interest rates

To most people it may sound simple to keep track of your debts but believe me; there are many people I have met who have no idea how much money they owe. Your first task, therefore, should be to make a list of all the unsecured debts that you have. This may include multiple credit cards, store cards, medical bills, overdue utility bills and so on.

Then read through the small print of all the contracts and work out which bills are costing you the most money i.e. which ones have the highest rates of interest. If there are any special features relating to any of your debts – introductory rates for your credit cards for example – then note those down too, along with the dates they expire.

Student loans are technically unsecured debt but given that interest rates on them are generally low, it may be in your interest to make only the minimum payments on these even if you can afford to pay them off.

2. Prioritise paying off the most expensive debt first

You may well have minimum payments to make on a number of different debts and you should obviously keep paying these, but make an extra effort to pay off the most expensive debt. It may be necessary to make some sacrifices to speed up the process – put off purchasing the new car, enjoy a ‘staycation’ instead of shelling out on an expensive holiday or have a look back at step two for some ideas on how to save money. The short-term sacrifices are worthwhile to get those debts down to zero as quickly as you can and get your money earning for you rather than the other way round.

3. Make fixed rather than percentage payments

As we have seen above, if you pay off a percentage of your credit card debt each month, your repayments will decrease as time goes by but you will remain in debt much longer. Decide how much you can afford to put towards paying off your cards each month and stick to that amount (or even increase it when you can) so that you minimise the amount of time you are in debt and the overall interest you will pay.

4. Stop using cards (except for real emergencies)

Living on credit cards and loans will never make you rich which is why I recommend that people limit what they borrow. Given how much they cost, cards should be kept for emergencies, and I mean real life-threatening emergencies such as medical treatment, not a desperate desire for a new Swiss watch!

In the vast majority of cases, if you want to put a purchase on your card, you don't really need it. If it helps, remove your credit cards from your wallet or purse to avoid temptation altogether.

If you have any recurring expenses that are paid by credit card such as gym memberships or magazine subscriptions, either stop them altogether or transfer them to a debit card where they are being paid from your income rather than on credit.

By not adding to your credit card balance each month you will be able to pay it off much quicker, stop wasting money on interest repayments and start putting your money to better use by saving it.

5. Negotiate with your lenders

If you don't ask, you don't get. It is always worth calling your credit card companies and asking if they are willing to lower your interest rate. If you go armed with comparative deals, you may find that they are willing to shave off a percentage point or two in order to keep you as a client. This can enable you to zero your debt more quickly and save a significant amount.

6. Consolidate and transfer your debts

Switching cards to one which is offering 0% interest on transfers for an introductory period is an excellent way to speed up paying off your credit card debts. Wherever you live, you will find lots of online price comparison sites which enable you to compare deals from different providers. If you find a good one, consolidating all your debts to make the most of it is a good idea.

A word of warning: make sure you read the terms and conditions of any deals before you transfer. It is not uncommon for hidden fees to be 'lost' in the small print and the last thing you want is to find yourself on a worse deal. And of course, if you do transfer, make sure you cut up your old cards to avoid any temptation to start spending on them again.

7. Seek professional help

If you find yourself in a very serious financial mess, you may need the help of a professional to get yourself back on track. Some organisations can help you negotiate repayment schedules with banks, lenders and utility providers to avoid you having to spend on credit cards to meet your regular bills thereby perpetuating the cycle of debt.

Here are a few resources which may help.

In the UK

www.stepchange.org/Debtinformationandadvice.aspx

www.citizensadvice.org.uk/debt-and-money/

In the US

www.nationaldebtrelief.com

www.debt.org

In Australia

www.accc.gov.au/consumers/debt-debt-collection/help-when-youre-in-debt

www.moneysmart.gov.au/managing-your-money/managing-debts/financial-counselling

In South Africa

www.debtcounsellingsa.co.za/

www.debtrescue.co.za/debt-counselling-process

I guarantee that once all your unsecured debts are at zero and you can start saving towards your financial goals you will feel a huge sense of achievement. Rather than paying interest, your money will be earning it and as a result, you will be building wealth and will be one step closer to your ultimate goal of financial freedom.

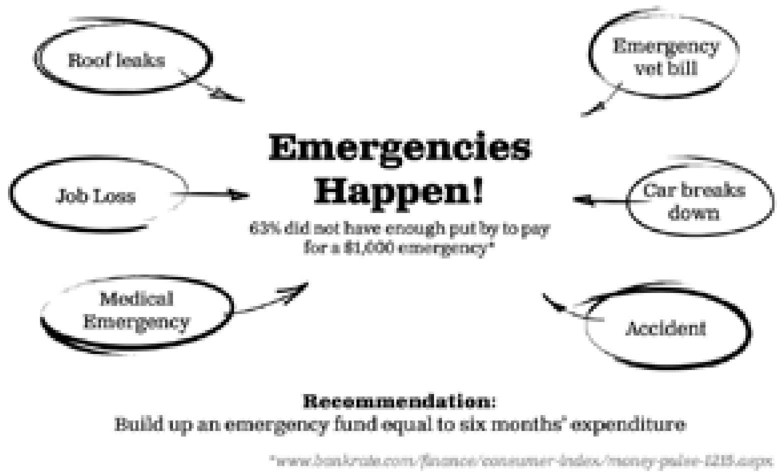
Chapter summary – key points on getting rid of your unsecured debts

- List all your debts with interest rates
- Work out which are costing you the most and set a fixed rate to pay them off
- Stop using your cards
- Try and negotiate better interest rates with lenders
- Consolidate and transfer cards if you can find a better deal
- Seek assistance

Chapter 5

Step 4: Start an emergency fund

Once you have paid off your unsecured debts, the next logical step in your financial plan is to set up an emergency fund. This is a simple step and there is relatively little to say about it so this is a short chapter but it is still an extremely important one that couldn't be missed out.



What is an emergency fund?

An emergency fund does exactly what it says on the tin – it is a stash of money which you set aside to be used in an emergency situation such as unexpected illness, a job loss or any major unplanned expenditure such as an unplanned emergency flight back home, hole in your roof, replacing a blown up boiler or fixing a car.

Why do I need an emergency fund?

An emergency fund acts a safety net to cover emergency expenses and get you through a difficult time. This is not a luxury; it is a necessity as at some point that rainy day you are saving for will surely come. If you are unprepared and don't have a cash reserve for emergencies it can send your finances spiralling out of control frighteningly fast.

It would be nice to think that such financial shocks are rare but in reality, they are pretty common. You might easily need to find $2,000 if your child were to fall over in the playground and knock out their front teeth, if your dog ate rat poison and required a blood transfusion or if your car was driven into and written off by a mystery driver in the middle of the night (all actual things that have happened to people I know in the last couple of years).

Then there are the really big things. With the economic situation in many countries still on a knife-edge since the Covid-19 pandemic and now record inflation and rising interest rates, job security is a distant dream for many people and the threat of unemployment ever-present. An emergency fund can tide you over if you find yourself in-between jobs.

And then there are the health crises – who doesn't know a family that has been hit by cancer, stroke or heart attack? How would your family cope financially in the short term if you were to require urgent treatment for a serious illness? Especially if at the same time your income was lost as you were unable to work. It is shocking how many households are just one bill away from financial meltdown. A survey carried out in the US by Bankrate.com [1] revealed how households would deal with an unexpected expense of $1,000. While 37% said they would pay from savings, the remainder admitted that they would need to reduce spending elsewhere to pay, borrow from friends or family, or use credit cards.

How much do I need in my emergency fund?

I generally recommend that my clients put aside the equivalent of six months' worth of expenditure to fall back on in an emergency. Expenditure includes everything that you need to survive and if you've completed the budgeting exercise in step two you can easily calculate six months' worth by referring back to the monthly budget plan on page 25.

That said, there are certain factors which might change the goalposts here. If you have low job security then you would be wise to set aside a bit more money. This applies particularly to those who own their own business, freelancers and workers paid per contract.

Similarly, older workers and those in highly specialised jobs with few openings in their field might have more difficulty finding a new job if they are laid off and may need to increase the amount of their emergency fund savings accordingly. Finally, if you have serious health concerns a larger cushion of cash will give you greater peace of mind.

Where should I put my emergency fund?

As you can't predict when you will need an emergency fund, this element of your savings needs to be kept easily accessible. In reality that probably means in a bank account. You won't be getting the best return on your money but that isn't the point of this aspect of your financial plan. You need liquidity and low risk for what is essentially a financial buffer. Any other savings should obviously be invested elsewhere so that they can be working as hard as possible for you.

It is essential to avoid the temptation to dip into your emergency fund to pay for that indulgent weekend away or the new TV you've got your eye on. The money needs to be left untouched and, ideally, added to as your salary and expenditure increase. To keep this enticing lump sum out of temptation's way, I would advise using a separate, dedicated bank account and arranging an automatic transfer into this account each month as soon as you are paid so you aren't tempted to spend the money elsewhere.

Your ability to handle unexpected financial shocks can have a serious impact on your overall financial situation. One small upset can send your finances spinning out of control which is why it is important to make sure the first saving you do is earmarked for emergencies. Set aside regular payments into an account and let it slowly and steadily build up while hoping that you never need it. Once your savings habit is established and you have enough of a financial cushion to get you through a shock, then you can start stashing your savings elsewhere and work towards the next steps in your financial plan. Read on and find out what they are.

Chapter summary – key points on starting an emergency fund

- Open a separate bank account for your emergency fund
- Set your target amount by working out how much you need to cover six months' worth of expenditure
- Determine how much you can contribute to your emergency fund each month
- Set up a direct transfer into your emergency fund account as soon as you receive your salary

Chapter 6

Step 5: Make sure you have enough medical insurance

What is medical insurance?

Medical insurance protects against the risk of incurring medical expenses. If you or any member of your family covered under your medical policy becomes sick or incurs an injury, the cost of treatment will be covered by the insurance company.

Case Study - Why do I need medical insurance?

Imagine this scenario for one moment. Your life is ticking along nicely. You have a nice home with a manageable mortgage, a good job with a salary which easily covers your living expenses and allows you to save towards your retirement, a partner who stays home to look after your three lovely children who are all doing well at international school. You have an emergency fund equal to six months of your salary in the bank in case life throws you a curve ball and you have a pretty tidy portfolio of savings and *investments to boot. You feel healthy, happy and financially secure. Life is sweet.*

Then one day at work you get a severe headache and nausea. You are surprised as you never get ill so you take a couple of paracetamol and carry on. But then your balance starts to feel off, you pick up your cup of coffee and immediately drop it on the floor and then you fall off your chair. When you speak to the colleague who comes to help you up, your speech is slurred and once on your feet you zigzag wildly.

An ambulance is called to rush you to A&E where doctors discover your blood pressure is through the roof. An MRI scan reveals a bleed on the brain, otherwise known as a stroke, which is blocking the supply of oxygen to the brain and requires highly skilled emergency surgery to temporarily remove a part of your skull to relieve the pressure (a craniotomy).

You are lucky that your stroke has not killed you but you can no longer walk, talk or use your hands which are totally numb. You need months of physiotherapy, speech therapy and sleep to aid your recovery. Returning to work is not an option for the foreseeable future.

Now imagine that you don't have health insurance. The cost of everything from the ambulance to the MRI scan, the surgeon's bills, countless nights in a hospital room, every *bandage, medication and meeting with a consultant will probably have to be covered by you. The craniotomy alone could set you back $22,400 in Spain, and $30,000 in Bangkok, whilst a night in their most basic single room will cost $352 when you take into account meals and service charges. That means that one month's stay clocks up a bill of over $10,000. Costs will vary from country to country but if you are an expat living abroad, you are unlikely to be eligible for free healthcare in your adopted country. Even those who do have some level of state healthcare may have to contribute towards costs, especially if they want the best services available.*

Needless to say, the impact on your family's finances could be enormous. Your emergency fund might cover the emergency surgery but then what are your family going to live off for the next six months while you are off work? How are they going to cover the mortgage? That portfolio of savings and investments is looking vulnerable. And if you want to walk and talk again, private schools might have to be sacrificed to pay for the physio and speech therapy.

The fact is that, even if you are completely healthy, your medical requirements can change dramatically in the blink of an eye. It is impossible to predict when you or a member of your family might need expensive medical care, whether it be for a stroke or a broken arm, cancer or heart disease, *and even more difficult to estimate the cost of a major illness.*

The only option to ensure that you will be able to pay expensive healthcare fees is by taking out medical insurance which will protect your wealth and offer you peace of mind that whatever happens, you won't need to worry about the finances.

