



a day late and a dollar short.

WORDS Nick Stewart
PHOTOS Supplied

Passed-down wisdom can be helpful. But when it comes to financial matters, it's best to go with proven methodology - not idioms.

A day late and a dollar short.

The usual goal for financial planning is to make sure 'future you' (and your family) will be able to live comfortably – whatever that may look like to you. As we all know from the state of the grocery bill at the moment, inflation can take the spending power from what used to be a tidy sum quite easily.

As a general rule, short term goals are better served by savings or low risk, high liquidity portfolios, and long term goals are better served by investments. This is because in the short term (like the next two to five years), you do not have time to wait out volatile markets, and can generally ignore inflation. What you need is what you currently have in hand.

With long term financial goals like retirement planning, you have time. Time is a valuable component in any financial plan – the more

you have, the more you can weather in terms of market activity, and the more risk you could take on in your portfolio.

Additionally, inflation is one of those volatile components you can plan for with a robust financial plan. Unlike with short term savings, your long term plan must take inflation into consideration – or you could find yourself short on funds earlier than you would like.

By the seat of one's pants.

This one refers to going into a situation without the necessary skill or experience. Much of financial behaviour is learned behaviour, inherited from our role models.

Much like idioms... just because everyone says the same thing, doesn't mean it's true.

A 2022 financial literacy survey of 1000 school



Pictured: Nick Stewart welcomes guests to a Stewart Group information evening (An Economic Update with Jarrod Kerr)

leavers found most of them had learned nothing, or only a little, about money. A significant amount of financial knowledge is coming from the home, as there is an absence of structured financial education in many schools. This carries through to adulthood. The lack of financial education in NZ leads to a lack of financial literacy, and people are more or less left to figure out a specialised area of knowledge as if it were inherent skill.

You don't know what you don't know, and there is no shame in calling an expert to help. It's the same as calling a plumber instead of taking your tools to that clogged pipe – you might figure it out on your own, but it's quicker and easier to get a specialist in when they're needed.

Bet your bottom dollar.

If the term 'investment portfolio' makes you think *'The Wolf of Wall Street'* or similar, you'll be pleased to know you're off the mark. A sound and responsible investment strategy is vastly different from stock picking, which is much like gambling. Chasing a thrill is exactly what you don't want to do.

A sustainable financial plan isn't exciting. It

isn't betting it all on optimism. A long-term, well rounded plan will feel more like watching paint dry than watching the ponies race. The highs and lows will still happen over time as markets fluctuate, but you'll be set to capture the highs following the lows instead of betting your bottom dollar on a 'sure thing'.

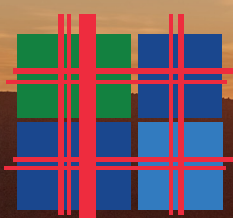
Don't beat around the bush.

See also: The best time to start was yesterday. The second-best time is today. If you have been thinking about your financial future and aren't sure where to start, don't be an idiom – get in touch with a trusted financial adviser for a free, no-obligation chat.



*Nick Stewart is a Financial Adviser and CEO at Stewart Group, a financial advisory group with offices in **Hawke's Bay** and **Wellington**.*

Any opinions expressed in this article are of a general nature only, not to be construed or relied upon as a recommendation to invest in a financial product or class of financial products. You should seek financial advice specific to your circumstances from a Financial Adviser before making any financial decisions.



STEWART Group
CELEBRATING **36 YEARS** OF CLIENT-FIRST SERVICE

WEALTH MANAGEMENT | RISK INSURANCE | KIWISAVER | PENSION TRANSFERS

0800 878 961 | WWW.STEWARTGROUP.CO.NZ

T&Cs apply. Disclosure statement available on request and free of charge.

Certified



CEΦEX[®]
CENTRE FOR FIDUCIARY EXCELLENCE