



You have finally paid off your home loan. Now what?

You're down to zero on your home loan? Congratulations! You've finally done what many people dream of. Owning your own home outright is a great achievement, and once it's paid off it's important to work out a smart plan for how to use the money that used to go to your lender. Your first instinct might be to reward yourself and, after years of sacrifice and hard work, why not? But once you've taken your dream trip or splashed out on a new toy it's wise to take more of a long-term view.

Consider boosting your super to retire your way

This window provides an opportunity to take a look at the type of retirement you're hoping to live. While you might be surprised at how much a comfortable retirement actually costs, we could help you determine more accurately how much you might need. Perhaps your super balance doesn't quite match what you think is needed to fund your retirement dreams? If so, the lead up to retirement is a good time to give your super that extra boost. By channelling the money that once paid off your home loan into your super, either by salary sacrificing from your pre-tax salary or paying with after-tax funds, you can give your super a decent lift.

Invest to build future wealth

If your super's in good shape, you might like to use the surplus funds to build your wealth via other investments. If you prefer investments with a lower risk profile, savings accounts or term deposits could be the way to go. But if you can invest for a five to ten-year timeframe, you might consider shares or managed funds. These can provide income in the form of dividend payments, plus the potential for capital growth. Another option is buying an investment property. While the thought of taking on a new housing loan may be the furthest thing from your mind, the potential to cover repayments with the rental income could make it worth considering.

Work less, enjoy life more

Now that such a major financial commitment is no longer hanging over your head, you could consider taking a step back from work. Known as transition to retirement (TTR), this can provide financial flexibility, allowing you to work less without reducing your take-home pay, by topping it up with a portion of your super taken as a pension. A minimum age applies for you to benefit from TTR strategies and they can be quite complex.

Explore your goals

You may be in a position to pursue other goals that go beyond building your wealth. Perhaps you want to give your kids a leg up financially or assist ageing parents to live a happier and secure retirement. Whatever your future plans, contact us to assess your situation and to help you understand the impact of each option to find the path that is right for you.

Source: AMP.

We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.



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