Hindsight, it’s a wonderful thing

June 2014

Consider the following for a moment: if you could go back in time, what money habits would you change? What would be the best piece of advice you would tell your younger self?

- Stay away from credit cards?
- Begin saving earlier?
- Set a stricter budget for yourself?

New research, undertaken by a Super Fund*, has looked into these very questions. The online poll, surveying 1,000 people within the age range of 35 – 55, highlighted some of the key financial lessons Australians had learnt through experience – that they wish they’d known when they were younger.

Saving habits were a big regret, with over half the participants admitting that if they could turn back time, they would start saving earlier. Other significant findings include that one in four Australians would recommend never getting a credit card and one third of those surveyed would encourage their younger selves to stick to a stricter budget.

Another interesting aspect of the survey examined the financial goals participants set when they were younger. While the majority of participants had set various financial goals such as buying a car, aiming to own a home or saving for a holiday, only 25% had achieved all of them and 14% had achieved none.

So how can the younger generations be educated to make the most of their money and achieve their financial goals? They need to learn from the past and take action. It has been suggested that Australians are not getting the right financial advice early enough in life to achieve their future goals.

The findings of the survey show less than 1% of participants received professional financial advice when they were younger. Instead they relied on their parents, friends or their own judgments to navigate their finances. One in six admitted to receiving no financial advice at any time.

When looking back, almost one in three people believe that professional financial advice would have made a difference in achieving their financial goals. Nearly a third would have invested more money and one in four would strive to get a better overall understanding of how to manage their finances. Of the respondents who did receive financial advice in their youth, 60 per cent said it has been useful to them.

Unfortunately, the minority of participants identified saving for retirement as a priority. While it’s pleasing to find that young Australians are thinking about saving, it’s a worry that most of the effort involves satisfying present financial needs, with little thought being given to the future. The recent rise of the Superannuation Guarantee to 9.5% from July 1st 2014 should not lull people into a false sense of security. It’s important to remember that in addition to your Superannuation, having a viable retirement strategy is crucial in planning for a secure future.

So if you know a younger version of yourself (child, grandchild, friend, etc.) take the time to reiterate the financial lessons you’ve learnt over the years and help the future generations increase their understanding of their finances, allowing them to live a less stressful and happier life.

For further information on how we can help you, speak to us today.

* REST Industry Super, 2014

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