Health stats and facts

The three biggest threats to your health are stroke, cancer and heart disease. If I still haven't persuaded you that medical insurance is essential, you might like to consider some of the following facts:

- 15 million people worldwide suffer from a stroke every year[2]
- 9 million of those survive and 5 million are left permanently disabled with loss of vision and/or speech, paralysis and confusion
- In 2012, 14.1 million people around the world were living with some form of cancer. This figure is expected to reach 24 million by 2035[3]
- In the US one in two women and one in three men will contract cancer[4]
- A survey for Nerdwallet Health[5] revealed that unpaid medical bills are the biggest cause of bankruptcy in the US.

- According to estimates, 350,000 Australians have suffered a heart attack with 100,000 of them under the age of 65[6]

World's 10 deadliest diseases

1. Coronary Artery Disease (Ischemic Heart Disease)
Global annual deaths: 8.14 million (2013)
The world's biggest killer!

2. Stroke
Global annual deaths: 6.4 million (2013)
9 million people survive strokes every year but of those 5 million are left with a permanent disability

3. Chronic Obstructive Pulmonary Disease (COPD)
Global annual deaths: 2.9 million (2013)
329 million people worldwide are affected by COPD

4. Lower Respiratory Infections
Global annual deaths: 2.7 million (2013)
150 million sufferers worldwide

5. Lung Cancer
Global annual deaths: 1.6 million (2013)
The most common cause of cancer-related death

6. Diabetes Mellitus
Global annual deaths: 1.5 million (2012)
Diabetes is a major cause of blindness, kidney failure, heart attacks, stroke and lower limb amputation and affects 422 million people worldwide

7. Tuberculosis (TB)
Global annual deaths: almost 1'5 million (2015)
One-third of the world's population is thought to be infected with TB

8. Diarrhoea
Global annual deaths: 1.26 million (2015)
1.7 to 5 billion cases of diarrhoea occur per year but in many part of the world it is a killer

9. HIV/AIDS
Global annual deaths: 1.1 million (2015)
36.7 million people living with HIV/AIDS worldwide (2015)

10. Preterm Birth Complications
Global annual deaths: almost 1 million (2015)
Preterm births affect 15 million babies each year and is the most common cause of death among infants worldwide

In short, wherever you live in the world, cancer, stroke and heart disease are a huge threat. It is simply naïve to think that a major illness definitely won't happen to you and the statistics certainly suggest otherwise. It is also a fact that healthcare costs are rising ahead of inflation throughout the world. While you hope you will never have to make a major claim on your medical insurance, doesn't it make sense to protect yourself anyway?

How does medical insurance work?

Medical insurance transfers the risk of you falling ill to your insurer in the same way that car insurance transfers the risk of damage to your car in an accident. But your health is far, far more important than your car (and I bet that is insured!). A comprehensive medical insurance policy will also give you greater choice when it comes to treatment, usually offering access to the very best hospitals and medical professionals. This is especially important if you live in certain parts of Asia or Africa where equipment and medical knowledge in local hospitals may not be up to western standards.

When you take out a medical insurance policy you will need to fill out questionnaires regarding the health of all the members of your family who will be covered. The insurance company will then use that information to work out your monthly premium. As age inevitably makes you more vulnerable to becoming ill and making a claim, your premiums will go up as you get older.

You must be sure to disclose any pre-existing medical conditions as these will increase the likelihood of a claim and that will also be reflected in your premiums. It is also possible that any treatments pertaining to those particular conditions will be excluded from the policy.

How much will medical insurance cost?

As with life insurance, there are so many factors taken into consideration when working out your premiums and it is impossible to give a definitive answer. The important thing is to choose your insurance plan based on your requirements rather than looking simply at cost. The cheapest policies may well not be suited to your needs.

In order to work out what is important to you and your family here is a list of questions to consider when taking out medical insurance.

Twenty questions to ask when arranging medical insurance

1. What is included in my cover?

The key areas to check that you are covered for are:

- Emergency services
- Hospitalisation
- Outpatient care
- Prescription drugs
- Laboratory tests

- Mental health and substance-abuse treatment
- Paediatric services, including dental and vision care
- Preventive services e.g. mammograms, vaccinations
- Chronic disease management (for example diabetes)
- Rehabilitation services
- Maternity and newborn care (see question 18 below)

2. What geographical coverage do I need?

You need to ensure that your policy will cover you wherever you may travel to live or work – a particularly important point for expats who are likely to travel internationally. While you can always purchase travel insurance for individual trips, it may work out cheaper to include worldwide coverage on your health insurance plan. Make sure you are covered for both emergency and non-emergency situations – if you are abroad often you may need to visit a GP at some point.

The term evacuation refers to a situation where you are holidaying or working abroad and cannot receive the treatment you need because the facilities available are not adequate or do not match up to international standards. I would recommend you ensure evacuation is included in your policy if you are a regular traveller, especially to less developed countries.

3. Do I need a local or international policy?

Local policies have the advantage of lower premiums but this comes with reduced benefits, lower payment ceilings and may have geographical limitations.

4. Do I have any pre-existing or chronic conditions?

It is important that you declare any pre-existing or chronic condition which is relevant to your health, even if it seems minor to you. These are generally medical conditions such as diabetes, cancer or HIV which are long-lasting or permanent. If you do have conditions to declare, be very clear about whether your policy covers you for related treatment or not.

Some policies offer a moratorium option for a recent pre-existing condition that no longer requires treatment so it is worth discussing this with your insurer. It is also possible to take out Medical History Disregarded (MHD) policies although these are usually linked to a corporate or group plan.

5. Is my work plan sufficient?

You may be offered health insurance as part of an employer's group scheme. Check the policy terms carefully to ensure that the plan suits the particular needs of you and your family. With some employer's group schemes you, as the main employee, will have more comprehensive cover than the rest of your family and claim limits may also be lower on a group plan than they are on a private policy. If you are covered at work but deem your policy insufficient it may be possible to purchase top-up insurance to bridge the gap between existing cover and the additional needs of you and your family.

It is also worth seeing whether the premiums are calculated based on your individual health and claims history or whether these are rated against the group as a whole.

When transferring out of a group scheme, for example when you change jobs or retire, check the terms of transfer to verify that your benefits and premiums remain unchanged.

6. How much choice do you have with regard to hospital and treatment?

Some policies will be more flexible than others when it comes to the locations and specialist treatments you can opt for. Make sure you know exactly what your options are. This is of particular relevance to expats in some Asian countries (such as Myanmar) where certain treatments may not be available locally and you may need to travel abroad for appropriate treatment.

7. Is there a cash benefit option?

In some cases, policies offer the option of choosing a cash benefit over the standard benefits of the policy. To give an example, it might be possible to opt for a bed in a semiprivate ward rather than a private hospital room and receive a cash benefit as a result.

8. Is repatriation covered?

If you should become seriously ill and wish to return to your home country for treatment, would that be possible under your policy?

9. Is outpatient care covered?

Outpatient treatment is medical treatment administered during the day without the necessity for an overnight stay. There may be lower limits for outpatient treatment than there are if you are an inpatient, again check the limits.

Outpatient treatment will include visits to a GP or other specialist. It is advisable to ensure that you are covered for these.

10. How much are the annual deductibles or excess?

This is the amount of the claim that you have to cover out of your own pocket should you require medical care and it can vary wildly from one policy to the next. It is possible to choose to pay nothing but that will obviously have a bearing on your premiums – generally, the lower the deductibles the higher the premium. Balancing the two is key to coming up with a policy that covers your needs and fits your budget. If your family is in good health you may tend towards lower premiums and a higher deductible or vice versa.

11. What is the pay-out limit?

All policies have maximum pay-out limits and these can differ according to the type of claim. With healthcare costs constantly rising you need to make sure that the limits imposed in your contract are sufficient. Policies can have a maximum limit per lifetime, per year and/or per claim. Make sure you know which ones are included in your policy.

Annual pay-out limits can sometimes be expressed as a number of sessions of treatment required, for example, a certain number of sessions for physiotherapy over the course of a year.

As a general guide, I would recommend a minimum of $1million per claim, although this could vary according to the state of your health.

12. Are there any internal payment limits?

As well as the claim and lifetime limits mentioned above, some policies may include limits on individual procedures which are called internal payment limits. When this is the case, even if you have a per claim limit of $1million you may find that there is a maximum pay-out for a particular procedure or with regard to daily charges for a hospital room and board. Internal payment limits are to be avoided where possible.

13. How is a settlement made?

Different insurers operate different policies regarding payment. Often they will have a network of preferred healthcare providers and direct settlement is a way of encouraging you to use them. Obviously, this is a preferable option, particularly for larger claims where cash flow could become an issue.

14. What are the payment terms?

Do you have a choice over whether to pay annually or monthly? Which would be more convenient for you? Some insurers may offer a discount for annual payment. Is there flexibility over which currency that you pay in? This could be relevant for expats who move around. Finally, make sure you understand the terms with regards to age limits and renewability.

15. Are alternative or complementary medicines covered?

Alternative and complementary medicines such as homeopathy, chiropractic care, massage therapy and acupuncture are gaining traction worldwide as valid treatments for a wide range of ailments but some insurance policies exclude them. Even if services are covered by your plan, cover may be limited.

16. Is there any provision for emergency medical advice and treatments?

Some insurance providers have hotlines and other support services which you can tap into in a medical emergency. Ask what additional services are offered under your policy.

17. Are there any additional benefits under your policy?

These could include free health checks or a lump sum for critical illness. Familiarise yourself with what is on offer from your insurance provider.

18. Do you need maternity cover?

Often there is a waiting period or moratorium of 10-12 months for new plan holders to be covered for costs related to pregnancy. If there is a chance someone covered by your policy will fall pregnant in the first year, you will need to flag this up. There may be an additional premium to pay.

19. Who can help me select health insurance?

Most professional financial advisers have in-depth knowledge of the medical insurance market and can help you work through the above list of questions and propose providers and policies which are best suited to your unique requirements.

20. How can I ensure I am getting impartial advice?

It is essential to choose someone who is independent and not tied to a particular insurance company so they can compare a range of products from different providers. This will ensure that the advice you are receiving is unbiased and that the broker is working in your interests and not those of the product provider that they are tied to.

Just as with life insurance, medical insurance is a product you purchase hoping that you will never have to use but it is one of the cornerstones of a watertight financial plan to protect your wealth and your family. Better safe than sorry as they say!

Chapter summary – key points on making sure you have enough medical insurance

- Work through the list of twenty questions in this chapter to nail down the kind of policy that you are looking for
- Compare the different insurance companies and levels of cover provided
- Ideally, consult with a financial adviser about your findings and ask them to propose products that suit your requirements
- Fill in all the necessary paperwork to get you and your family covered

Chapter 7

Step 6: Make sure you have enough life insurance

Q. What is your most valuable asset?

A. Your home? Your car? Your retirement fund?

All of the above are wrong!

Your most valuable asset is you and your ability to earn. Let's just say you are 40, earning $150,000 per year and planning to retire at 65. Over the next 25 years, even if your salary doesn't increase (and let's hope it does!) you will earn $3.75 million. For most people, that dwarfs the value of their property or any other individual asset they might own.

Few of us would dream of omitting to insure our house or our car, yet a huge percentage of us don't have any life insurance. According to a survey by Moneywise, a massive three-quarters of the UK population are without adequate insurance while LIMRA's Trends in Life Insurance Ownership study revealed that 56% of Americans don't own any. Of the

44% of Americans that do, nearly half didn't have enough an adequate amount to cover their liabilities.

To truly become financially free it is crucial that you insure your most valuable asset by taking out a life insurance policy for your liabilities.

What is life insurance?

Up until now, we have concentrated on the aspects of financial planning which involve goal setting and budgeting but life insurance is part of a second, equally important, aspect of the process; the protection of your wealth and your ability to create it.

Life insurance is a means by which you can protect your assets for the financial wellbeing of your family in the future against the unlikely but possible event of your untimely death. Should you pass away, life insurance protects them by providing a death benefit (usually a lump sum, but in some cases regular payments) to cover their immediate financial requirements and ensure that they do not suffer financial hardship as a result of losing the family breadwinner.

Do I need life insurance?

Not everyone needs life insurance. If you are single, debt-free and with no dependents, it is possible that you can skip this particular step, although it is always worth double checking with your financial adviser. The younger and healthier you are, the cheaper your premiums will be so, even if you are currently responsibility-free, it may still be worth taking out insurance if you anticipate having a family at some point. This is sometimes referred to as insuring your future insurability.

