

How to start saving for your future in your 30s



Some big life changes and big expenses can occur in your 30s. The key to maximising your savings and setting yourself up for financial freedom now is making savvy, forward thinking financial decisions.

Set a budget – and stick to it

Your budget shouldn't be static and it's a good idea to reassess it at different stages of your life. This is particularly important from age 30, when you're potentially faced with a lot of large expenses, both expected and unexpected.

Buying a house? Don't be tempted to get in over your head with credit card and other debt to purchase your dream property. Getting married? Work out how much you can afford to spend in advance and stick to your budget. Planning to have children? Taking time out of the workforce not only affects your day to day household budget but it can also have a long term effect on your super balance; you could explore contribution splitting to help make up the shortfall.

Start saving as much as you can

You're no longer new to the workforce and with a decade of experience under your belt, you may be in a position to receive a promotion or pay rise. If you're in a relationship, you may also benefit from having two income streams, as you can share some of the load on living expenses like rent, car costs and groceries.

But just because you're earning more doesn't mean you should spend more. In fact, as your income grows, so too should your financial and savings goals. If you developed strong savings habits in your 20s – now's a good time to save and invest to set aside even more for your future.

Boost your super

It's time to get serious about super, so your retirement savings are maximised. If you haven't completed all the steps recommended in your 20s – like consolidating funds where appropriate, choosing a fund that's in line with your values and understanding where and how your money is generating an investment return – then it's time to think about these.

Next, if you were one of the thousands of Australians who withdrew their superannuation in 2020 under the Federal Government's COVID-19 early super access scheme, start thinking about how you might be able to replenish your super balance.

You could do this by making a personal super contribution which you could then claim as a tax deduction in your tax return or potentially receive a government bonus to your super in the form of a co-contribution, if your income is under a certain threshold.

If you're an employee, on top of the compulsory superannuation guarantee (SG) from your employer, you might also consider salary sacrificing, which is where your employer makes additional voluntary contributions, on your behalf to your super fund. You choose the amount you are comfortable salary sacrificing and it's paid directly from your before tax income.

Whatever strategy you choose, by setting up payments as an automatic contribution, you're less likely to even notice them coming out. Plus, putting these tactics in place now means you're taking a small but vital step toward ensuring your financial wellbeing and a comfortable retirement.

Identify additional income streams

Do you have furniture lying around the house that you never use? Or a talent for photography? Do you love making jewellery in your spare time? Your talents and hobbies and all that 'stuff' you no longer need could be earning you extra cash.

Help save for retirement in your 30s through a side hustle or by regularly getting rid of the things you no longer use. It's also potentially a fun way to meet new people and spend more time doing what you love. Consider putting whatever you earn from these side projects directly into your retirement account – you'll be building funds for your future, while decluttering or getting your creative juices flowing.

Assess your insurance needs

With more responsibilities and possibly debts, it's probably a good time to make sure your financial future is protected with insurance. You might consider taking out private health insurance before you turn 31, to avoid paying a lifetime health cover loading on top of your premium.

While it may not seem like saving and investing wisely is something you need to do just yet, income protection and life insurance are not just for oldies. They're relevant for Aussies at all life stages, especially those of working age with ambitions for the future. Imagine if you couldn't work because of illness or an accident – taking out insurance can protect you from having to dip into your savings account to pay for unforeseen expenses while you may be off work.

TIP: Many superannuation accounts include life insurance, although it's always a good idea to research the extent of the coverage offered.

Save and invest wisely

This is the decade where you might consider investing more aggressively for your future, however it's important to make considered decisions with advice from those in the know.

If you're a newbie investor, there are a lot of factors to take into consideration, including what level of risk you're comfortable with and how diversified you'd like your portfolio to be. Start small, set clear goals and continually re-evaluate your progress.

For example, if buying a home is still out of reach, then rentvesting – where you purchase an investment property in a different area, while you continue to rent – is becoming a popular alternative. If you're looking at the stock market, managed funds offer a chance to buy into a portfolio of different companies, without purchasing them individually.

Regardless of your investment style, consider compound interest for any money you have sitting in your savings account – it can be a good way to grow wealth without thinking.

Further information

For further information please contact Everalls Wealth Management on 02 6232 4561 or info@everallswealth.com.au.

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