

SAVING IT FOR LATER

THE CHRISTMAS CLUB FOR YOUR GOLDEN YEARS



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The tradition of squirreling away money over the year in a Christmas Club to save for Christmas has become a relic of simpler days. Why save today when you can pay tomorrow? As it turns out, mother did know best, as this model of saving will afford you more bountiful Christmases in your retirement years.

CHIRSTMAS IN NEW ZEALAND IS still sun, beaches, pohutukawa blossoms, barbecues, presents and generally good times. It's probably the one time during the year when excesses are accepted. The New Year resolutions inevitably follow, to eat and drink less and to exercise more.

As a child, I would occasionally accompany my mother on her weekly visit to the grocery store to place her order for delivery later in the day. That's right, grocery deliveries are not something new. It's just that it was done by visiting the grocer or phoning the grocer with your order. The one thing that I remember about these visits is that my mother would always pay the grocer a few shillings more than the actual amount due. These extra few shillings went into the Christmas Club to help pay for the "goodies" that were traditionally eaten at Christmas.

So, what is the point of this story? Well, the cost of Christmas used to be prepaid in the era before credit cards. Presents were purchased during the year at sale times and hidden away in that secret cupboard at home or left at the store on layby. There was no easy credit available to finance Christmas and holidays, it was all done with savings and budgeting. As an aside, I can never remember my mother complaining about having saved too much for Christmas.

Another major event in our lives, which is significantly bigger than Christmas, is retirement and the need to fund it. The daily and annual expenses still exist and while these can initially be financed with credit, the day of reckoning eventually arrives when credit needs to be repaid.

Like Christmases of the past, it makes very good sense to prepay your retirement by ensuring that you take full advantage of the opportunities provided by KiwiSaver or building an investment portfolio, plus putting away those "few extra shillings" on a regular basis. The "power of compounding" is seldom used to its full advantage. Regular savings over time produce excellent results, when left to compound.

"What about National Superannuation", I hear you say? Well that will prepay a small part of your retirement but I think it falls into the same category as my mother never complaining that she had saved too much for Christmas. In over 25 years as an investment adviser, I have never had a client complain that they had too much money. Lifestyles need funding and the more funding available, the greater number of lifestyle options that you have.

If you don't have KiwiSaver, if you have a portion of your income that could be saved or you have a lump sum of money that really isn't working hard for you, have a no obligation chat with an adviser from Staples Rodway Asset Management, to discover just how many options are available. Who knows what exciting opportunities and the power of compounding may hold for you.

Staples Rodway Asset Management is a boutique investment advisory service that specialises in providing personalised and impartial investment solutions for individuals and trusts. You can contact an advisor by phoning 09 309 0491 or 0508 220 022 or emailing enquiries@sraminvest.co.nz.