If you can't tick all three of the single, debt-free and no dependent boxes then chances are that life insurance is advisable for you. If you have a spouse and children who are reliant on your income then life insurance is an absolute must.

My clients often think that only family breadwinners need life insurance but I always inform them of the facts. Even if a stay-at-home parent doesn't have a salary, the impact of their death would be significant. US website Salary.com argues the case well. According to their calculations, a stay-at-home mum works 96.5 hours per week juggling the roles of housekeeper, cook, day care teacher, driver, janitor, psychologist, facilities manager, CEO, laundry operator and computer operator. The site has calculated a fair salary for all this and comes to the astonishing figure of $118,905! Whether that is an accurate assessment or not, it proves the point that some kind of life insurance is a good idea for a stay-at-home parent.

Retirees whose dependents have grown up and left home may still need to protect a surviving spouse against loss of income but often the focus at this stage of life shifts from protecting loved ones against the immediate impact of your death to estate planning requirements. Death benefits from a life insurance policy are not usually subject to death taxes so life insurance can be an important estate planning tool. This is certainly the case in countries such as the UK, US, Canada and Australia; as long as the insurance is left to beneficiaries and not paid into the estate on death.

The consequences of not having life insurance

The irony of life insurance is that you buy it hoping that you never have to use it. In fact this is true of all insurance but especially life insurance. That said, the consequences of not having it can be devastating and far-reaching:

- Your family could be forced to move house if they cannot meet mortgage or rent payments
- Children may have to change schools if school fees cannot be met
- Your children's future prospects may be in jeopardy if they cannot afford further education fees
- Your family could fall into serious debt or even bankruptcy
- Feelings of financial security could be undermined causing stress and anxiety
- Your family may not be able to afford your funeral
- Your estate may be subject to avoidable death taxes


Most Common Excuses for not having life insurance
" I'm young and healthy - I don't need to worry about life insurance right now... "
It costs more when you are older and in the meantime you are uninsured
" I'm already leaving my heirs plenty of money "
Maybe so but will they be able to access their inheritance immediately and what about the tax liability?
Life insurance payments are tax free
" It's too expensive "
Actually life insurance is very reasonable and most premiums are under $100 a month
" It's too hard to understand "
It really isn't.
It's even simpler than other common insurances
" I am not planning on dying tomorrow "
None of us are but we don't get to choose
" I have too many expenses at the moment "
How many are more important than providing protection for your family?
" I don't trust insurance companies "
Do some research there are some excellent companies out there
I don't need it
Perhaps not but if anyone relies on your income you do

Types of Life Insurance cover available

There are two main types of life insurance cover:

Term insurance

With this type of insurance, protection is offered for a specific period of time, usually between ten and thirty years. If you die, your named beneficiary, or beneficiaries, receives the amount agreed by the plan – called the face value. With a level term policy this will remain the same throughout the duration. It is also possible to have a policy where the pay-out decreases as time goes on – this is called decreasing term. The face value and the duration of the cover will be linked to the premiums you pay each month so you need to find a happy balance between these three elements.

Term insurance covers very specific temporary needs such as mortgage repayments over the term of a loan on your home. In this example, if you were to die, the debt left on your property would be paid off by the insurance company freeing your spouse from this financial burden.

A term insurance policy ends when the debt has been paid off – either because the loan has been repaid in full or because the policy has been cashed in following a death. If the policy expires, it may be possible to renew it for a further period of time or to convert it to a permanent insurance plan, although both options will probably involve a rise in premium.

Term insurance involves less risk for an insurance company and is therefore less expensive than whole life insurance but it has no cash value.

Whole life insurance

By contrast, whole life insurance does what it says on the tin and covers you for your entire life, expiring only when the policyholder dies. Premiums are more expensive, understandably given the higher risk involved, but remain fixed as long as you don't miss any. If you die, your named beneficiary will receive a guaranteed death benefit which is the face value of the plan.

Whole life insurance can be used for a number of reasons:

- To supplement your spouse's income if you pass away
- To cover your funeral expenses
- To avoid capital gains tax payable on your death
- To leave a legacy for your loved ones
- To protect against inheritance tax liabilities

Often these policies have a savings component which works a little bit like a savings account. The investment part of your premium generates a cash value which can be used to offset future premiums later in life and the policy has an encashment value – an amount payable to you if you surrender the policy. In addition, whole of life policies may allow you to dip into your savings by taking a loan from the cash value of your plan.

How much life cover do I need?

One of the most common questions that clients ask is ‘How much life insurance do I/we need?’ My usual answer is ‘More than you would think.’

The amount you are insured for is known as the ‘sum insured’. Many advisers recommend taking cover worth ten times your salary but I find that a rather simplistic approach. Calculating the amount of cover you need requires a little bit more work from you. A good start is to calculate your monthly outgoings, and if you have been diligently working through this book you will have done most of the hard work already when working out your budget requirements in step two.

The key is to check with your existing employer to see what level of cover you currently have through work if you were to die then take this value off the below checklist to calculate the sum assured amount you need to cover yourself for.

Below is a handy checklist of costs you should take into account – some may not apply to you and there may be others you need to add which are particular to you.

Immediate costs:

Repatriation of family to their home country

Outstanding debts

- Credit Card
- Bank Loans
- Car Loans
- Overdraft

Annual day to day living costs for family x how many years

Outstanding mortgage balance or home purchase

Future family health care/medical insurance

Children's schooling

Children's university education

Education/Retraining to enable spouse to return to work

Life insurance policy for spouse

Other insurance

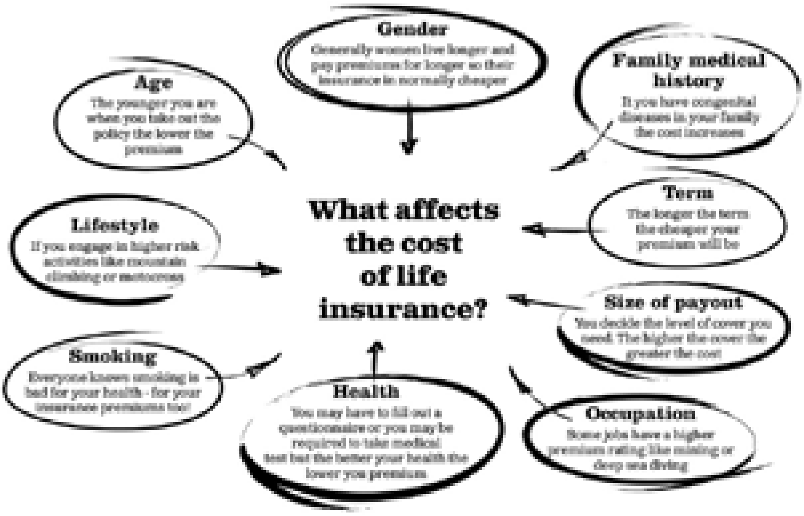
Spouse's retirement/pension

Once you have calculated your day-to-day living costs, these need to be multiplied by the number of years they are needed for. Obviously, the more debts and commitments you have, the higher the value of cover you will need.

There are some useful life insurance calculators available online to help you work out the value of cover that you need but nothing beats a consultation with a professional financial adviser who will have both the expertise to help you put a figure on your needs and partnerships with a range of reputable insurance providers. They will be able to compare different products to help you find the best possible deal.

How much will life insurance cost?

The type of policy you choose, the sum insured and the state of your health will all affect the cost of your life insurance so there is no simple answer to this question. When you take out a policy you will be required to fill out a detailed medical questionnaire which will give a complete picture of your lifestyle and your health. These key indicators enable the insurance company to carry out a risk assessment using mathematical algorithms. Factors such as old age, ill-health, being overweight and smoking all increase your insurability risk and therefore will increase your premiums.



Case Study – How much life insurance is enough?

Below is a real-life case study example that I advised on a married couple where both initially thought that $1,000,000 of life insurance for each of them was adequate (names have been changed for confidentiality purposes):

Thomas and Hannah are a married couple with:

Annual incomes of $80,000 each

Two children, aged 2 and 4

In the event either of them should pass away, they wished for:

Their family's standard of living to remain the same

The surviving spouse to retire comfortably

Upon the passing of one spouse, the other one would receive the $1,000,000 benefit. A hypothetical return rate of 5% would create an annual income stream of $50,000. That amount replaces only 62.5% of the spouse's missing income ($80,000) with no adjustment for inflation.

If Thomas and Hannah would like to maintain their current annual pre-tax income of $80,000 (assuming a 3% inflation rate and an annual pre-tax investment rate of 5%), $1,000,000 will last only 14.5 years.

If Thomas and Hannah would like to maintain their current annual pre-tax income of $80,000 (assuming a 3% inflation rate and an annual pre-tax investment rate of 5%) for the remainder of their life expectancies (which for them is 50 years), the lump sum needed is $2,600,000. A significant amount more than the $1,000,000 sum they are currently insured for.

The key to making sure that you have enough life insurance is to make sure that you define the following:

1. How much income would you like to provide if you're no longer alive?

For the above example, maintaining the family's standard of living was their key goal

2. What is your beneficiary's risk tolerance for investing the lump sum?

In the above case study, they were comfortable with a 3% inflation rate and 5% rate of return. If your views are more cautious, that will increase the lump sum needed to provide the necessary income and vice versa if you are more aggressive in your risk tolerance.

Obviously, this is just an example. Before you decide on the amount of cover you need, it is worth considering the following ten questions.

Ten questions to ask when arranging life insurance

1. Which kind of insurance best suits my needs?

Each individual will have unique requirements depending on their personal circumstances. You need to think about how long you will need cover for and what level of premium you can afford. You may need to talk through your situation with a professional who can suggest whether your needs are best suited to term or whole life insurance, or possibly a combination of the two.

2. Who are my beneficiaries?

You must nominate a beneficiary (or beneficiaries) in your life insurance policy. These will supersede any named in your will. It is possible to name your estate as the beneficiary but this is best avoided as if you do so the proceeds of the policy will be governed by your will and subject to estate taxes which could potentially be avoided by naming specific beneficiaries.

3. Should I take out a single or joint life policy?

It might seem logical for partners to have a joint policy and it is probably a cheaper option but it is not always the best choice. One policy means one pay-out so if you were both to die, there would only be one lump sum payment whereas if you each have an individual policy they will pay out separately. If one of you dies, the policy ends leaving the surviving partner without cover. Depending on how much time has passed since the original cover was put in place, premiums on a new policy could be significantly higher than previously.

Joint policies can also be problematic if a relationship breaks down. Policies cannot be split which means that either one party must assume the full cost or both parties must continue to pay otherwise the policy will become invalid. In addition, there could be issues down the line concerning beneficiaries, especially when second marriages and children from those marriages are involved.

4. Do I need an international policy which will be valid if I move country?

Many expats do not realise that spending over three months away from their home country will usually invalidate their domestic life insurance, putting their family's financial security at risk. In most cases, if you are planning on spending even relatively short periods away from home you should opt for an international policy which will travel with you.

5. Should my policy be paid into a trust?

It is possible to write life insurance policies in trust which is relatively straightforward and inexpensive but can save a lot of money on estate taxes. Life insurance pay-outs which are written in trust are ring fenced out of your estate which not only saves money but also means that the money can be paid out before probate is granted (which can be a lengthy process) so the money can be accessed very quickly after your death, often within days if that is your wish. Conversely, with trusts you also have the option of deciding to delay when the money is distributed – for example only letting your kids get their hands on it when they are 21 and possibly using the funds more wisely!

Taxation is a complicated field requiring specialist knowledge and I would advise taking professional advice when setting up trusts.

6. Is there flexibility to increase or decrease cover and/or payments?

There are adjustable life insurance policies on the market which allow you to modify payments, terms and coverage.

This is useful for those who anticipate changes to their financial responsibilities (such as a growing family) or a rise in income which could necessitate an increase in cover.

7. Do you practice any dangerous activities?

Anything which increases your risk of accident or death will affect your premium. It is always best to flag up if you have a fondness for activities like hot air ballooning or skydiving. If in doubt, mention it.

If you are a smoker your life insurance premiums will naturally be more expensive but don't be tempted to not disclose this – insurance companies are cracking down on this and can insist on independent cotinine tests to check. If you start smoking after you take out a life insurance policy, you need to inform your insurer too.

