

How to start saving for your future in your 60s

While it may seem that by the time you hit your 60's it's too late to make any meaningful change to your financial circumstances, there are still things you can do to work towards financial freedom.



Have a financial plan for your dream retirement

Many people love what they do and may not be looking forward to the prospect of walking away from full time work. Others might be counting down the minutes until they can leave the office behind or be keen to scale back to part time hours. Regardless of which category you fall into, as you start planning for retirement more seriously, now is the time to start picturing what your dream retirement will look like.

Do you want to stay active, take up new hobbies, travel the world or pick up that project you've been delaying for years? How much will all that cost? You've probably already calculated how much you'll need to live comfortably in retirement but it doesn't hurt to remind yourself using a retirement calculator.

You can also use this time to turn your skills and hobbies, such as consulting or mentoring others, into additional retirement income. Whether you're looking for part time work or a hobby that brings in a little extra, why not get creative, keep busy, make new friends and earn extra cash on the side, all at the same time.

Learn to live more frugally

Just because retirement is in your sights doesn't mean you no longer need a retirement budget – in fact, retirement planning becomes essential in your final years in the workforce.

To make sure your retirement savings are sufficiently healthy to support you through the rest of your life, it's a good idea to revisit your budget and look at all the extra ways you can cut back on spending to give your finances a final boost.

It's also a good idea to stay on top of all the financial perks you might be eligible for from the Federal Government in your 60s, look into a Seniors Card offering discounts on public transport, a Commonwealth Seniors Health Card providing cheaper health care, rent assistance, energy supplements or a carer allowance.

TIP: A Pensioner Concession Card could give you access to cheaper healthcare, medicines and other discounts.

Now that you're less likely to have dependants living with you, consider downsizing into an apartment or a smaller home – you'll save money (reduced utility bills) and time (less space to clean). Think about selling furniture and other objects that you no longer need, including big ticket items like a second car. Tightening your belt on the big things means you'll still be able to afford the luxuries you've been counting on enjoying in retirement.

Fine tune your passive income in retirement

Having a passive income stream – that is, income you earn from an investment, such as property or shares, rather than income you earn by working is a great way to maintain your finances when you're no longer in full time employment.

Start by working out what style of investor you are and then consider the type of portfolio that will best match your risk tolerance and the number of years you have left in the workforce.

Set up an emergency fund

Unexpected costs arise at all stages of life, whether related to your property or your health. When you no longer have a steady income stream, dealing with these potentially hefty expenses can mean dipping into your savings. To avoid this, set up an emergency fund to cover any unplanned bills.

TIP: While interest rates on cash are not always as high as other investments, one way to maximise your returns for your emergency fund is through compound interest.

Stay insured when you stop working

Many Australians with life insurance hold it through their superannuation but in many cases, this ends when you turn 65. If you haven't taken out separate life insurance, you may want to do it before you stop working.

The purpose of this type of insurance is to provide you and your family with financial security if you were to pass away or become terminally ill. Your premiums will be higher in your 60s but you'll have financial peace of mind knowing that things like living expenses will be taken care of if something happens to you.

Given the high medical costs you may face in retirement, it's also important to make sure your private health insurance is still in place when you leave full time employment. Consider switching to a policy that's tailored to the specific needs of your age group.



Further information

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

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