

This is MONEY

A daily guide to your Personal Finance

- Savings
- Travel
- Debt & Borrowing
- Utilities
- Managing your Tax

Money Matters
with Nimi...



Are you financially independent at 57?

money to start to work for you, instead of for lenders.

Ignore the Joneses

One of the reasons we spend so much money on "things" is to keep up with friends and neighbors. Most people cannot afford a mansion, luxury cars, expensive schools, designer clothes or fine jewelry, but particularly in a materialistic society like ours, many feel pressured to dip into their retirement fund just to keep up appearances. This is one of the surest and quickest ways to financial ruin.

Spend less than you earn

The real key to financial independence is to spend less than you earn. Avoiding consumer debt and ignoring the Joneses will get you only so far; it will also take discipline to consciously spend less. Track your expenses to see where your money is going, then you can make an effort to cut out things you don't need. As you go through life, there will be inevitably be challenging times and you must be prepared to adjust your lifestyle and spending habits as appropriate.

Generate passive income

Once you start saving and investing, give some focus to buying assets that can appreciate in value and generate passive income. Property is one of the most dependable assets when carefully acquired with professional guidance. It is a great source of passive rental income when chosen right. The stock market also has a good long-term track record, and many successful investors have built significant wealth this way, earning regular income from dividends. Others include bank deposits, royalties, etc.

Can you generate additional income?

Look for ways to generate more income to supplement your main income. What do you love to do that you are very good at? Can you monetize it? Explore opportunities that can earn you additional income without losing focus on your primary objectives.

Pay yourself first

To reach financial independence you will need to put yourself first. Pri-

oritize saving before you pay bills; it is a powerful saving habit. You should be enrolled in a pension plan whether you work for yourself or otherwise; your contribution will be deducted directly from your salary so you won't even miss it. Living with what's left after paying yourself is a tested way to building wealth.

Keep working

If you find that the numbers just don't add up, and you are physically able to keep working, then do so. A few more years earning in full time employment can make a difference. This will give you time to accumulate and invest additional funds for retirement. If you aren't able to work full time, a part time job can help to stretch your long-term finances. The aim should be to work because you want to, and not because you have to.

Focus on your health

Healthcare is a very expensive part of life, and even more so as we age. To keep this from jeopardizing your retirement, take care of your physical and mental health. Focus on preventive care measures

including regular exercise, rest and a healthy diet. Don't neglect your insurance; ideally this should have been in place for decades but there are plans available even if you are just starting.

Seek professional advice

Even though general rules of thumb are helpful, it is necessary for you to understand the basic financial principles, as you must ultimately take responsibility for your financial future. A financial advisor should get you farther; they will review your specific situation, taking into account your risk tolerance, financial status, your goals and your family situation, and help you develop a financial plan to include short term and long-term investments.

It is a myth that you must start with millions to achieve financial independence. You can take deliberate steps to make a real difference in your future financial prospects, but it does need focus, commitment and time.

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Nimi Akinkugbe has extensive experience in private wealth management. She seeks to empower people regarding their finances and offers frank, practical insights to create a greater awareness and understanding of personal finance.

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Nigeria celebrated 57 years of independence last week. What does 57 mean to you? What is your reality? Are you 57 with little in the way of savings? Sadly, this is a common problem. The good news is that you can start making changes today that will help you along the journey to independence.

Financial independence typically means having enough income to pay for your living expenses for the rest of your life without having to work full time. Some people achieve this through saving and investing over many years, while others build successful businesses that can generate income without daily supervision.

Many people are of the belief that you have to be born into wealth, inherit it or have a well-paying job otherwise you will always struggle financially. It has been proven time and time again that you do not have to be born into wealth or to inherit wealth to become financially independent; you can start with very little and with hard work, discipline, focus and determination you can achieve and indeed surpass your financial goals. There are so many success stories to prove this. Here are some habits that can make financial independence a part of your future:

Be careful of consumer debt

Consumer debt is the bane of financial independence. If you use credit cards to buy consumables and regularly carry forward a balance, then you are enriching the banks and not yourself. Credit cards, salary loans, car loans; these are all examples of money-generating machines for creditors. The first step toward financial independence is to get rid of or at least reduce your high interest debt and free up your

