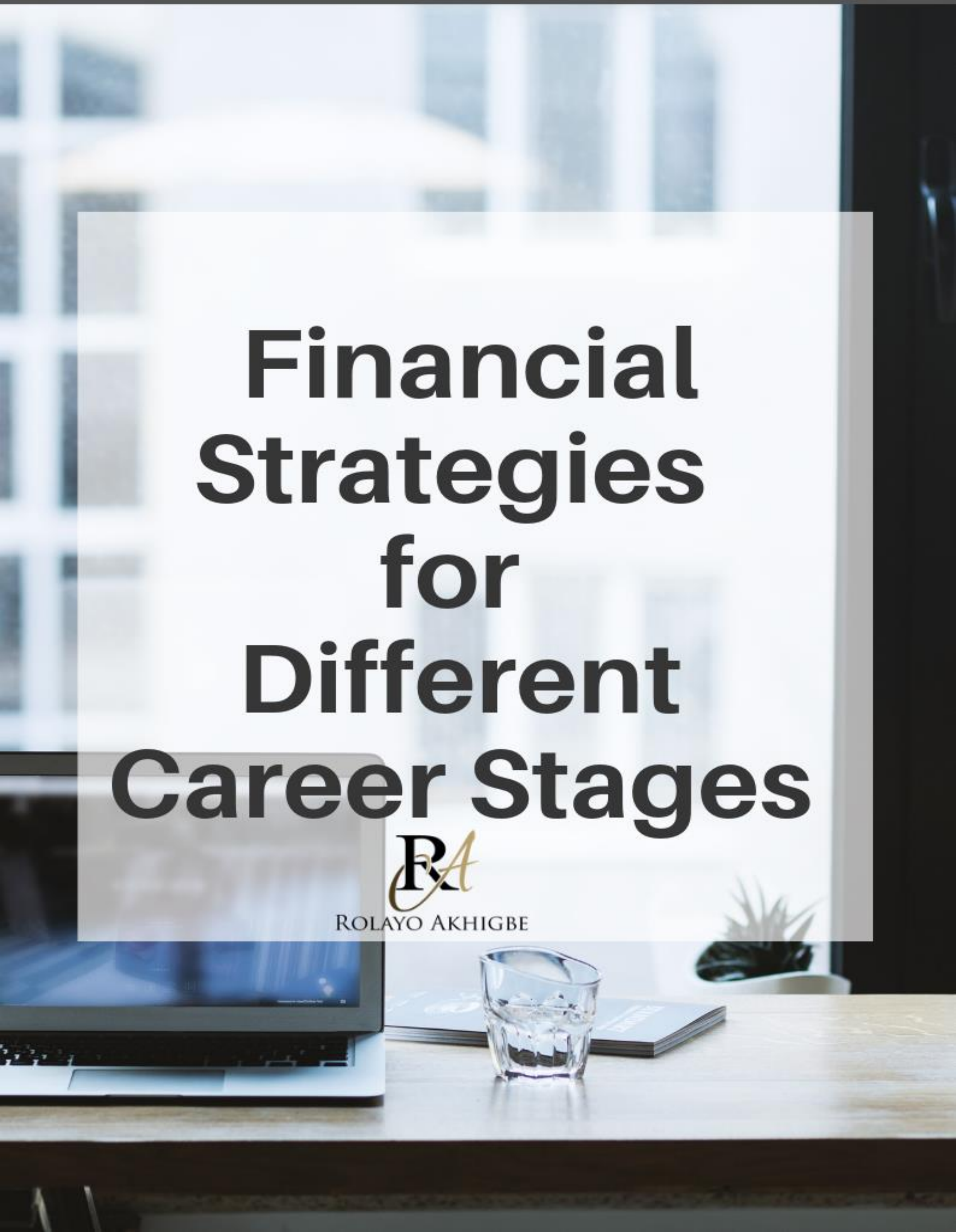

Financial Strategies for Different Career Stages

Rolayo Akhigbe

 Note from the Author

Welcome to '*Financial Strategies for Different Career Stages*'.

