



ACHIEVING FINANCIAL FREEDOM

4 REASONS WHY YOU SHOULD SAVE & INVEST NOW

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“By failing to prepare, you are preparing to fail.” – Benjamin Franklin

Investing and saving at a young age isn't always easy. In our consumer society, when we are young, our priorities often lean towards buying the latest cars and gadgets, often leaving little money to invest. Some mistakenly believe that small investments or savings now will have little impact on our future. But investing and saving, as with anything in life, benefits greatly from an early start.

To get ahead in life, it is always better to start sooner rather than later, and here are just a few of the many reasons why. (These will be discussed further in the following pages)

1. Life Expectancy Increases Over Time

Life expectancy has increased dramatically. Fact is, the average life expectancy of a person born after the year 2000 is up to 30 years longer than those born last century. According to World Health Organisation, Australian men have the third highest life expectancy in the world, and women the seventh. You'll need enough money invested for a retirement that may last 25 years or more.

2. Inflation

The fact is, today's dollar will not buy you the same amount of goods and services in the future. Inflation continually eats away at your savings. Learn how to save and invest for long term goals and minimise the impact inflation will have on your plans for retirement.

3. The Power of Compounding

A millionaire's best friend. Compounding is defined in Investopedia as: “the ability of an asset to generate earnings, which are then reinvested in order to generate their own earnings.” In simple terms, it means earning money from your money! Starting early is the key to taking advantage of compounding.

4. Time

Time is an investor's greatest ally, as it allows to take greater risks, returns and regular reviews early. Time will also help you avoid having to take unnecessary risks closer to or even during retirement. This will also result in a better quality life, as there will be less worries and a greater nest egg to work with.

Be a Step Ahead of Everyone Else

The earlier you begin saving and investing, the better your personal financial situation will be down the line. By starting young, you're one step ahead of the game.

It's never too early to start (the younger the better). The first step is always the hardest. To get something done is to begin, so just do it!

Stop thinking that you are too young to save and invest. Investing while you are young is one of the best decisions you can ever make. We're here to help you make wise financial decisions and achieve financial peace of mind.

Get Good Advice

Whilst good advice may not be cheap, it will certainly pay for itself over time. When the tough times come, good advice will see you through it and out the other side in a much better financial position. It will also help you make sure you stay on track by receiving ongoing advice throughout the year.

Keep Track of how you're going

You can do all these things, but if you don't track how you're going or how you're managing and budgeting for it, then you won't know if you're continuing along the right path towards your goal. And while having great advice is important, so is staying disciplined, persistent, and patient. Everyone knows that this is easier said than done. By creating a good discipline and accountability system, you will be able to enjoy life and know that you are doing the right things by "living for today, saving for tomorrow and protecting in between."

1. Life Expectancy Increases over Time

According to World Health Organisation, people everywhere are living longer. "Worldwide, life expectancy of older people continues to rise. By 2020, for the first time in history, the number of people aged 60 years and older will outnumber children younger than 5 years. By 2050, the world's population aged 60 years and older is expected to total 2 billion, up from 841 million today. Eighty per cent of these older people will be living in low-income and middle-income countries."

Life expectancy at birth among men and women in 2012 in the 10 top-ranked countries*

Men			Women		
Rank	Country	Life expectancy	Rank	Country	Life expectancy
1	Iceland	81.2	1	Japan	87
2	Switzerland	80.7	2	Spain	85.1
3	Australia	80.5	3	Switzerland	85.1
4	Israel	80.2	4	Singapore	85.1
5	Singapore	80.2	5	Italy	85
6	New Zealand	80.2	6	France	84.9
7	Italy	80.2	7	Australia	84.6
8	Japan	80	8	Republic of Korea	84.6
9	Sweden	80	9	Luxembourg	84.1
10	Luxembourg	79.7	10	Portugal	84

* Countries with a population below 250 000 are omitted due to uncertainty in life-expectancy estimates.

