FIONA JUDD
INVESTMENT FIDUCIARY

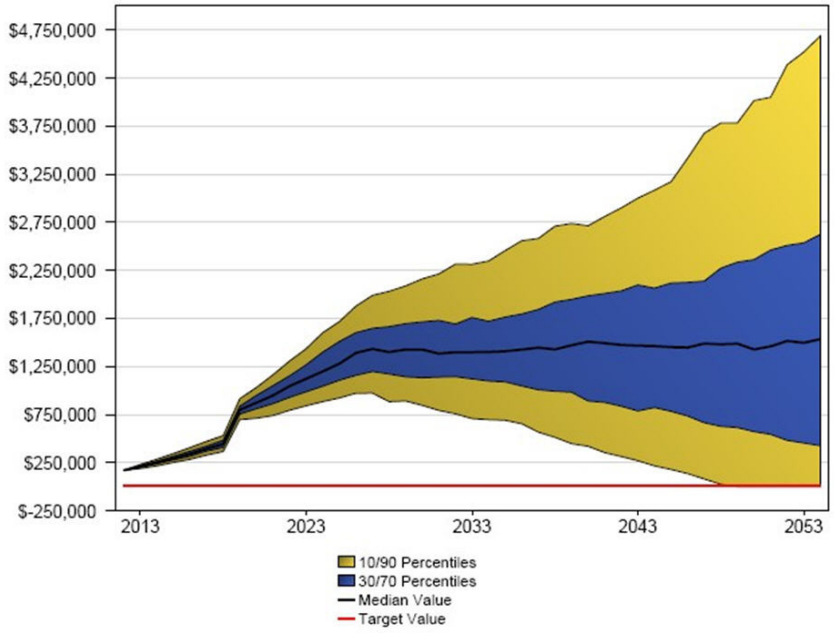
SECURING YOUR FAMILY WEALTH

Tom and Barbara - Will they have the 'good life'?

Tom and Barbara are tertiary qualified professionals. Tom is 55 and Barbara is 48. They have two pre-teen children. They have a family trust and have parents who have family trusts. They decided to move to a lifestyle block and build a new house that they can enjoy with their kids until they leave home. They were very sure that they could build their dream home to budget; however costs got away on them and the result was a million dollar home, no debt but very little savings to get started again in saving for retirement. They want to retire on **$80,000 per year (net including NZ Super).**

Have they created a problem? Can they save enough over the rest of their working lives to meet their needs? Does Tom have to automatically accept working to age 70? They expect inheritances. Are these their only hope for reaching their retirement goals? Should they be prepared to sell their dream home now or in the future? **How much should they prudently save now?**

Probability modelling provides us with the answers to all these questions. If Tom and Barbara start **saving $2,000 per month** (and their expected inheritances are received), then they can be very confident of meeting their retirement target. They will live comfortably through to Barbara's 90th birthday and leave an estate for their children. Their home is untouched. This does require Tom to work through to age 70. If he wants to retire at age 65, then they need to save up to **$4,500 per month.**



The message is that this family is still financially salvageable; however investors should ideally allow 15 years of concerted savings after paying off their mortgages at age 50. If you are not mortgage free by 50 years, then you ultimately are robbing time from your age of retirement or your retirement lifestyle.

Before giving investment advice, every new client I see starts with a probability model of their financial situation. Probability modeling delivers clarity through showing the consequences of financial choices. It also provides a great roadmap for judging financial safety because, if you remain in the blue section, then everything will always be alright!

Fiona Judd Investment Fiduciary | Telephone 07 838 0795 | fiona@fionajudd.co.nz | www.fionajudd.co.nz