My goal for this book is for you to have strategies which will help keep you on course to achieve your financial goals and which you can also refer to throughout the various stages of your career. Success rarely happens by accident, it's usually the result of careful planning and diligence.

In the following pages you'll find a collection of carefully selected strategies covering the following key areas:

1. Starting your career: What do you need to start thinking about as you start getting more financially independent?
2. Mid-career: How do you build on what you have now to ensure you're building healthy financial habits that will sustain you for the long run
3. Planning for Retirement: This is one area we often overlook until circumstances force us to take action. But you don't need to wait until retirement is round the corner before you start preparing for it.
4. Take action: Words on paper make no difference to our lives until we begin taking action.

It's been such a privilege to share daily posts with you on my Facebook Page. I'm so excited to share this gift with you and I hope you'll continue to join me on *Facebook*, Instagram and my Website.

I've got an incredible line up of new things for the second half of 2019 with tons more to share and learn, all to help you live a richer, more intentional life.

To your success,

Rolayo

ROLAYO AKHIGBE

Chapter 1

Starting Your Career

Now you are done with school and you have finally landed a job, you're officially considered a full-fledged adult. You are now your own person, responsible for many areas of your life and in particular your finances. For many people, parents, older siblings etc always took charge of your financial obligations and now you're expected to do it by yourself. So how do you go about this?

The first thing to realise is that this is just the beginning of a long journey and there are financial strategies for every career stage in life. You need to have a long-term view, but first things first – what financial strategies do you need when you are starting your career?

- **Understand your Salary:** Typically when you're made an offer, your employer communicates your gross salary – the total amount you are supposed to get paid before your employer deducts taxes, insurance etc. This is different from your net salary (the amount you actually get paid). When you are discussing your salary make sure you understand how much you're actually taking home and check your payslip once you get paid at the end of the month.

- **Make your Budget:** Now that you know how much you actually have available, the next step is to calculate how much you need for fixed expenses. This could include rent, transportation, electricity, water, and savings. The rule of thumb is not to spend more than 70% of your salary, so you have something in your account once all your expenses have been taken care of. Whatever is left can be used to start setting up a pool of savings. If 70% is too much of a stretch, try as much as possible to live below your means, especially if your job doesn't pay so well.

- **Plan for the future:** When it's time to rent a larger place, plan a wedding, add personal funds to a loan for a car or another asset, the money won't magically appear. You need to start saving at least 10% of your salary as early as possible so you have a pool you can dip into for your future expenses. To make it easier to have target savings, banks like FCMB have Apps that help you save automatically. Just enter the amount you want to be deducted from your account every month, as well as the saving account number, and you're good to go. This way, you won't be tempted to spend it.

- **Monitor your Cash Flow:** Track each purchase you make for the first few months at your job. This accountability helps you see what you're spending on that isn't necessary, helping you to cut down on frivolous or spontaneous buying. Make you record more savings than expenditures. Apps like Reach are pretty useful in achieving this.

- **Add to your income stream:** If your company pays for overtime, going for it won't be a bad idea. If you have a skill you can monetise that'll give you income without hampering your efficiency at work, explore that also. These will give you some extra cash in the bank.

- **Start an Emergency Fund:** An emergency fund is different from your savings. This fund is strictly for unexpected emergencies, like a sudden illness, or a major repair at home or on your car. With an emergency fund, you wouldn't need to touch your savings when unforeseen circumstances come up. That's why it's important not to spend everything you earn.

- **The magic of consistency:** This may all sound like theory, but do you realise that if you don't spend N500/week, you'll save N2K per month and N24K annually. What would happen if you saved this amount consistently for 5, 10 or 20 years at an average 4%?