Table from WHO (<http://www.who.int/mediacentre/news/releases/2014/world-health-statistics-2014/en/>)

Increase in life expectancy is one of the most fundamental reasons why you have to start thinking about your retirement right now. Ideally, you should start saving and investing as soon as you can, about the time you begin earning money. Save and invest your money with purpose and consistency, unless you want to move in with your children (or even live under a bridge), because you'll need enough money if you want to retire comfortably for more than 20 years.

It is a great idea to grow your super so you can build a nest egg when you decide to retire. If you want to learn more about your Superannuation, MoneySmart (moneysmart.gov.au) offers free and simple guidance about your super. You can also contact us to see what your financial retirement options are. Together, we will create the ultimate money plan for your financial retirement.

Start thinking about your financial future and you will definitely thank yourself later.

2. Inflation

So, you think your savings are going to be enough to meet your future needs and wants? Think again. Inflation will be the venom that will eat away at your savings and reduce your purchasing power in the future.

What is Inflation?

It is defined in Investopedia as, "The rate at which the general level of prices for goods and services is rising, and, subsequently, purchasing power is falling. Central banks attempt to stop severe inflation, along with severe deflation, in an attempt to keep the excessive growth of prices to a minimum."

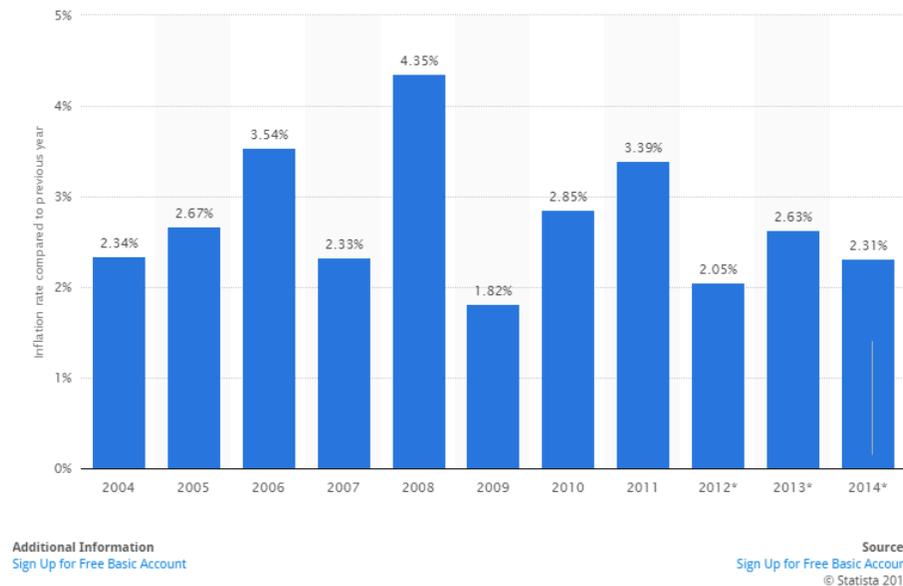


Chart from Statista: (<http://www.statista.com/statistics/271845/inflation-rate-in-australia/>)

The chart above shows the inflation rate in Australia from 2004 to 2014 compared to the previous year. These include expenses for products and services, namely: groceries, clothes, rent, power, telecommunications, recreational activities and raw materials.

Inflation is costly, so you have to begin by investing and saving early. By starting early, you can minimise the impact of inflation and learn to beat it.

It's easy to overlook inflation when preparing for your financial future. So always keep in mind that the prices of goods and services you are purchasing today will only continue to increase and this will continue to happen in your financial retirement.

