40s HALFWAY THERE

The good news is that 40 might be the new 30 in terms of health and only halfway there in terms of life expectancy. In terms of finances, however, it can usher in a new world of responsibility and worry.

Forty is an age of reflection, where people assess their lives in all kind of ways and ponder what they've done, and judge whether it has been enough.

But while you might look back on the past 20 years, it really is time to prepare even more for the next 20 and beyond.

Have you got enough super, should you start a business, do you need to buy an investment property or get a share portfolio going?

Do you need to start salary sacrificing into super or start your own fund with your partner? How about upping the mortgage repayments and putting that big trip to Europe on hold?

If your career is humming along, is it time to have that stint overseas, both for the benefit of experience and also the ex-pat package? Or is it time to start thinking about a career shift?

As if the future isn't enough to think about, there is the present to take care of. If you have children, you need to make decisions about high-school education. You might like the idea of a private school, but the cost is going up all the time. Can you afford it, and if you can, what will you have to sacrifice in doing so? Paying off your house?

> *You are trying to make sure you are living the life you always wanted*

This is also the age when you enter the "sandwich generation" years, between your children and your parents. Sometimes you feel you are parenting and looking after them both, and everything you do is with some other family member in mind.

And in the midst of all this, you are trying to make sure you are living the life you always wanted.

And all of a sudden you are 49...and wondering how to celebrate your next birthday.

IN YOUR 40s

SIX-POINT CHECK LIST

1 STAY FIT: Especially if you are working too hard, take time out to look after yourself. You won't want to pay for neglecting your health with illness later.

2 INVEST: Not just in super, but maybe it's time to get some shares for yourself, or start a business on the side.

3 CHECK YOUR SUPER: Perhaps you haven't thought about it in years. Maybe check how it's tracking and re-set it based on how many years you are from retirement.

4 SPEND TIME WITH FAMILY AND FRIENDS: Don't lose sight of what is important and the reason you are working so hard.

5 DON'T COMPARE YOURSELF WITH OTHERS: It's counterproductive. We chart our own course in life. If you feel you need to do more, do it for yourself.

6 LOOK FORWARD WITH CONFIDENCE: Feel satisfied with what you've achieved and anticipate the future. If you're not satisfied, there's still plenty of time.

CASE STUDY

SUPER ALL PART OF THE BUSINESS

DAMIAN HAND WAS quite happy renting his business premises from a supplier at lower than market rent, but that all changed when his supplier and landlord decided to retire.

Damian, 46, owns a roof-slating business in Sydney's west. He bought into the business with two partners in the early 1990s and later bought them out, becoming sole owner in 1998.

With six to 10 employees, depending on the work pipeline, things were ticking along fine, but the situation with the factory space was a catalyst for his reassessing his financial affairs.

"I was quite happy renting the business from the supplier, it was mutually beneficial," says Damian. "But when things changed, I realised that I didn't want to start paying market-value rent and in 10 to 20 years have nothing to show for it.

"So first of all we looked at the business buying a factory, and then I was given some advice that doing it through a self-managed superannuation fund (SMSF) was the way to do it."

Having decided on a SMSF, Damian and his wife, Kylie, a police officer, took their savings out of their respective industry funds and created their SMSF, leaving sufficient balances in the industry funds to continue to pay for their life insurance.

Pooling their funds, they had just over $200,000 in the SMSF, but there was a shortfall to make up to buy the factory they wanted for about $530,000.

Instead of taking out a limited-recourse loan through the SMSF, as many people do, they were able to make up the difference through a personal line of credit.

"It got a bit complicated just before all this happened with the home mortgage," says Damian. "We had been on a five-year interest-only loan. But when we went on interest and principal, the payments soared, even though I had $400,000 in an offset account."

So he paid the $400,000 off the mortgage and asked the bank for a personal line of credit "for as much as they would give me".

"When we needed the extra funds to buy the factory, I used that money to make up the difference."

Now the factory has been bought through the SMSF, Damian and his wife as the sole trustees are thinking of other investments.

"We do want to diversify a bit and I think that we could look at some residential property," Damian says.

With two children heading into private secondary education soon, the Hand family is about to incur more expenses, but Damian is feeling confident.

"We are lucky in that we are not struggling for money," he says. "More would always be nice, but we have enough for what we want to do, enough for a holiday each year together and everyone is happy and healthy."

Looking into the future, Damian sees the sale of his business as the next major financial milestone on his way to retirement.

"I'd like to think I could sell the business before another 20 years is out."

OUR PANEL'S ADVICE

BEN NASH
This decade should be about paying down mortgage debt on your home. Look at using equity in property to boost your investments and make sure they are structured in the most tax-effective way. Consider salary sacrifice to grow your super. Start building other assets to fund your lifestyle between winding back from work and when you can access your super.

DAVID REED
Good cash-flow management is vital as you juggle expenses for family, mortgage, education and retirement savings. Save costs where you can, such as home-loan interest, and pay off credit card balances monthly. Consider establishing an education savings fund for your kids. Make sure your estate plan is in order and review personal insurance benefits.

BILL BRACEY
Review your financial plan, particularly looking at wealth creation, super and retirement strategies. If you're not on track to meet your goals, you need to effect immediate change. Is your insurance plan adequate re children, debt and divorce? Remember, half of all marriages fail. Do you now have new goals to add to your plan?