



Managing the Financial Impact of a Mid-life Crisis

For some, the thought of a mid-life crisis may bring to mind quirky Steve Carell comedies like *Crazy Stupid Love* or *The 40-Year-Old Virgin*. But if you or a loved one are actually going through something that resembles one, you probably have fewer reasons to chuckle.

A mid-life crisis is a transition where you might start to question your identity and confidence. The term was originally coined by Canadian-born social scientist Elliott Jaques and it's a phenomenon that often strikes people in their forties and beyond.

Those going through a mid-life crisis might increasingly find work, relationships and previous pastimes they enjoyed mundane or pointless. Their responsibilities suddenly feel enormous and dull. They yearn for fun and excitement, and there may be desperate attempts to hang onto youth or a sudden race to achieve unmet goals.

A mid-life crisis could be partly caused by the biological processes of ageing. It could also be existential as we become more aware of our own mortality. But it's just as likely to be a social construct.

BUDGET FOR YOUR DREAMS

Do you regret foregoing your younger dreams of being a painter (or ski instructor, or trapeze artist, the list goes on) for a secure salary with sick pay and annual leave? There's no reason you shouldn't follow your dreams – but maybe don't quit your day job just yet! Instead, prioritise time to explore your passions. Consider delegating some of your responsibilities by asking for help from friends, siblings or your kids – or if you can afford it, paying someone else to help out. You'll then have time to pursue your interests, whatever they may be. Don't forget to budget for the costs of your passion though – depending on what you're into, they can add up. You might even consider setting up a separate bank account purely for your hobbies.

Your passion could eventually turn into a side hustle, making it pay for itself. But remember, it's also okay to do things simply for the fun of it. The key is to indulge in something that brings you joy, without going into financial hardship over it. For example, if you've been hit by the urge for a sports car, consider renting one for a weekend rather than handing over your life savings.

SECURITY MATTERS

This might sound counter-intuitive when all you want to do is throw caution to the wind but, now more than ever, you need to protect your assets and ability to earn a living. That's because mid-life brings with it financial uncertainties like redundancies or serious health conditions.

One way to protect yourself is by setting up income protection insurance. Then if you did become ill or injured and couldn't work, you'd still have regular income. You might also consider trauma insurance – you'd get a lump sum payment if you were unable to work due to a serious medical condition like a stroke or heart attack.

IF YOU'RE WATCHING FROM THE SIDELINES

You might be fine in your forties or fifties, but what if your partner isn't? While their version of a mid-life crisis mightn't go beyond a sudden taste for surf wear and Triple J tunes, it could still lead to relationship breakdowns or financial difficulties.

If your partner is suddenly spending more money than you're comfortable with, set up a time to express your concerns and discuss a budget with them. Revise your needs and wants together, and make sure you're setting aside some money for fun as well. You might even consider keeping a joint account for household expenses and two separate accounts for your own spending.

If your relationship is looking particularly rocky, you might feel the need to protect yourself financially and therefore seek professional advice. This could be from a lawyer or a financial adviser – both can help you get all your ducks in a row in case you did need to leave the relationship.

THERE'S AN UPSIDE TO A CRISIS

Despite what Hollywood would have us believe, a mid-life crisis isn't inevitable. In the US, for example, only about a quarter of middle-aged people say they've been through one. For those of us who do experience the mid-life blues though, remember that it can be a catalyst for positive change. Some people say that a mid-life crisis propelled them to finally quit a dead-end job, seek therapy to address destructive patterns or work on their relationships. Many start making their health, wellbeing and dreams a priority for the first time.

HOW A FINANCIAL ADVISER CAN HELP

Financially speaking, mid-life is a time when many people finally get their act together. They might get clear on separating their wants from their needs, pay off their debts, apply for insurance and start investing for the future.

Even if you feel way behind in terms of what you think you should have achieved by now, it's never too late to make a change. A financial adviser can help you set and achieve goals – ensuring you protect your financial security for the next chapter of your life.

Source: Colonial First State

If you need a hand determining the most appropriate strategy for your circumstances, give Shaun or Vicky a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon).



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