End of Year	End of Year A/c Bal from saving incremental N24k Annually	4% Interest	Total Including Interest
YR 1	24,000	960	**24,960**
YR 2	48,960	1,958	**50,918**
YR 5	129,992	5,200	**135,191**
YR 10	288,147	11,526	**299,672**
YR 15	480,566	19,223	**499,789**
YR 20	714,674	28,587	**743,261**

Picture what would happen if you increased the amount you set aside as your income grew. Now what if you went a step further and invested the money in something that gives you 10% per annum returns? See the power of consistency? Don't get bogged down by how much you have right now, just start setting an amount aside and be consistent.

Chapter 2

Mid-Career Stage

If you've been working for over 10 years, then you're definitely in the middle of your career. You can't be called a rookie anymore, but at the same time, you're not near retirement. During your work life, you would have either switched jobs, roles and gotten promotions – you are officially a professional career person.

Very likely your responsibilities have also increased over the last 10 years as well. Personal circumstances may have led to you living in a bigger space due to either having a family of your own or taking care of dependents. If you have children, you are likely paying school fees and all the ancillary expenses that come with these bundles of joy. The financial strategies for this stage in your life will be a lot different from when you were just entering the career world and all you had to think about was yourself. So it makes sense to adjust your financial strategy accordingly.

What are the key things you need to look out for at this stage?

1. **Track your expenses closely –** Your expenses have a way of rising to meet your income so don't be fooled into thinking you don't need to monitor what goes out just because you now have a bit more money. Especially as there are more avenues for expenditure (fees, medical bills, entertainment, larger rent, car loan/mortgage payments, etc.)

2. **Increase Your Savings and Emergency Fund –** You're now in what's known as the 'afternoon season' of your career – income and energy levels are still high, but you also recognise that you need to start planning for when the time comes to start slowing down. Go back to the first principles of spending no more than 70% of your income. You're earning more money and have a bit more spare cash now, so set it aside for the future – 10% in short term savings and 20% in investments.

3. **Speaking of Investing –** Now is a good time for you to look out for investments. The key here is not to put all your money in just one area, but to have a diversified portfolio – a mix of shares, bonds, Treasury Bills, land or cryptocurrency (if you're that adventurous) or invest in a business.

There are two things to always remember with investments:

- Don't put your money in anything you don't understand. Otherwise, how will you know if something is going wrong and you need to pull out or change strategy?
- If it sounds too good to be true, it probably is. If there's an investment opportunity offering you very high returns and you can't clearly link the returns to a tangible product being produced/bought/sold, run as fast as you can!!!!

Whatever you decide to put your money in, always make sure you do your due diligence before making any investment.

4. **Get Insurance –** You have more assets now and the cost of replacing them can be pretty high. So do yourself a favour and get insurance – for your health (remember you're your greatest asset), home, car, etc. A lot of people don't like getting insurance due to the premiums and while it seems like you're throwing money away if nothing goes wrong, it can be a lifesaver if something does happen. With insurance, you won't have to worry about whether your emergency fund is enough to fix the car, rebuild the house, or get treatment: insurance will help reduce the burden. At a minimum make sure you have health insurance, especially if you have children.

5. **Finetune your Side Hustle –** If you plan to run your own business when you stop working for your employer, now is the best time to start putting your plans and structures in place. You have a steady income so you should set some funds aside monthly for business development. If you've started something already, how do you grow it so it becomes a steady source of income that you can continue to grow? Since you're working full time how are you leveraging technology to expand your business?

6. **Prepare for the evening –** Remember I said you're in the afternoon season? Well, now is also the time to prepare for the evening when you want to start taking things a bit easy. Do you have a Retirement Savings Account? Do you track how much is in it and do you know the conditions for accessing the money? Do you intend to live in your own home? Do you have a mortgage or are you self-funding your project? Have you created avenues for passive income (money that comes in without you having to work for it)? Now is the time to educate yourself on these so you're well prepared for life after paid employment.

