



Financial Security doesn't happen by chance. It is the result of careful, intentional planning as you navigate the complex phases of life and investment.

Losing a spouse, suffering a chronic illness, having another child, high inflation or slow economic growth are some of the expected and unexpected complexities that threaten to derail your goals, dreams, and quest for a secure financial future.

The tools available and your ability to handle these complexities will change as you move through your lifecycle. Your personal circumstances will also determine how you approach each phase. For example, if you're working in a physically demanding profession like construction you'll move through the financial planning lifecycle much faster than an academic who can work well into their 70s or 80s.

## ➤ Early Career: World At Your Feet (Mid 20s to Mid 30s)

As you start your career, you have few or no dependents, your ability to withstand risk is at its highest and thus have minimal protection needs. You can be aggressive with your investments. If things don't work out, you have ample time to recover.

Build up your savings (especially pensions) and invest primarily in growth assets. Your financial decisions at this stage will most certainly determine your financial security in later life. Avoid significant expenditure on items that will be of relatively little worth 3/4 years from now (expensive "german machines", latest iphone etc.)

## ➤ Mid – Career: High Flying (Mid 30s to Late 40s)

As you move into early middle age, you'll have a growing family, wider social responsibilities, increased savings & investments, and maybe a mortgage or building a house.

How will your family survive if you are incapacitated, unable to work or you die? Will your investments (pension included) maintain your standard of living all the way into retirement?

The increase in dependents, investments and peaking income signals significantly increased risk and need for adequate protection: the highest at any of the life stages.

## ➤ Late Middle Age: Settled (Late 40s to Early 60s)

In late middle age, your risk profile is quite moderate as you have accumulated some wealth, and the number of your dependents decreases. Focus on preserving the wealth you have accumulated whilst gradually increasing it in view of retirement and perhaps passing it on to your children and grandchildren.

Morbidity increases with age so ensure you have Private Medical Insurance and a healthy balance between income and growth assets. You don't want to be liquidating assets to meet medical or other emergencies; a symptom of being "asset rich, cash poor".

## ➤ Retirement: Golden Years

The financial decisions of perhaps decades culminate in retirement, a time to be characterized by peace and prosperity. Sadly, in retirement, with no employment income, many people realise that their pension money and other investments are not adequate to meet their expenses.

You may be worried about running out of money or how your wealth will be distributed at death. Decumulation strategies and Inheritance planning become key with protection needs being very minimal.

Now, you don't hire a structural engineer towards the end of a project. The same applies with financial planning. A financial advisor (personal banker, investment manager, pension advisor, mentor) should aid as you move through the life stages to ensure your financial plan can withstand different shocks.

A simple tool to help you move successfully through the life-investment cycle is the financial planning process:

- 🎯 Define Your Objectives: what are your short and long-term needs/ goals / dreams
- 🔍 Assess Your Financial Situation: what is your income, expenses, assets and liabilities.
- 📋 Research & Draft a Financial Plan: what savings, investments or insurance products can you invest in given your goals and risk profile
- ⚙️ Implement: the best combination of options provided
- 📅 Review: financial needs / goals change as life changes, so your financial plan needs to be reviewed to see whether products and investments held are still appropriate.

Over the next 8 weeks, we will take you through some of the considerations around risk, savings, investments and planning through the life stages.

**Yamikani Khuoge**  
Manager, Consulting & Operations

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