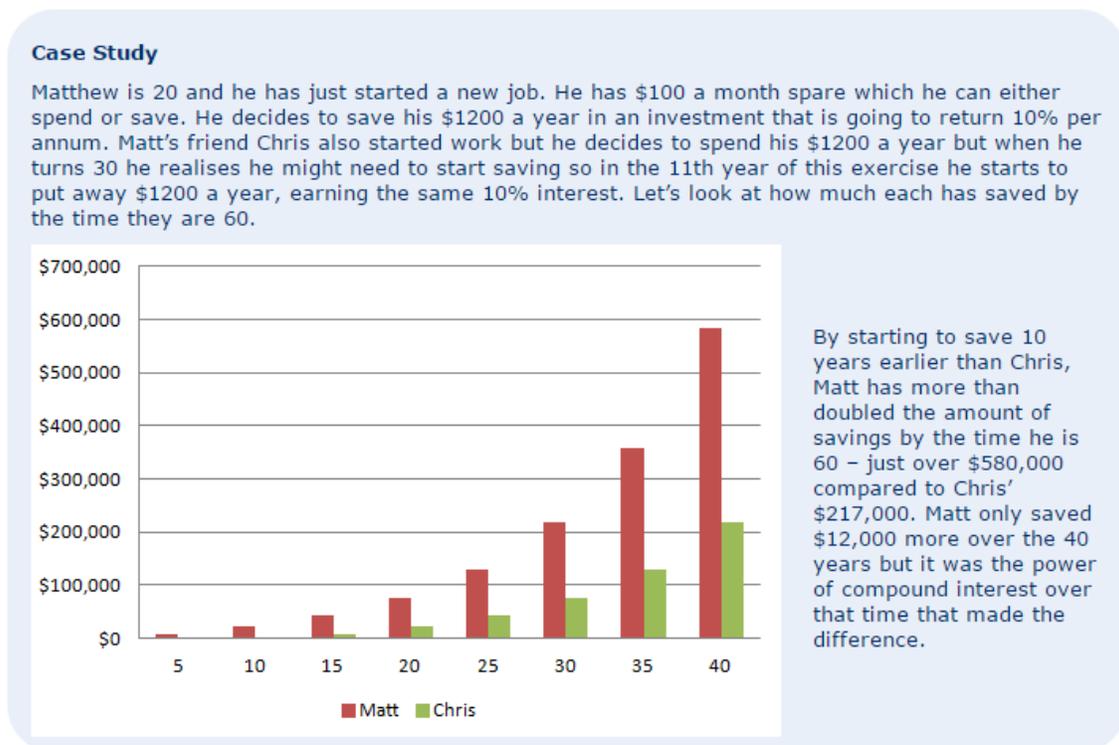
Life doesn't always turn out exactly how you plan it. I cannot stress the importance of this enough: start saving and investing as early as possible, it's never too late.

3. The Power of Compounding

“Compound Interest is the Eighth Wonder of the World. He who understands it, earns it... He who doesn't, pays it.” – Albert Einstein

The extraordinary power of compounding interest cannot be denied, even by Albert Einstein. One of the secrets to wealth is the miracle of compound interest - the millionaire's best friend.

To make compounding work for you, start saving and investing now. The more time compounding can work in your favor, the wealthier you can become. To demonstrate the effects of compounding, let's look at an example:



Case Study from Australia Investors Association: (<http://www.investors.asn.au/education/investment-basics/power-of-compounding/>)

Set aside some money to invest and save. Even a small amount of money can make a huge difference as illustrated in the chart above.

Time plays a very large role when it comes to compounding, so start saving and investing as early as possible. Be patient. At first, the results may seem small but over time, they'll become enormous. Stand back and watch your money grow, that is how compounding works.

4. Time

Young people rarely think about saving and investing because it may seem like a low priority as compared to paying off their student loans or buying a new car. Add to that any credit card debt or rent that can usually discourage one person to save or invest. But one thing that most young people forget is that when you start sooner, you will have more time and that long term results are what matter.