Chapter 4

Preparing For Retirement

Prior to the 20th century, there wasn't a major focus on retirement. People generally worked until they dropped; or they lived with their families. Fast-forward to now, retirement age in most companies is between 55 and 60, yet millions of Nigerians live well into their 80s. Thousands of Nigerians have set out on a new adventure called retirement, and while most of us have great plans for how to spend it; too few have any plan to make sure our money will last us during this period.

Whatever stage you may be in your career (early, mid, late), the best time to start planning for your retirement is **Now!** Regardless of how fantastic your career may be, at some point you will retire from paid employment – you'll either retire voluntarily or be retired based on your company's policy. Ideally this should be a period in your life that you'll be looking forward to – not having to wake up early to go to work, not having to deal with deadlines, office politics, etc.

With a lot of people starting families later in life, the prospect of not earning a regular income could be quite scary. It's not unusual to be facing retirement while still having to pay school fees, make mortgage payments and still figuring out how to survive on your income. That's why you need to start planning your retirement now, so you have time to put things in order.

How do we live well in retirement years?

1. **Plan Your Retirement:** How old are you now and when do you want to retire from paid employment? How do you want to live when you retire and how do you want to sustain yourself financially? Beyond income, what do you plan to do with your time when you retire? What's going to keep you getting out of bed every day? Make a list of your retirement goals and try to narrow it down to five main goals you can track your progress on.

2. **Take Stock of your company Retirement Plan:** You should have an idea of what income will be available to you when you retire. The first place to start is your Retirement Savings plan. Ask your pension fund provider how much you will have in your account by retirement age based on your company's current contributions. If the numbers don't look too exciting, you should consider topping up your company's monthly contributions with a private retirement plan.

3. **Target your Savings:** Calculate how much you want to live on once your salary stops. How much do you need to have in your savings account to keep you in the lifestyle you want? Work backwards from this and start putting aside the amount you need to make this up on a monthly basis. When working out how much you'll need each year of your retirement, an often-used estimate is 70% of your current annual income. Multiply this by the number of years you expect to be retired for. A common benchmark is 20-25 years. This will give you a target savings amount to aim for. You can then work out how many years you are away from retiring, to determine how much you might need to be saving each year to hit this target.

4. **Review your Asset Base:** Look at other assets you have and put a value to them – dividends, rental income, market value of landed property. How much do these all come to and how well do they help you reach your retirement goals?

5. **Where Will You Live?:** Ideally you should no longer be paying rent in your retirement years, but for that to happen you must either be living in your own property now or making plans to buy/build. If your company offers you a mortgage plan you should explore taking advantage of it, otherwise talk to a Mortgage company – typically these loans run from 15-20 years depending on how close to retirement age you are. So the sooner you start, the better.

6. **Diversify your Income and Invest for Growth:** In the previous chapter, we talked about getting a side hustle to fund your retirement. In an ideal world, your side hustle will become your main business by retirement and your primary source of monthly income. Returns from investments, etc. should just add to the pool of funds you generate from this business.

7. **Get Long-term Medical Insurance:** You need to think of your health as well. As we age, our bodies are more prone to breaking down and recovery time is longer than when we were younger. Don't skimp on health insurance, make sure you have a decent plan that ideally covers you and your dependents so you're not having to break into your savings to take care of medical bills.

8. **Avoid Unnecessary Debt:** The things that seem important now may not matter so much during the retirement years, so be careful what you get into debt for while working. Make sure the loans you have are short term and can be fully paid off while still in paid employment without damaging your long-term financial health.

Call To Action

As with any other strategy, you will only experience the effectiveness when you put what you've read into practice. Regardless of what stage you are at right now, just start following the strategies.

What I've shared here is by no means exhaustive, but at a minimum you should be following these strategies on a consistent basis. I guarantee you will see positive results.

For more tips, tools and strategies, please click on your preferred platform below to stay connected:

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