8. Do you have a medical condition which may reduce your life expectancy?

Again, better to be safe than sorry on this one. The fallout can be devastating for bereaved families so be absolutely honest about anything you think could affect your policy. If you have a family history of cancer, stroke or diabetes, always disclose this.

Also be aware that an insurer may require you to have a medical before issuing life insurance.

9. Is your group cover sufficient?

You may have group cover from your employer as a benefit which is a great perk but could leave you and your family vulnerable down the line. With group cover the control is out of your hands and there is always the possibility that you leave or lose your job.

10. Do you need any policy add-ons like critical illness cover?

Insurance companies offer a number of add-ons to life policies which are worth considering. 'Waiver of premium' is a common one which stipulates that your premiums will be paid automatically should you find yourself unable to work due to ill health or an accident.

Critical illness cover is another add-on which I would strongly advise. Statistically, you are far more likely to be prevented from working due to cancer, stroke or heart attack than you are to die so it absolutely makes sense to protect yourself against such an eventuality. In fact, the Association of British Insurers estimates that before the age of 65 you are five times more likely to claim on a critical illness policy than a life insurance one. For this reason, critical illness cover is more expensive than life insurance but offers the peace of mind that should you be diagnosed with a serious condition listed on your policy, you will receive an agreed lump sum to support you and your family.

Reviewing your life insurance cover

It is important to review your cover on a regular basis to make sure that it is still valid and continues to meet the requirements of your family. In particular you should have a look at your cover in the following circumstances:

- If you get married or divorced
- If you have a child
- If you want to add or change a beneficiary
- If you move country
- If you change jobs – and particularly if you take up a hazardous job
- If you take up an extreme sport
- If you start smoking

If in doubt about any life change which could affect your policy, I advise you to get in touch with your insurer.

Life insurance is a key component of any financial plan for protecting your family, providing peace of mind and as a useful tool in estate planning. For this reason putting cover in place is a key step in achieving your ultimate goal of financial freedom.

Chapter summary – key points on life insurance

- Calculate the amount of life insurance you need by working through the list in this chapter

- Work through the list of questions on life insurance above and note down the answers
- Decide on an amount of cover and which insurance company to use. I recommend you consult a financial adviser who can clarify any questions you have and provide quotes from different providers
- Take out a life insurance policy, preferably with critical illness cover

Chapter 8

Step 7: Fund your company pension to the maximum

What is a company pension?

A company pension can also come under many aliases such as workplace pension, occupational pension, works pension or work-based pension. They all essentially mean the same thing.

A company pension is a way of saving for your retirement which is organised by your employer. Each payday a percentage of your salary is paid directly into the pension scheme on your behalf. In many cases your employer will also make contributions which match yours up to a certain limit; this is known as contribution matching.

In the good old days, many people had defined benefit (DB) or final salary schemes which guaranteed a certain income on retirement but, sadly, this is no longer the case for most people. The majority of pension schemes these days are defined contribution (DC) schemes which do not offer a guaranteed value when you reach retirement. The funds are invested in a portfolio of assets, including the stock market with the aim of growing the pot over your working life to fund your retirement once you stop working. This is the case for 401(k) schemes in the US, superannuation in Australia or Registered Retirement Savings Plans (RRSPs) in Canada.

Laws vary from one country to the next but the UK has just introduced automatic enrolment legislation making it obligatory for employers to enrol their employees into a workplace pension scheme if they are earning over £10,000 per year, are between 22 and state pension age and work in the UK. As an employee, you do have the option to opt out but read on to see why you definitely shouldn't. Similarly, in Australia employers are required to make superannuation contributions for their employees on top of their salary with individuals encouraged to also make voluntary contributions.

Should I join my company pension scheme?

All financial experts agree that joining your company pension scheme is an absolute must. There are a few reasons for this:

1. You will earn free money

Employer contributions into your company pension scheme are essentially free money. Failing to take advantage of the maximum matching contribution from your employer is not good financial planning.

2. A pension is a tax efficient way of saving

Any payments you make into your pension fund may be eligible for tax relief, depending on your work jurisdiction. Pension contributions are taken from your gross rather than your net salary i.e. before tax is deducted. For example, in the UK your pension provider will claim basic tax relief and pay the difference into your pension pot. As a result, for every £100 you pay into your pension, you receive the full £100 as opposed to paying tax at 20% on it leaving it worth £80 net if you were to pocket it. The difference is even greater for those in higher tax brackets.

In the US, most retirement IRS-qualified pension plans offer significant tax benefits to contributors, whether it is the employer or employee making contributions, or both. In many cases, most contributions are made pre-tax, eliminating the need for tax deductions on your annual return.

It is worth checking your company pension scheme as to where the regulatory jurisdiction is based and the tax advantages, which vary from country to country.

3. Saving for retirement is a key part of any financial plan

It may feel like you are taking a salary cut when you decide to put a percentage of your pay into your pension scheme because you will have less money in your bank account each month but it is essential that you make provisions for your golden years when you are working. It's easy to delay paying into a pension or start with a lower amount thinking that you will have more disposable income in the future but often that doesn't turn out to be the case - kids and mortgages have a habit of coming along and sucking up any spare funds! The sooner you start saving into your pension scheme the better because the longer you let compound interest work its magic, the more effective it will be.

How much will my company contribute?

The exact percentage your company will contribute to your pension will depend on the scheme they operate and will differ from one employer to another. If you don't know what your company policy is, make an appointment with your HR department to talk through it in detail.

Why should I opt for maximum matched contributions?

A typical company scheme might offer matching contributions up to an upper limit of your salary per year (typically 6%). Taking that as an example, let's say that you are 25 and earning a salary of $80,000 per annum. The following example shows the dramatic difference between opting to make contributions of 3% of your salary and maxing out your contributions at 6% over the course of your working life, assuming 2% net growth per annum.

(Calculation assumes interest is calculated and compounded monthly. This may not be the same as your account but the differences are not massive. Please use as a guide only)

If you opt for matched contributions of 3%:

- Your monthly contribution will be approximately $200
- Your employer will match that with $200 per month
- You will be paying $2,400 per year into your pension
- Total joint annual contributions to your pension will be $4,800
- At 65, you would have personally paid in $96,000 and the value of your pension pot will be approximately $293,774

If you opt for matched contributions of 6%:

- Your monthly contribution will be approximately $400
- Your employer will match that with $400 per month
- You will be paying $4,800 per year into your pension
- Total annual contributions to your pension will total $9,600
- At 65, you would have personally paid in $192,000 the value of your pension pot will be approximately $587,548

Over the course of 40 years and by opting for matched contributions at 6%, an extra investment of $96,000 on your part yields $293,774 extra into your pension fund (assuming 2% growth per annum of the pension fund). That equates to a return on investment of over 300%. You will agree that making additional savings of $200 per month, or less than $7 per day, now is well worth the effort!

And don't forget that if tax relief is taken into account, an increase in your contributions may not have such a big impact on your take home pay as you might expect.

Of course, at 25 you would hope to have a fair few salary increases over the course of your working life so your pension pot will in reality be bigger and the increase will be exponentially more.

I hope that I have proved to you with the above example that small sacrifices each month will enable you to make the most of your company pension scheme and therefore are well worth it in the long run. In short, take the free money - it's a really simple way of making your final financial goals achievable!

Chapter summary – key points on funding your company pension to the maximum

- Make sure you understand how your company pension scheme operates

- If you are not already contributing, start now. Contribute the maximum you possibly can that is matched by your employer to take full advantage

Chapter 9

Step 8: Save for your retirement

Why do I need to save for retirement?

Warren Buffet famously said ‘Do not save what is left after spending but spend what is left after saving' and this is definitely how you should approach saving for your retirement.

It’s probably safe to say that none of us want to spend our golden years counting every last cent and having to choose between having the heating on and eating healthily. We want to be wealthy in retirement and enjoy the free time we have worked so hard for in our working lives.

However, we are living in an age of austerity in which government budgets are increasingly stretched and treasuries are looking to make savings wherever they can. State pensions have inevitably been affected. The brutal fact is that most existing country pension systems are unsustainable. With increasing life expectancy it just isn’t feasible for all of us to stop working at the current retirement pension age and be supported by the state, hence why the goalposts are changing within pensions systems around the world.

In the UK for example, some changes have already been introduced with the state pension age (SPA) for women rising from 60 to 66. The next change will be introduced in 2026 when the pensionable age for both women and men will rise to 67.

In France the legal retirement age is 62, however a full state pension is only paid when retirees reach 65. Similarly, in the US the current retirement age of 66 will rise to 67 by 2027 and in Canada it is 65.

Even when you do become eligible, state pensions are far from generous and if you are relying solely on that to support you when you stop work, you can kiss goodbye to your retirement dreams. Reliance on the state pension will mean a life of subsistence – there certainly won't be anything left for travel, treating the grandchildren or pursuing many hobbies.

In spite of this, an estimated one in seven people in the UK has no private pension provision[7] and in the US, 50% of all workers have less than $2,000 saved for retirement with 36% having nothing at all[8]. This is both surprising and worrying in equal measure.

I really can't stress enough how important it is not to rely on the state and to make your own provision for your retirement.

When should I start saving for retirement?

The simple answer to that question is now! Whatever your age, the earlier you start to save for your retirement the better, which is why I always recommend that clients, whether in their twenties, thirties, forties or fifties, take a disciplined approach to saving and religiously set aside part of their income each month as well as a percentage of their annual bonus, if they are fortunate enough to receive one.

I wholeheartedly agree with Charles A. Jaffe (author of The Right Way to Hire Financial Help) who said that 'It's not your salary that makes you rich, it's your saving habits'. Wealth in retirement requires dedicated saving with as early a start as possible. Saving for retirement is rarely top of the list of financial priorities for someone in their early 20s because stopping work for good seems so far in the future when you are just stepping on to the career ladder; but we can all benefit from starting our pension planning earlier because time is the key to making the most of the power of compounding.

The power of compounding

Compounding is the interest you earn on interest and the exponential growth achieved the longer you have invested for. It's such a miraculous concept that Albert Einstein called it 'the eighth wonder of the world'.

To illustrate how compounding works have a look at the following table. It clearly illustrates just how important time is in harnessing the power of compounding.

The value of saving early

The table below compares two saving scenarios.

In 'save Now' $12,000 a year is saved for a period of 10 years.

After that date no further funds are added but the amount continue to compound for a further 10 years.

In 'Start later' the saver starts at Year 11 but saves twice as much.

		Start Now	Start later	
Year	$ Saved	$ Fund at 5%	$ Saved	$ Fund at 5%
1	12000	12600	0	
2	12000	25830	0	
3	12000	39722	0	
4	12000	54308	0	
5	12000	69623	0	
6	12000	85704	0	
7	12000	102589	0	
8	12000	120319	0	
9	12000	138935	0	
10	12000	158481	0	
11	0	166406	24000	25200
12	0	174726	24000	51660
13	0	183462	24000	79443
14	0	192635	24000	108615
15	0	202267	24000	139246
16	0	212380	24000	171408
17	0	222999	24000	205179
18	0	234149	24000	240638
19	0	245857	24000	277869
20	0	258150	24000	316963
Total	120000	258150	240000	316963

Start Later' saves twice as much but only has 23% more in retirement!

The table compares two different approaches to saving. The first is to start saving early, continue for ten years then stop and leave the fund to let it grow via compounding.

The second approach is to wait and start later but save double the amount for ten years. While this example means saving twice as much, there is only 23% more in the pot at the end of the ten years.

These examples clearly illustrate how time is compounding's greatest ally and saving early can make a huge difference to the size of your pension savings.

I understand how, with so many other things to spend your money on, it is easy to push your pension down the priority list and say that you'll start later when you have fewer financial outgoings. The problem is that life has a funny way of constantly throwing up new financial responsibilities such as the mortgage, school fees or the college fund for the kids, which is why it is time to stop procrastinating and start saving for retirement immediately.

If you delay saving, hoping to save a higher percentage of your earnings later on, you could be in for a shock when you realise just how much bigger a percentage you need to save. Once lost, the benefits of compounding over those early years are gone forever.

That said, if you are already in your 50s, it is always better to start late than never! If you can't contribute a high enough percentage to reach your retirement goals you always have the option of delaying retirement. A study by the Insured Retirement Institute (IRI) in the US showed that someone who saves 10% of income annually at age 30 can increase their retirement income by a massive 73% by delaying retirement to 70 rather than 65. While the effect might not be quite as dramatic for someone in their fifties, it shows that there are solutions for late starters but it is imperative not to lose any further time.

How much will I need to retire?