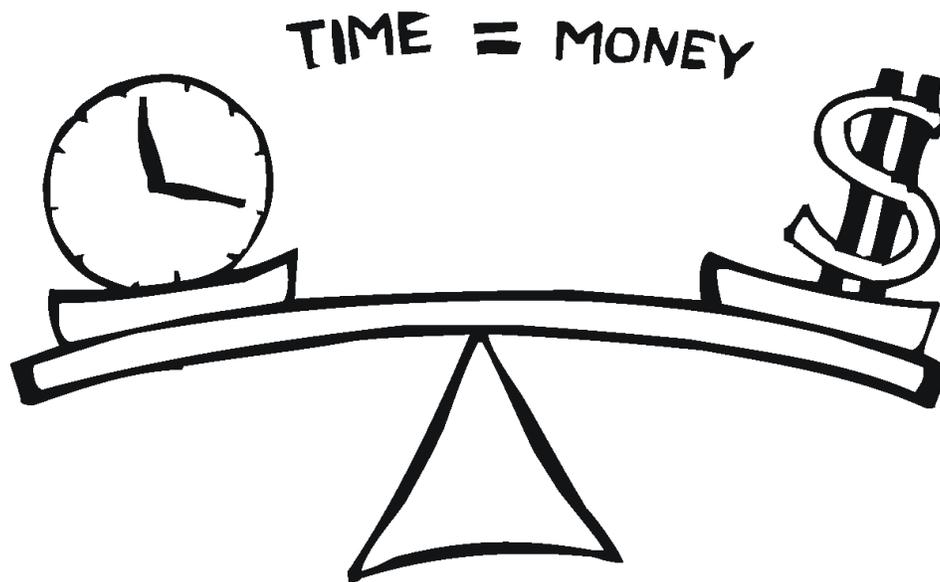


Photo from The QuotePedia: (<http://www.thequotepedia.com/images/32/time-equal-money-time-quote.png>)

It may seem cliché and repetitive, but you can never start saving too early for your retirement. One of the best things about being young is that you have time. Time is money, it is on your side especially if you start saving and investing earlier.

Time will afford you the ability to commit investing errors and greater risks. Let's say you make an investment blunder, time will allow you to review and start over again. You'll have plenty of time to regain your losses and plan a better strategy.

It can be hard to focus on saving and investing especially when you have school loans to pay, rents, and credit card debts. But you should always remember to "pay yourself first."

And as discussed, compounding is the greatest power that time has. Compounding will amplify the growth of your money. Time will allow your small amount of savings and investments to turn into a huge sum. It's very simple - the earlier you begin, the greater are your gains.

You need to be more proactive especially when it comes to your finances. Building wealth does not happen overnight. The time to act is NOW.

Be a Step Ahead of Everyone Else

People tend to spend too much money on vacations, newest smartphones, the most fashionable clothes, etc. Life may seem Spartan without these, but it doesn't compare to being old and poor, which is where you're headed if you don't start saving and investing while young.

You can never go back in time and start saving at age 20 when you're already 30. But starting to save and invest NOW is already a huge step than waiting even one or two years. It's never too late to achieve financial freedom.

