

# THE 20 COMMANDMENTS OF WEALTH FOR RETIREES

BY NOEL WHITTAKER

1. Ignore the prophets of doom—they are always with us and usually wrong.
2. Make sure your children have adequate insurance. It's much more affordable than your funding their misfortune.
3. Understand compounding, and appreciate that the rate of return your portfolio can achieve will be a major factor in how long your money will last.
4. Understand the basics that never change, and take advice on the things that do.
5. Take advice before the deed is done—not afterwards. It's hard to rewrite history.
6. Always judge an investment on its merits—any tax benefits should be regarded as the cream on the cake
7. If a person contacts you by phone with an offer of an investment, or even to help you pay your mortgage back faster, hang up.
8. Don't have all your eggs in the one basket—diversify across the major asset classes and certainly have some international exposure.
9. Involve your partner, if you have one, in all your financial decisions. This will make it easier if one of you passes away or becomes incapacitated.
10. Don't panic when the share market has a bad day—volatility is the price you pay for the unique benefits of shares.
11. Make sure your wills are up-to-date and include a testamentary trust if that is appropriate.
12. Give Enduring Powers of Attorney and an Advance Health Directive to trusted people. And make sure they have copies and can locate the originals when needed.
13. One of the most expensive evenings you can go to is a “free” investment seminar.
14. Be extremely wary of going guarantor for any of your children—especially if they are in business.
15. Don't spend unnecessarily just to maximise your Centrelink benefits. Further cuts to benefits are possible.
16. Investigate if you should have a Binding Death Nomination in your super fund. Keep in mind that what is appropriate in one situation may not be appropriate in another.
17. Each year assess whether it is to your benefit to stay in super. In some cases you may be better off to withdraw the balance and invest outside the superannuation environment.
18. Don't follow the herd and back last year's winner—that's a recipe for disaster.
19. If you decide to take on a reverse mortgage involve family members in the process and have them pay the interest if possible. This will stop the debt increasing.
20. Finally—keep in mind that your potential worst enemies can be the media who focus on the negative, and well-meaning acquaintances who may give you information that may be half right.

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