Different financial experts recommend various strategies for working out your pension requirements. Some endorse amassing a sum equivalent to anything between eight and twelve times your final salary, others look at your income on retirement and recommend you aim to have 80-90% of pre-retirement income to allow for the fact that you will no longer be paying social security contributions when you stop work. In reality, I believe that these methods are flawed and only serve as a basic starting point because you don't know how much you will be earning when you retire.

As we saw in step one, in order to achieve a goal you need to define it. It follows that the starting point to successful retirement planning has to be understanding what you want to achieve, and by when. If you don't define a retirement date it is like trying to read a map without knowing your destination.

These are the key questions you need to ask yourself in order to clarify your goals:

- At what age do you want to retire?
- What standard of living do you expect in retirement?
- Are you planning to retire abroad or in your home country?
- What is the most tax-efficient way to save?
- How will your nationality, tax and residence status influence which jurisdictions are the most tax-efficient and suitable to invest in for the future?

Of course, retirement involves one question that you simply can't answer - how long do your savings need to last?. With life expectancy increasing, it is entirely possible that you will need your savings to support you for 30 or 40 years. That's an awfully long time to live with no income from employment.

Here are a couple of case studies to show how much you might need to save to achieve goals.

How much do I need to save per month in order to have $1million aged 55?

This table shows how much you will need to save per month if you wish to retire at 55 with a pension fund of $1million with different rates of return:

Monthly amount to save			
Age	3%	5%	7%
25	1716	1200	820
30	2242	1680	1235
35	3046	2433	1920
40	4406	3742	3155
45	7156	6440	5777

It is always better in my opinion to be conservative with the growth projections for investment returns so I will focus on the 3% return column. This shows that if you are 30 and want to start saving to amass $1million by the time you reach 55 you need to invest $2,242 per month over the next 25 years and achieve average growth of 3% per annum.

If you started just five years later at the age of 35 then you would need to save an extra 35% per month ($3,046 in total per month) in order to achieve the same value as starting at age 30! This shows just how costly delays can be due to the effects of compound growth.

How much could I have in 20 years' time if I save $1,000 per month?

The below table illustrates the size of your pension pot at different rates of return if you save $1,000 per month with a view to retiring in 20 years. This table also compares the value of an investment if you delayed starting to invest by 3 and 5 years.

Table: Size of fund saved at retirement			
Average Annual Growth	Start saving		
	Now	In 3 Yrs	In 5 Yrs
3%	$328,302	$265,693	$226,973
5%	$411,034	$320,525	$267,289
7%	$520,927	$390,126	$316,962

If we look at the 3% growth example again, you can see that if someone were to save $1,000 per month over the next 20 years and achieved 3% net growth per annum the final value of their savings would be $328,302.

However, if they delayed starting saving $1,000 for just three years, meaning there were only 17 years of monthly savings invested, then the pension pot would be nearly 20% lower.

A five year delay would mean a 30% drop in the value, meaning 30% less retirement income compared to starting five years earlier.

A financial adviser can help you work out the figures for your own individual situation, taking into account your existing pensions from previous employment, wherever in the world you have worked. Contact each of your pension trustees and ask for an up-to-date valuation as well as projections to normal retirement age and have the figures assessed by your adviser.

Seven considerations when investing for your retirement

If you are working hard to put money aside for when you retire you want that money to be working as hard as it possibly can for you. That means you need to put some thought into how it is invested. There are some important factors to consider when deciding exactly where to invest:

1. Rate of return

Aside from time horizon, rate of return is the biggest factor affecting the performance of your investments. As is clear from the tables above, your rate of return can make a profound difference to how much you end up with once you stop working. You need to select investments that give you the best possible rate of return, although this needs to be balanced against your timeframe to retirement and your tolerance to risk.

2. Your tolerance to risk

Risk tolerance is a very important factor to take into consideration when working out where to invest your retirement savings. Some of us are natural risk takers while others are inherently cautious and your investment strategy will, to some degree, reflect this. Your age will also affect your tolerance to risk – someone in their thirties can afford to take more risks investing than someone who is approaching sixty with less than a decade left to save for retirement. The latter won't have time to recuperate any market corrections.

3. The need to diversify

Diversification is a cornerstone of successful investing. It is important to avoid putting all your eggs in one basket by investing in the different asset classes: equities, bonds, hedge, property, commodities and cash. Asset allocation mitigates your risk because different asset classes will react differently to various economic conditions and balance out each other's highs and lows.

4. Keeping ahead of inflation

You must ensure that your money is keeping ahead of inflation. Inflation rates have been low over the last few years but that hasn't always been the case – in the seventies prices doubled in a decade. Inflation is often referred to as the silent thief. When high, it steals our purchasing power as prices increase and the value of our money falls. It can have a devastating effect on retirement savings. That's why it is important that your investments at least keep up with inflation so they aren't dropping in value in real terms.

5. Tax-efficient saving

Depending on your nationality, tax residence and timeframe, using favourable jurisdictions with lower tax rates for investment funds is sometimes the cheapest and most flexible way for expats to save for retirement. If you are in a low tax jurisdiction, then you may have the benefit from gross roll-up and no tax at source on any gains, depending on your nationality and own circumstances. Assessing the taxes on any investment depending on where you will be living is complex so you should always do your research or, better still, seek independent financial advice from a qualified professional.

6. Take a long-term view

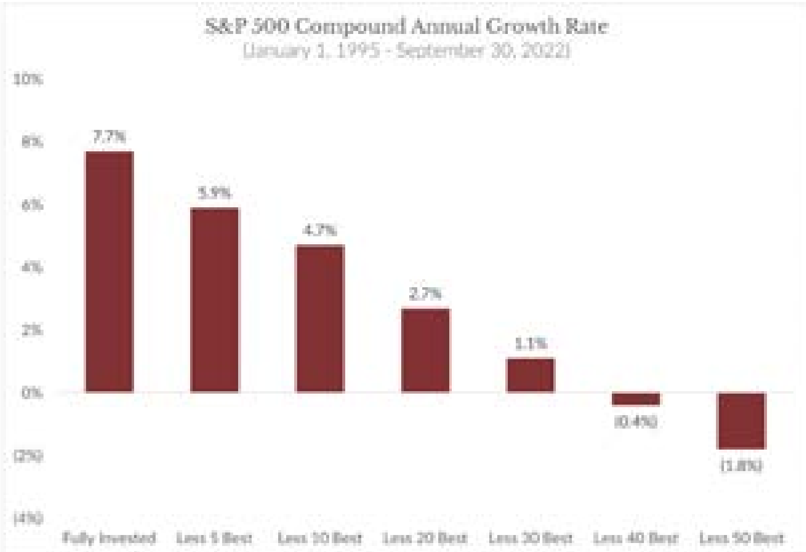
A well-thought out retirement savings plan will not require you to be checking share prices on a daily basis and adjusting your portfolio accordingly. You need to take a much longer term approach. Trying to time the markets is a notoriously difficult thing to do and a strategy that I advise my clients to avoid. If you're constantly trying to find the right time to buy and sell you end up losing out, sometimes twice over if you choose the wrong time to sell **and** the wrong time to buy. The clever money is on a considered approach over the long term.

Staying fully invested and not trying to time the markets

Buy low, sell high sounds like a simple strategy but it is notoriously difficult to do even for those who are professional investors. Some investors think they can time the markets by reading the financial press but once financial news has gone mainstream, the boat has already sailed and those deciding whether to buy or sell based on it will be mistiming their investment decisions and probably losing sight of their objectives. Not only is this an extremely stressful way to manage your investments but it also has major pitfalls.

Studies have shown that missing out of the top 10, 20 or 30 days of trading over a 27 year period because you don't stay invested has a major impact on your return.

Investing in the S&P/TSX Composite Index for the last 27 years (or 6,993 trading days)



Source: Strategas, Capital Investment Advisors

The above example shows that if just 10 best days of the S&P's performances were missed by investors who may not have been fully invested due to trying to time the market then the average annual return over a 27 year period was 3% per annum less. If the best 40 days were missed over a 27 year period then the investor would have actually lost money over that period.

That is why I recommend having a long-term view and investing on a regular basis rather than trying to time markets. The idea is that you reduce risk by investing a set amount regularly, irrespective of whether markets are stable or volatile. Using this approach you will slowly build up your long term financial security over a number of years or, preferably, decades. Sure, you may miss out on the fastbuck gains but you will also miss out on the big losses and avoid panic trading at the wrong time whilst simultaneously remaining within your investment comfort zone. The net result is peace of mind.

Pensions are often complicated!

It is perfectly possible for you to work out your retirement needs and strategy on your own but if this is a subject that baffles you, you're certainly not alone. In fact, none other than the ex-Chief Economist of the Bank of England, Andy Haldane, a man voted one of the most influential people in the world by Time magazine, admitted during a speech at a dinner that he did not understand the UK pensions system. That's why having a professional adviser on board can be a great help in crunching the numbers and in keeping you motivated and on target.

It is also important that you keep an eye on your investments and reassess your situation from time to time to ensure that you remain on track to reach your goals. Your portfolio should be reviewed regularly with your financial adviser (I advise quarterly to my clients) and also anytime your financial or personal situation changes, for example, if you receive a big salary increase or bonus, or if you get married, divorced or have a child.

Chapter summary – key points on saving for retirement

- Work out exactly what your retirement goals are

- Understand your personal tolerance for risk
- Calculate how much you need to save per month to reach your goals
- Start saving on a regular basis as soon as you possibly can
- Keep focussed on the long term, ignoring short-term fluctuations in the market
- Seek professional help from a financial adviser if you need to
- Reassess your situation at least once a year

Chapter 10

Step 9: Get on the property ladder

The upsides of buying and renting

Renting:	Buying:
• Fewer upfront costs • Less paperwork • Not responsible for maintenance & repairs • House price falls & negative equity – no problem • Flexibility regarding relocation	• Investment • Potential for capital growth • No landlord • Stability for family • Choice – your house your rules • Possible tax benefits

For most people, buying a property is the biggest purchase they will ever make in their lives and that can be a scary prospect but you shouldn't let that put you off. I believe this is a really important step in your journey to financial freedom.

Five good reasons to invest in property

1. Mortgage versus rent

For many of us, the mortgage or rent on our home is our biggest monthly expenditure. The main difference is that as a homeowner you are paying down your debt with monthly mortgage payments and will have an asset to show for it at the end of your repayment term. Paying rent is doing that for your landlord.

2. 'Forced' saving

Most of us are quite happy to prioritise paying our mortgage each month rather than risk homelessness, whereas saving a proportion of our income each month requires far more discipline. In this sense, homeownership forces you to save money rather than yield to the temptation to spend it elsewhere.

3. To own an asset that rises in value

Historically property has proved to be an investment which rises in value faster than inflation. Of course, it is possible to lose money in the property market but if you keep to the terms of your mortgage, at the end of your repayment term you will own the asset outright. You need to be prudent by paying the right price at the outset, only borrowing what you can afford and keeping repayments manageable.

4. Diversification of your investments

This will give you a degree of protection against the risk inherent in all investment. Property is a good addition to any balanced investment portfolio, whether it is your home or a buy-to-let purchase. As ever, the key is to avoid putting all your eggs in one basket so don't invest all your savings in bricks and mortar but mix it up with other asset classes such as equities, bonds and fixed deposit investments.

5. Save money in retirement

If you play your cards right you will have paid off any mortgage on a property by the time you retire and will be able to live in it which means no accommodation costs. This will significantly reduce your income requirement in retirement.

Eight steps to a successful property purchase

1. Set a realistic budget

Your budget will depend on many factors including how much you earn, how much interest you will be paying on a mortgage and for how long. A mortgage broker can be a huge help in ascertaining how much a bank is willing to loan you, which is usually a multiple of your salary, and what that will cost you in monthly repayments. Do not be tempted to overstretch yourself and make sure that you understand what will happen to your repayments if interest rates, which are currently at historic lows, rise. Some lenders will check your ability to pay - taking into account interest increases - and they do this by analysing how much you spend day to day and seeing how much of a surplus you have. It is therefore advisable to keep your expenditure low in the months before applying to boost your surplus.

2. Save for a deposit

The days of 100% mortgages are gone and you will need to raise a deposit to purchase a property. This money needs to be kept fairly liquid given the short timeframe you are looking at and you certainly don't want to invest it in anything that involves a large amount of risk. You may find that the higher your deposit is, the better the interest rate you will be offered and that is something you can discuss further with a mortgage broker. One issue for international expats is that mortgage lenders tend to want a minimum down payment of 30-40% due to the increased risk associated with international mortgage lending.