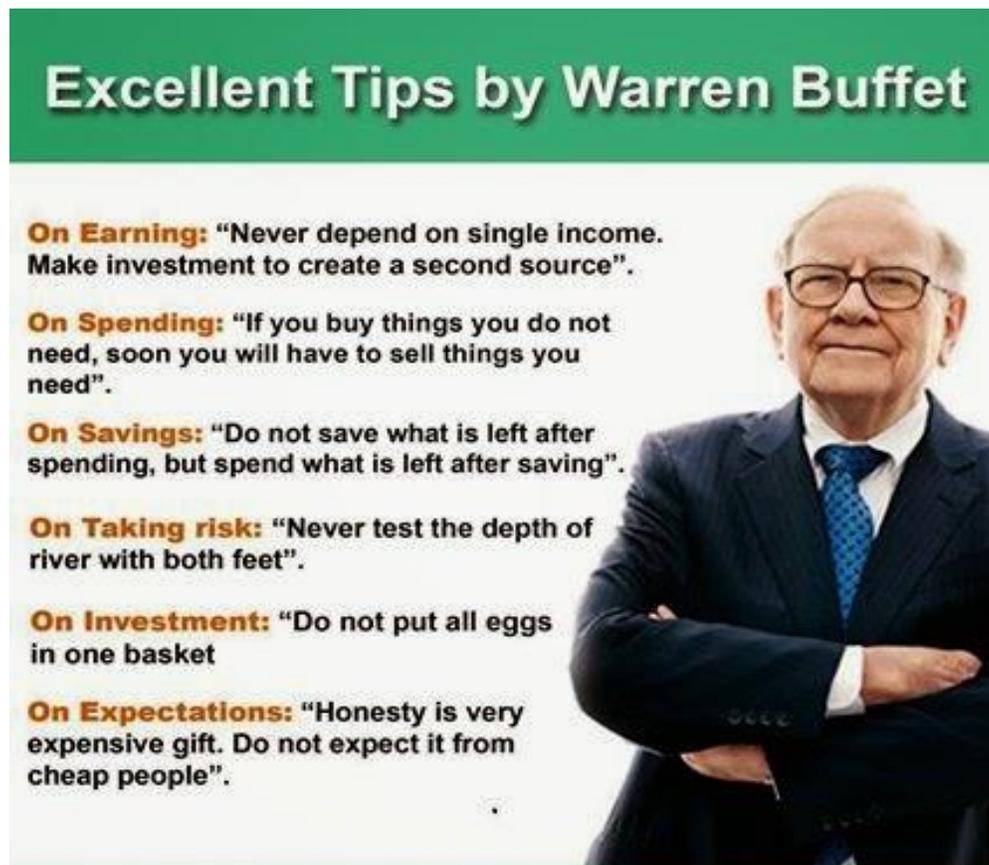


Photo from Read Quotes Today: (<http://www.readquotestoday.com/2014/08/warren-buffett-quotes-on-earning.html>)

You are responsible for your future, thus saving and investing should be your priority. Be savvier with your money, always think long term, and focus on the next two steps ahead. Just imagine: while your friends are still saving and investing away for retirement, you are already settled comfortably and enjoying your life. Thanks to starting early, you can afford things that others can't. By choosing to invest and save early, you are a step ahead of everyone else

Get Good Advice

Good financial advice should focus on your objectives and current financial situation. Your advisor should be able to balance your short, medium, and long term needs. Getting good advice can save you time because as you get older, your financial goals and needs get more complex.

You don't need to be a millionaire to get good advice. Here at Preston, Coe & Ring, we provide reliable and reasonable financial advice for everyone who wants to achieve financial freedom. Saving and investing may not be rocket science, but good advice can change your life for the better. Getting good advice will transform your life by reducing your financial worries and by establishing a path to your financial goals and dreams.

Keep Track of How You're Going

Procrastination can cause all sorts of financial blunders or unrealized potentials. If you're not always on top of your finances, then you may encounter all sorts of money problems. A Financial Advisor can help you keep track of how you're going with your finances.

It pays to have someone who makes sure that you are on track. It's comforting to know that someone is keeping watch over your money. Financial planners not only manages your money, but they can help you stay disciplined, persistent, and patient so both of you can work towards your goals. Managing your money can be daunting but a good financial adviser can help you make the right choices for your savings and investments.

There are no shortcuts to wealth creation, so don't leave your financial future to chance. Take control of your finances and get started on the path to financial freedom.

"Living for today, saving for tomorrow, and protecting in between."

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Contact us **NOW** and we'll show you how you can benefit from a head start in life.
28 Buckley Street Morwell VIC 3840
T: (03) 5134 1778
F: (03) 5133 0226
E: admin@prestoncoering.com.au
www.prestoncoering.com.au