

MODULE
3

Financial needs at different life stages

Learning objectives

By the end of the session you will...

Understand the importance of money at different stages of life, including retirement.

Activity

Understand the importance of money at different stages of life, including retirement.

3.1 Consider the financial needs during life

3.2 Consider your financial needs at this time

Financial needs change throughout life. In their twenties and thirties, people may want to buy a house and require long-term borrowing to do this, or save to buy a holiday or a car (short term borrowing). Usually insurance is required, e.g. car insurance is mandatory. Debts may need to be repaid e.g. a university loan.

In mid-life, other needs become more important, particularly saving for retirement.

As well as current needs, it is important that long term financial needs are considered. Immediate and long term financial needs may have to be balanced e.g. saving for a pension is a long term need which is easier the sooner it begins and some non-essential spending may need to cease.

Because financial needs change throughout life, it is important to appreciate what is done in one decade of life may determine the financial position in later decades. Saving for an income in retirement is a good example of this. So financial planning is essential.

Increasingly, individuals need to take control of managing their financial situation in the short-, medium- and long-term. With society becoming increasingly complex – more flexible working patterns, no longer jobs for life – the trend towards individual self-reliance will continue and probably increase.

The purpose of this module is to understand the importance of money at different stages of life, including retirement.

A Financial Lifeplan Template is available at www.life-academy.co.uk. It has been designed to help individuals think about the type of financial actions that need to be considered at each life stage, from childhood through to old age.

3.1 Consider the life periods in the chart below. What are the likely financial needs for these age ranges? Choose up to the five items for each age range from the list provided. There may be other items you wish to include.

| Age | Financial Needs |
|--|-----------------|
| 16-20 | |
| 20-35 | |
| 35-50 | |
| 50-65 | |
| Post retirement | |
| Some items may be in more than one age range, e.g. saving for retirement. There is no one answer since people are all different. | |

List of financial needs**Insurance**

Accident cover
Car insurance
Income Protection
Life insurance

Life style

Aged parents / caring
Career changes
Changes of life style
Divorce
Early retirement
Full-time work
Grandparenting
Inheritance
Job changes
Part-time work
Planning for retirement
Remarriage
Retirement
Retirement location

Pension

AVCs
Pension choice
Private pension
Starting a pension
State pension

Financial expenditure

Car purchase
Charity giving
Child minding
Education / further education
Family
Health care
Holiday
Saving
Travel
University debt repayment

Housing

Buying a house
Moving house
Repaying the mortgage
Selling your house
Taking out a mortgage

Miscellaneous

Borrowing for an item e.g. a car
Buying other financial products
Credit card management
Estate planning
Financial Advice
Having a good time
Making a will
Management of debt
Power of Attorney
Redundancy
Taxation

The chart below illustrates some of the financial needs for people in the various age groups.

| Age | Financial Needs |
|-----------------|---|
| 16-20 | Cost of education Cost of travelling Saving to buy a car Car insurance |
| 20-35 | Career changes House purchase Family costs University debt repayment Starting a pension |
| 35-50 | Additional voluntary contributions Moving house Divorce Making a will Redundancy |
| 50-65 | Part-time work Repaying the mortgage Grandparenting / aged parents Making a will |
| Post retirement | Health care costs Holiday costs Moving house |

3.2 Consider your financial needs at this time. Look again at the list to the left and now complete, in the box below, which financial needs are relevant to you.

| Your age group | Your financial needs |
|----------------|----------------------|
| | |