3. Establish a good credit score

A good credit score in the country where you are applying for a mortgage is essential. This is established by proving that you can manage your debt responsibly. Obviously, a poor history will count against you but so will having no history of credit at all as you will not have proved that you can manage debt. This makes it difficult for lenders to know how you will manage your debt in the future.

It is a good idea to check your credit score before you apply for a mortgage so if there are any problems you can iron them out beforehand.

There are certain things that you can do to improve your credit rating. These include:

- Registering to vote if you are eligible
- Or, if not, sending credit reference agencies proof of residency documents
- Ensuring that you never miss credit repayments
- Checking that all accounts on your records are registered to the correct address
- Not withdrawing cash on credit cards
- Never taking out payday loans
- Cancelling unused credit cards and store cards
- Keeping your finances separate from your partner or flatmates so their credit rating doesn't affect yours

4. Factor in all costs

Buying a property isn't just about the price of the property; there are other cost factors you need to take into account. These include legal fees, the cost of moving house and property taxes/transfer fees or stamp duty. Stamp duty can be significant so make sure you are aware of the percentage charge (sometimes in double figures) in the country where you are buying. In some countries, there are higher percentages for second homes or buy-to-let purchases. In addition, you need to understand what your liability will be on an ongoing basis in terms of taxes payable on the property. Make sure you have the full picture before committing to anything to avoid any nasty surprises.

5. Research all mortgage options

Certain lenders will only offer mortgages direct to the client and not through brokers, so do your own research as well to ensure you have covered all bases and can choose the best deal for you.

6. Be clear on why you are buying

If you are buying a property for your own personal use your criteria will be very different than if you are purchasing an investment to rent out. Buy-to-let properties are very common in many expat investment portfolios both as a means of diversifying assets and also to keep a 'foot' on the property ladder home. If you are buying-to-let you need to let your head rather than your heart rule and do thorough research to make sure the figures stack up in terms of rental yield and that there is demand for the kind of property you are buying.

7. Consider your timeframe

Buying and selling property is an expensive business and often not a quick process. If you are likely to be moving on in two or three years, as many expats do, is it worth investing in a property only to have to sell it again when you leave?

While it may be frustrating to shell out rent each month without having any equity to show for it, if you know you will be relocating in the near future, it is probably your best and least expensive option to rent.

8. Take expert advice

Estate agents or realtors are often disliked but a good one can really simplify your house purchase and easily justify their fees. Their insight into local markets, areas to avoid, up and coming property hotspots and so on can make all the difference. They can also negotiate on your behalf to bring down the price and help you navigate an unfamiliar purchase process if you are buying in a market you don't know well.

Other industry professionals can be useful depending on your requirements – a surveyor will be able to tell you if there are any structural problems with a house, an architect can calculate the costs of any renovations you plan to carry out and a solicitor, lawyer or notary can guide you seamlessly through the process. I advise you to take advantage of these industry experts to make your purchase stress and problem-free.

Buy to let Market - important considerations when buying a property to rent out

Buy a house, rent it out and sit back and enjoy the profits – it sounds simple doesn't it? But before you jump into the buy-to-let market, there are some important factors you need to consider. It's not the easy money many would have you believe.

Do your research

Thorough research is absolutely key to finding a successful buy-to-let property. Make sure you see enough properties to be able to make comparisons and don't rely solely on your estate agent, for information. You need to do some detailed number crunching and ensure you know the market, what will rent easily, the potential rental yields, prospects for capital growth and so on.

Your research should include the area too – what facilities will appeal to potential tenants? If your property is aimed at families, are there parks and schools? If young professionals are your target market are there good transport links, attractive bars and restaurants?

Banish emotion

A property purchased purely as an investment should be considered solely in terms of financials. Emotion should be kept completely out of the decision-making process and your head should absolutely rule over your heart.

Set a budget and stick to it

Be absolutely clear how much you can afford to spend on the property and stick to it. Don't be tempted to overstretch yourself on mortgage repayments and work a big buffer into your financial plan to cover unexpected costs like mortgage interest rate increases and periods when the property may be empty.

Have a survey done

You will be investing a lot of money in the property so a few hundred dollars spent on ensuring that there are no major issues to worry about in terms of structure or pests is money well spent.

Be aware of the rental income pitfalls

The ideal scenario is to find a lovely tenant who looks after your property, stays for a long period and never misses a rent payment. In reality, tenants can be demanding, miss rent payments or move out after a short time leaving you having to find someone to replace them. A realistic outlook is essential so you are prepared for whatever is thrown your way.

Know your obligations

Many countries have strict legislation to protect tenants so you will need to be aware of your obligations as a landlord and make sure you fulfil them. These include details such as providing smoke alarms, ensuring gas and electrical installations conform to local standards, holding security deposits, having adequate liability insurance and giving sufficient notice when you want a tenant to move out.

Think about how the property will be managed

If you buy in a country other than where you live, you will definitely need to pay someone to manage the property and liaise with the tenant for you and this is a cost you must factor in. Management fees can really eat into your profit. Even if your buy-to-let is local, you may not have the time or inclination to deal with the nitty gritty of letting from minor plumbing issues to having to evict a tenant.

Finding a good, reputable company to manage your property is vital – ask around for personal recommendations and make sure you are absolutely clear about the costs and fees involved and what their responsibilities are.

Over the last couple of decades, many homeowners have benefited from excellent returns on property which have significantly boosted pension pots. In the UK for example, the price of an average house rose by 260% over 24 years between 1991 and 2015! Whether you are climbing onto the property ladder to purchase somewhere to live or purely as an investment, with careful thought and planning to choose the right property you will have a tangible asset which should grow in worth and add value to your investment portfolio in the long term.

Chapter summary – key points on getting on the property ladder

- Get in touch if you would like information on specific projects in different countries
- Be clear about whether you are buying a property for personal use or as a buy-to-let
- Set a realistic budget based on your income
- Save the required amount for your deposit
- Carefully research your property purchase
- Take expert advice and have a survey done

Chapter 11

Step 10: Start saving for your children's education

If you do not have children you can skip this chapter smug in the knowledge that you have saved yourself not tens, but hundreds of thousands of dollars! If you do have children, or are contemplating them, brace yourself!

Fact: Children are expensive! Statisics from Bookings, a US economy think tank showed in that an average middle-income family will spend $310,605 to raise a child to the age of 17. The Telegraph newspaper reported[9] in 2015 that the average cost of raising a child to the age of 21 in the UK totalled a massive £230,000 and over the previous ten years had risen 50% faster than inflation. And that's just for one.

Add in a university education (which isn't included in the figures) and planning to have a large family might start to sound less appealing!

So how much will a university education cost?

Well, of course, it will depend on where your child wishes to study and what course they choose but take a deep breath because whatever their choice, it's not going to be cheap. Let's look at some examples.

UK

The days of a free university education in the UK are long gone. Fees were first introduced in 1998 at a relatively affordable £1,000 per year but they have been rising ever since. According to the OECD[10], England has some of the most expensive universities in the industrialised world. Home student fees, which are paid by UK residents, are currently capped at £9,250 with over half of universities charging the maximum. EU nationals now pay full international fees in the UK after Brexit legislation came into effect in August 2021. The average international students can expect to pay is between £10,000 and £26,000 annually.

And that's just for the education part. Then there are the living expenses including accommodation, food, travel, books and equipment. The estimated average living costs are between £9,992 and £13,480 per year (higher for those studying in London)

Have you done the maths? You're looking at a minimum total of between £60,000 and £70,000 for a domestic student on a three-year course. However, expats may have a further consideration to take into account. If your child has not been resident in the UK or EU for the three years prior to enrolment they will have to pay higher international fees, which could be as high as £26,000 per annum.

Loans and grants are available but it is getting harder and harder to obtain them. In fact, maintenance grants for new students are a thing of the past as of 2016. Even when grants and loans are successfully applied for, these almost never completely cover the costs involved.

USA

The US differs from the UK in that the majority of universities charge a standard rate across most subjects and don't have different fee structures for students from abroad, although this doesn't mean they are cheap.

The universally renowned Massachusetts Institute of Technology (MIT) is the world's most expensive university. Undergraduates paid in 2022-2023 paid $57,690 for the privilege of studying there, while Harvard fees last year were $49,653.

Less prestigious US universities are cheaper but costs are still considerable and could leave a serious hole in your finances with no forward planning.

Living costs vary hugely from one US city or state to the next. American University in Washington DC estimates

$62,817 as a guide for international students with a 5-7% increase per year[11]. Washington was however the fifth most expensive place for a single person to live in the US according to the Economic Policy Institute's family budget calculator[12].

Australia

According to the government funded site Study in Australia[13], an average undergraduate bachelor degree will cost anywhere between AUD$15,000 and AUD$33,000 with prestigious subjects such as medicine or veterinary costing more. Six Australian universities have made it into this year's Times Higher Education World University Rankings 2015-2016, the top one being the University of Melbourne.

Further education has been something of a political hot potato 'down under' where proposals to lift limits on domestic university fees giving each university the freedom to charge whatever they like was met with protest, as were government plans to cut funding to universities by 20%. For now university fees remain regulated and funding remains unchanged but it seems that university fees are only likely to head in one direction in the future – upwards.

The average international Australian student spends about AUD$2,000 per month (approximately on accommodation, food, clothing, entertainment, transport, international and domestic travel, telephone, and incidental costs which adds up to around AUD$24,000 per year.

The issue of student debt

Given the high cost of gaining a tertiary education, it will come as no surprise that student debt has become a major issue around the world. Here are some figures to prove it:

- Outstanding student debt in the US is estimated at over a trillion dollars. That's the equivalent of 6.5% of the country's GDP.
- 850,000 Americans have defaulted on their student loans to the tune of $8bn.
- US graduates have on average $35,051 of debt
- In Australia the government has A$70bn in unpaid loans and research shows that 25% of it will never be repaid
- £10bn is loaned to students in the UK every year
- The value of outstanding student loans in the UK is approximately £200bn
- The average UK student now graduates with £45,800 of debt
- It has been estimated by the UK Department for Business, Innovation and Skills that 45% of higher education loans will never be fully repaid

The same trends are emerging across the world – graduates are coming out of university with larger amounts of debt while also having to deal with falling graduate salaries, fierce competition for graduate jobs, a continually rising cost of living and prohibitive property prices which make it difficult to get a foothold on the ladder. Many are left struggling under the financial burden, which begs the question is it all worth it?

Is a university education worth it?

Perhaps you are wondering why you shouldn't just give up on a university education for your child? Well hold it right there because despite the huge cost involved, a number of factors would suggest that it is money well spent.

Research from the Pew Research Center in the US gives three compelling reasons for coughing up the cash for college. Graduates not only earn more than their less educated peers but they are far less likely to be unemployed and have more chance of finding full-time rather than part-time employment.

UK research concurs with these findings with a Labour Force Study[14] from the Department for Business, Innovation and Skills indicating that graduates are more likely to be in employment than non-graduates – 87.3% of young graduates were employed compared to 62.1% of their less educated peers. The average salary of graduates was also over 50% higher than that of non-graduates, at £31,500 compared to £20,750. Meanwhile the Office of National

Statistics (ONS) statistics show that graduates earn on average 85% more than those without a degree over the course of their working lives. The figures point overwhelmingly to the fact that a degree remains the best possible route to a well-paid career.

While the finances are compelling, it's not all about the money. University is considered by many to be an enriching experience in itself and different studies have come up with numerous benefits to individuals who are university-educated. These including better health, a more optimistic outlook on life, healthier children both physically and emotionally, less likelihood of getting divorced and better problem solving skills.

Studies have also shown that university educated citizens bring numerous benefits to the community being more engaged citizens, less likely to smoke, more likely to exercise and contributing more in taxes.

If you are a parent and you want to give your child the best possible start in life, you face the dilemma of how to facilitate a high quality university education without crippling yourself financially or having your child graduate with a mountain of debt.

How can I plan for my child's education?

The more you can get ahead with saving for university the better and therefore the earlier in your child's life you can start, the bigger their further education nest egg will be. Success is all in the planning which is exactly why this is an important step in your financial planning.

In an ideal world, you should start putting aside a regular monthly sum for your child's education from birth. By doing this throughout the course of their childhood, you can build up a sizeable education fund which will help mitigate the costs when it is time for your school leavers to spread their wings and start university. The money saved will benefit from potential compounding growth year on year.

Eighteen years is a long time to save for something. Let's look at how compounding can turn your savings into a tidy sum for your child. A monthly saving of $200 per month from the birth of your child until the day that they turn 18 will mean a total investment of $43,200. However, if the money is earning an annual rate of return of 3%, the pot will have risen in value to $57,880. A 4% return would yield $64,010.

Often my clients invest lump-sum gifts from generous grandparents offered at birth and significant birthdays which can bump up the total significantly.

Case Study – Assessing your education planning needs

It is possible to assess your own children's requirements and work out how much your budget could possibly build up over time.

There are two main ways to approach fee planning illustrated below (Do note that these figures are for illustration only and are intended as a guide to the process of assessing education costs and funding rather than a plan you should follow):

1. Target-driven

Let's say you have a five year old child who you would like to fund $30,000 per annum, in today's terms as a contribution towards fees and living expenses for a three year course, assuming they go straight from school to university at 18 with no gap year.

The first thing to do is to work out what the equivalent of $30,000 in todays terms may be worth once inflation is taken into account. Inflation on university fees runs at over 5% per annum on average so you need to work out how that will affect fees in 13, 14 and 15 years' time. In this instance, using 5% inflation you would need to have a fund of approximately $178,335 for the same spending power and equivalent of $90,000 over the 3 years in today's money. Inflation calculators are available online if you want to crunch your own figures.

Now you have a target figure you can simply work out how much you need to save per month in order to achieve this, taking whatever growth factor is the most suitable for your circumstances. With 0% growth you would need to save $1,150 per month for 13 years to pay the above fees whereas with 3% growth you would need to save $940 per month.

Once you know how much you want to save each month you need to find the right investment vehicle and jurisdiction which needs to be reassessed on an ongoing basis to ensure that you are on track to hit your target sum.

2. Investment-driven

The amount you invest may be dictated by how much you want or can afford to save each month. So let's take the same five year old child and assume that you will save $500 per month every month until they turn 18 and then stop. The growth rate will depend on your tolerance to risk but let's use some conservative figures.

With 0% annual growth investing $500 per month you could have $78,000 in 13 years' time

With 3% annual growth investing $500 per month you could have $95,223 in 13 years' time

When adjusted for inflation using a figure of 5% for the example above, those figures in real terms will be worth $41,357 and $50,489 respectively at the time university starts.

What both methods show is just how much impact university education inflation can have on your spending power and how important it is to select the right savings vehicle to achieve growth.

Careful thought needs to be given as to where your money will be invested in order for it to be working as hard as it possibly can be for you. With long term savings such as these where the money will remain untouched for 10 years or longer, it makes sense to opt for a balanced, multi-asset based investment over bank deposits. In the bank your money will be earning paltry interest, especially at current rates.

This is a specialised area and it makes sense to talk to an expert who has experience in education planning and can help you with working out your attitude to risk and how it will affect growth projections. They will understand the impact of inflation on university fees, be able to pinpoint which type of investments would suit you and find the most tax efficient savings schemes available to you. A well-managed plan will give you the flexibility of being able to deposit lump sums as well as regular affordable payments and should be supported by a payment protection plan to guard against any unfortunate changes in circumstance you might face.

A professionally arranged education fee plan tailored to your individual needs is a practical solution to the challenge of funding your child's university education and I urge you to take steps to get one in place as soon as you can and tick off yet another step of your financial success checklist.

Chapter summary – key points on saving for your child's education

- Work out how you want to approach your education fee planning
- Decide how much you will put aside each month
- Start saving
- Consult with a professional adviser for the most tax effective way to save

Chapter 12

Step 11: Set up a will

Why write a will?

Writing a will is not top of anyone's "fun things to do" list which is probably why in 60% of the UK population and 68% of Americans don't have one.

However dying without a will, known as intestate (in the UK) can lead to some unwanted and potentially extremely unpleasant outcomes, the main ones being:

- Your estate will be distributed according to intestacy laws, which may not be in accordance with your wishes
- The guardianship of your children will be decided by the state after a period of uncertainty which will be unsettling for them at an already difficult time
- If you are not married or in a civil partnership, your partner will receive nothing
- Your estate may be subject to inheritance tax which could have been mitigated or avoided

- Your affairs could remain in limbo for months or even years
- Your bank accounts may be frozen leaving your family without access to funds and unable to cover bills and living costs
- If your estate includes a small business and you are the sole director there will be no-one authorised to make payments, including salary payments

It is difficult to overestimate the difficulties and problems you could be leaving behind for your family by not making a will. Here are just some examples of celebrities who died intestate and the problems that were caused as a result. While your estate may be more modest, the potential issues remain the same whether your estate is worth thousands or millions:

Purple Rain singer, Prince, died unexpectedly in 2016 leaving an estate estimated at $300million but no will. With no spouse, children or surviving parents Minnesota state inheritance laws dictate that his siblings should split his assets equally. His sister, and only full-blood relative, Tyka Nelson, looks like having to share the proceeds with five half siblings and possibly more distant relatives who are reputedly fighting for a slice of the Prince pie. It could take years for the complex estate to be wound up.

British comedian Rik Mayall's family were hit with a massive tax bill on his £1.2 million estate after he died intestate in June 2014 at the age of 56.

Following her tragic early death, Amy Winehouse's £4.2 million estate went to her parents in the absence of a will. The estate was messy to administer with lots of outstanding expenses including legal fees, mortgage payments and taxes. Just two years after her death Winehouse's six music companies were worth less than £180,000 and her parents claim they were forced to take out loans of £600,000 to cover costs.

American soul singer, Barry White, died in 2003 leaving behind an ex-wife, an estranged widow, a girlfriend and nine children. His failure to write a will left them fighting over his legacy with the battle still ongoing in 2016 as one daughter born out of wedlock was suing his widow.

Reggae superstar Bob Marley had an estimated worth of around $30 million when he died. His Rastafarian beliefs meant that he had no will, a fact which has led to decades of bitter lawsuits, court fights and legal battles which were still raging over 30 years after his death.

Some people avoid writing a will because they think it will be expensive, others consider that their assets are too insignificant to warrant it and/or assume their assets will automatically be distributed to their spouse and children.

None of these assumptions are correct and they are most definitely not valid reasons for failing to have a will.

You absolutely owe it to your family to get your affairs in order and your final wishes clearly set down in writing to avoid family feuds or expensive tax bills once you are gone. It is crucial to have a clear and correctly drafted will that leaves no room for ambiguity. The good news is that preparing and writing a will doesn't need to be complicated.

How do I write a will?

It is possible to write your own will and there are plenty of resources online to facilitate this, however it is important to remember that a will is a legal document and small errors could have major unintended consequences. For this reason, I would always recommend using the services of a professional will writer or solicitor with relevant qualifications and specialist knowledge to draft it for you.

Expats are likely to face additional complications in their estate planning such as distinguishing their country of residence from their country of domicile, possibly being married to someone of a different nationality and having assets located in more than one country which makes it all the more important to consult a professional.

Ten questions to consider before writing a will

1. What are my assets?

Your first step should be to make a detailed list of everything that you own and everything that you owe. This should include bank accounts (including those held jointly with a partner or spouse), pensions, shares and any other investment vehicles, mortgages, loans, life insurance policies and so on.

2. Who do I want to appoint as executor?

The executor of your will is responsible for winding up your financial affairs after your death. That is a trusted responsibility and it is not a role to assign lightly.

Essentially your executor will ensure that your debts are paid off, pay any inheritance tax due on your estate and distribute any remaining assets according to your wishes. Their role could also involve registering your death, organising your funeral, notifying banks, utility companies, credit card companies, insurers and government bodies of your death, securing any valuable assets you have and applying for probate.

A good executor will need certain skills to carry out these duties. They should ideally have good administrative and organisational skills, a degree of financial knowledge and enough tact and diplomacy to be able to handle family and friends who might have certain expectations from your estate.

It is a good idea to nominate two executors, especially if one of them is your spouse; the most common choice, as if you were both to die at the same time in an accident you would not have a living executor.

Don't forget to check that your executors are happy to accept the role. There is no value in appointing someone who is going to decline to carry out the duties (which they have the right to do) when you are no longer around to choose someone else.

3. Who do I want my beneficiaries to be?

Deciding on how your assets will be distributed will require some serious thought. Spouses, partners, children, relatives and friends may all figure in your decision-making process. Think about how your loved ones will survive once you are gone and no longer able to support them financially. For example, if you have children, how will they fund their further education? Do you have parents who may need assistance with paying for medical bills? Will your spouse or partner be able to live comfortably on their income only?

Choosing your named beneficiaries is a very personal decision and no-one can make it for you so allow yourself some good time for reflection before making up your mind.

Do bear in mind that in most countries, assets pass tax-free between spouses and anything jointly owned between yourself and your spouse or civil partner may fall outside of your estate.

In addition, certain countries have laws of succession which dictate who you can and can't leave your assets to and in what proportion. This is called forced heirship and is used to protect spouses and children so that they cannot be written out of an individual's will entirely. This is another reason why you should consult an expert in estate planning in the countries that are relevant to you.

It is a good idea to leave a residual legacy to avoid creating a partial intestacy in your will. A residual legacy dictates who will inherit what is left in your estate once all specific legacies have been honoured. This is important as you can never know the exact value of your estate and you may have left out certain items.

4. Do I want to leave any money to charity?

According to the website www.rememberacharity.org.uk, 7% of Brits leave a legacy to a charity in their will. Many charities would not be able to survive without these generous donations. If you have a cause close to your heart it is worth considering leaving a gift in your will as even a small amount can make a big difference. If you have a large estate there may also be tax advantages, for example, in the

UK, if you donate 10% of your legacy to charity, your estate will receive an inheritance tax discount of 4% reducing the amount of tax you will pay overall.

5. Who do I want to appoint as guardian to my children?

This is another hugely important question to consider. For any parent entrusting the future welfare of your child to someone else is a critical decision, which will require careful thought and discussion between parents.

As any parent knows children are draining on your energy and your resources so you will want to select someone who is capable of assuming the responsibility of raising a child both mentally and financially. Consider the age of your appointed guardian. If your children are young you will need someone who is going to able to support and look after them at least until they reach the age of majority at 18. Choosing someone who has the same values as you is also a key requirement.

As with the executor of your will, a nominated guardian is at liberty to refuse to assume the responsibility so make sure you check that the person you choose is willing to accept before you get it down in writing.

Unmarried couples with children should be sure to appoint each other as guardians as it is not automatically the case that an unmarried man will get guardianship of the children if his partner were to pass away.

6. Do I want to make provision for my funeral expenses?

Dying isn't cheap! The average funeral in the UK now costs £3,700. In the US the average figure is around $7,000. That many people struggling to pay for even the most basic of ceremonies without taking into account extras such as a reception, flowers or a headstone.

You can save your loved ones worry about how to cover the costs of your final send-off by making provision for your funeral expenses in your will, opting for a pre-paid plan or taking out a life insurance policy which will cover the cost.

Some people also use their will to state the funeral arrangements that they would like. If you do this it is a good idea to let your loved ones know that you have stated your requirements in your will as they may not otherwise read the document immediately after your death.

7. Where will my estate be taxed?

The problematic issues of domicile and residence are added complications for expats wishing to get their estate planning in order and the answers are not always as clear-cut as one would like. Your inheritance tax status is determined by domicile and not residence so it is essential that you know your own status.

Your country of residence is your legal status in any one tax year. Typically if you live for an entire tax year in one country then that is your country of residence. When you move to a different country your residence status changes. You can change your country of residence numerous times but you can only ever have one domicile which you acquire at birth and which is usually determined by the domicile of your parents. It is very difficult, although not impossible to change this. It is also possible and very common to live abroad for many years but for your domicile to remain your country of birth.

This is a complicated area of estate planning and I would always advise taking expert advice from a professional will writer or tax adviser to ensure that you are not making incorrect assumptions regarding your own individual situation.

To give an example, under UK legislation, the rules regarding spousal transfers do not apply unless you share the same domicile status as your partner. If you are domiciled in the UK but your partner is from Asia, inheritance tax can be payable on the part of your estate passed to them.

8. Do I need two wills?

This is a question which is particularly pertinent for expats who are resident in one country but with assets elsewhere. As a general rule it is recommended that if you have assets in a country, you should have a will written and executed under the law of that country for those assets, taking care not to contradict any other wills. A failure to do this could mean that your assets are not distributed to the beneficiaries of your choice.

9. **What tax will be payable on my estate and is this avoidable?**

When you have an approximate value of your estate (and this **will** be approximate due to the fluctuations in the value of assets such as shares and property) you will be in a position to find out whether inheritance (IHT) or estate tax will be applicable depending on the jurisdictions in which you own assets. The US has an estate tax charged at 40%, with the UK also charging 40% inheritance tax on the value of all assets over the current threshold of £325,000, plus mail residence nil rate band (NRB) up to £175,000. Other countries such as Australia do not have either tax but when assets are passed to beneficiaries after a death, they may be subject to capital gains tax.

As well as each country having very different legislation, laws are constantly changing which makes it pointless to try and list rates here. One example of this is the UK government which is currently introducing legislation to remove an individual's primary residence from their estate which will mean it is not liable for IHT. Given these complications, my advice, yet again, is to seek the help of a professional.

Having worked hard to accumulate assets, most of us would rather minimise the amount of tax due by careful planning. If your estate is over the IHT threshold of the countries relevant to you then advice should be undertaken to look at ways to mitigate the tax due. Many countries have tax relief in place for assets passed from one spouse or civil partner to another but the rules can be complicated to understand.

There are many options for minimising the death taxes your estate will be liable to including giving away your assets, investing in life insurance policies and investment bonds, setting up trusts and offshore investment funds. Life insurance policies held in trust fall outside of your estate and will go to your named beneficiaries with no tax payable but make sure you keep the named beneficiaries up to date.

Estate planning is a specialist area and not something to be attempted alone. Find a professional that you trust who has the knowledge and expertise on current legislation in the countries relevant to you and the assets you hold.

10. Who can draft my will for me?

Once you have considered all the above questions regarding your financial affairs it is time to seek advice on your own unique situation. Choose someone who will have all the answers to your questions and can draft your will for you and choose carefully – lawyers make just as much money sorting out badly drafted wills than they do writing them in the first place!

Ask your colleagues and friends for recommendations and research the reputation of those that you are considering. Check if they are properly trained in wills and estate planning and if possible, choose someone who is affiliated to a recognised trade body.

Signing your will

Once your will is drafted and you are happy that it says exactly what you want it to, you need to make sure it is correctly signed and witnessed. A failure to do this will mean that it is not valid. If there are any simple corrections to make such as spelling mistakes, these should be corrected in ink before signing. Do not use correction fluid. Any major changes will require the will to be re-drafted and a clean copy printed.

A will usually needs to be signed by two witnesses. You can choose whoever you like with a few conditions: they must be over the age of 18 and of sound mind and they cannot be your spouse or civil partner or any of the beneficiaries of your will or their spouses. If a witness is used who does not fulfil this criteria, your will could be invalidated. Obviously, it makes sense to choose individuals who will be easily traceable after your death. Many people choose their solicitor or will writer as one of their witnesses.

You and your witnesses should all sign and date your will on the final page in ink when you are all together at the same time. The witnesses will also have to write out their full names, addresses and occupations under their signature. Any minor alterations should be signed in full in ink in the margins by all of you when you are all present.

Storing your will

Your will is an important legal document. Having taken the time to get it properly drawn up and witnessed you should make sure that it is securely stored and easily accessible.

You are free to choose where to store your will. Some people keep it in a safe at home, give it to a relative or file a copy with a solicitor. The important thing is that it is kept secure, dry and undamaged. Damaged wills could lead to legal problems and challenges when the time comes to administer your estate. Avoid keeping it in a bank safety deposit box as no-one will have the right to access it until probate has been granted.

Some countries have an official registry where you can store your will although it is not obligatory. The UK is one example with its Principal Probate Registry. In the US, wills can be stored with the county clerk.

It is essential that you let your executors and beneficiaries know where your will is kept so that they can find it easily when the time comes. If it cannot be found, an executor will be appointed by the state to distribute your assets according to intestacy laws as described earlier in the chapter.

It is advisable to avoid attaching anything else to your will with staples or paperclips. It is possible that they will leave marks which could be used to argue that a part of the will is missing and raise questions regarding its authenticity.

When should I update my will?

Any major change in your life or the lives of those closest to you are occasions when you should review your will and decide if any alterations should be made. These events include:

- Marriage, separation or divorce – in some countries a marriage automatically revokes a will
- The birth or adoption of a new child or grandchild
- The death of a family member or beneficiary stated in your will
- If there are major changes to inheritance tax laws in countries where you hold assets
- If the value of your estate changes substantially
- When you buy or sell a property
- If a guardian or executor named in your will dies, moves away or no longer wishes to serve
- When your children are no longer dependants

- If you wish to remove or add a beneficiary

Even if you have not experienced any major changes in your life it is a good idea to review your will every five years to check that your wishes have not changed.

Changing your will

You cannot amend a will that has been signed and witnessed. If you wish to make minor changes you will have to do this officially by having a codicil drawn up. This must be signed and witnessed the same as your will. However, the witnesses do not need to be the same as for the original will. Codicils can cause complications when you die if they get lost and can raise questions over the validity of your will which is why they are best avoided for any significant changes.

If you wish to make major amendments you will need to have a completely new document drafted. This should officially state that it replaces all previous wills and codicils. It is a good idea to destroy all copies of your old will to avoid any confusion after your death.

It is quite a big task but once you have done all that you will have the peace of mind of knowing that should you pass away unexpectedly your loved ones will be well-equipped to deal with the financial fallout.

You will also be one step closer to getting your financial affairs in order, so congratulations for that!

Chapter summary – key points on making a will

- Work through the 10 questions above to figure out what you want your will to say
- Find a recognised professional who can answer your questions and draft your will
- Check that your nominated executors and guardians are happy to accept these responsibilities
- Have your will drawn up, witnessed and signed
- Make sure your loved ones know where your will is kept

Chapter 13

Step 12: What to do next

If you have read this far and followed the steps explained in Chapters 2 to 13 you will have laid the foundations of a successful financial plan and you should be well on your way to financial success.

The next step is to build on these excellent foundations to secure an even brighter financial future.

It makes sense to keep on building wealth by saving and investing. You may have some objectives in mind such as a second home, a new car or investing in your own company. Even if you don't, I would still recommend that you carry on building wealth for a non-specific purpose in order to secure a worry-free retirement and a healthy legacy to pass on to your loved ones.

Building wealth successfully – 4 fundamentals of successful investment

1. Why bank deposits are not the best option

With interest rates still at record lows almost a decade on from the global financial crisis, keeping money in the bank remains a poor choice for anyone looking for a good return. Low-interest rates leave your savings vulnerable to inflation. To give a concrete example, annual inflation in the US at the end of 2023 was 7.4% and in Europe that figure in double digits at 10.6%. This means that bank deposits which earned less than that in interest fell in value in real terms over the course of the previous year.

To enable your money to work as hard as it can to build your wealth, you need to look beyond the banks for investment options which offer a better rate of return.

2. Assessing your risk profile

Investment always involves risk and any professional who tells you otherwise is lying. That is why regulated investment companies will always publish disclaimers that the value of your investments can go up as well as down.

That doesn't mean you should avoid investing altogether – you need to put your money somewhere. The important thing is to manage investment risk in a way that is acceptable to you. There are three elements to consider:

- **Risk capacity** – the level of financial risk you can afford to take

- **Risk requirements** – the level of risk necessary to produce a return which will achieve your financial goals from the resources you have available
- **Risk tolerance** – your ability to cope on an emotional level with the volatility of the market

The first two are financial concepts whereas the latter is a psychological one. The key is to find the delicate balance of these three different elements to determine your risk profile while also keeping in mind your liquidity needs.

If you are a cautious investor or you are looking at a short investment time frame (I class short term as five years or less) then you should look at an investment with limited volatility and low or no exposure to equities and high yield bonds. If you are an adventurous investor with a longer time frame and know the risks you are taking on then your portfolio should be skewed towards equities rather than fixed deposits.

Once you have defined your risk profile (ideally by completing a risk profile questionnaire) you should select a diversified investment portfolio which is tailored to your attitude to risk.

3. The importance of diversification

Diversification is the spreading of investments across different asset classes in order to mitigate potential losses. An asset class is a group of investments or securities which tend to react in a similar way in the financial marketplace, and which are governed by the same rules and regulations. The main ones are equities, corporate and government bonds, property, commodities, hedge funds and cash. Each of these offers different levels of risks and return so when one is doing badly, others may be reacting differently and not be so correlated in terms of performance.

Careful asset allocation can be taken a step further by diversifying across different companies, industries and geographical locations.

Diversification doesn't have to be complicated. These days there are off-the-shelf products such as multi-asset portfolios which do the hard work for you.

4. The factors to take into account when choosing investments

Rate of return is not the only criteria that you should take into account when looking at investment options. There are many other factors to consider including:

- Reputation and track record of the investment
- Whether the investment is suited to your nationality and country of residence
- Potential future suitability if you are likely to move country
- Trading frequency
- Accessibility

- Your risk profile

In summary, a long-term investment plan does not need to be complicated – research your options, understand your risk profile, carefully select a diversified portfolio of investments and make sure that you review your investments periodically to ensure that they are on target to meet your goals.

Of course, you can do all this on your own but it might be wiser to consult a professional financial adviser.

Why you should use a financial adviser

You can do the majority of your financial planning yourself but that doesn't mean that you should. There are compelling reasons to have a professional by your side.

A financial advisor's job is not just to help people plan for their financial goals, he or she can also stop investors making the wrong decisions at the wrong times. Having a third party who brings an objective perspective to help you set your financial goals can remove the emotional influences that might cloud your judgement and ensure that you plan with clarity and focus.

Statistical evidence backs up the argument in favour of using a financial adviser. The Financial Planning Standards Council (FPSC) of Canada has carried out research over a five-year period and come to the following conclusions:

47% of those with no financial planning ('DIYers' included) feel that their finances are out of control whereas only 17% of those with comprehensive plans from professionals did.

18% of those with no financial planning feel they are on track to reach their retirement goals compared to 51% of those who took professional advice.

Another piece of research carried out in Canada, this time from the Center for Interuniversity Research and Analysis on Organisations (CIRANO), found the value of advice to a household increases over time.

The study showed that households which used a financial advisor for more than seven years were on average twice as wealthy as those households that didn't use one. When the wealth of households who have been receiving financial advice for over 15 years was compared to households who haven't receive advice, the difference in household assets rose to 2.73 times, showing that financial advisers contribute significantly to the accumulation of financial wealth.

Put simply, statistically, there is a higher probability you will be richer with an adviser on board!

From an emotional point of view, a financial planner can also help you gain a feeling of control which, I know from experience, impacts hugely on wellbeing. I'd also add that having someone on your side to keep you focused and motivated through difficult times is a huge benefit.

I truly believe the right financial advisor can make a great difference to people's lives and that's why I love what I do.

What to look for in an adviser

If I were a client, looking for a financial advisor I would look for the following qualities.

- Professional
- Accessible
- A proven track record
- Regulated & qualified
- Experienced
- Used to dealing with your type of situation
- Approachable
- Does what they say they will do
- Young enough to accompany you throughout your career
- Keeps up to date with changes to regulations and industry changes

You should look for someone who offers all this. The best way to find someone is to ask friends and colleagues for a personal recommendation.

Dos and don'ts – what a financial adviser should and shouldn't do

There are some common perceptions about those who work in the financial services industry. But just as in any sector, there are those who are good at their jobs and those who aren't. Many of us strive to meet high professional standards and have a genuine interest in people and a desire to help them.

Here are the things that I think a financial adviser should always do to uphold the best industry practices:

- Offer cost-effective, clear and concise advice
- Always work with your best interests at heart
- Look after both your long-term and your shorter-term planning needs
- Be open and transparent about how they get paid
- Work in a timely and professional manner
- Explain the risks of your investments
- Provide regular reviews to ensure your goals are on track
- Update and amend your plans in line with changing circumstances
- Be available to meet and to answer any questions you have

And if your financial adviser does any of the following, it is definitely time to look for a new one:

- Manages and picks your investment funds – that requires a whole different set of skills
- Gives you the 'hard sell'
- Recommends investments that are not liquid and with an unproven track record
- Encourages you to invest outside of your comfort zone

Good luck!

I hope that you have found this book informative and that it has inspired you to get your finances in order. I really do believe that financial planning has a huge and beneficial impact on all of our lives – not just in securing our financial future but also by improving our emotional well-being on an ongoing basis.

I wish you all the luck in the world in your quest for financial success.

If you have any questions about your own financial planning feel free to reach out by email to carl@carlturnerfinancial.com or send me a message on Linkedin.

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