Retire Early – Retire Rich

Discover 10 Simple Steps To Retiring 10 Years Early.

ACQUIRA
Wealth Partners

About Reine Clemow:

Congratulations on getting this valuable little booklet.

My name's Reine, I have a passion for helping people live the life they imagine for themselves. I've been a financial adviser since 2001 and I am the Principle Adviser and owner of Acquira Wealth Partners.

I am married to my wife Nicole and have 2 children, a boy Chase and my daughter Arie. I have lived on the Gold Coast most of my life where I was a professional athlete, competing in both the 1992 and 1996 Olympic Selection Trials as well as the National Titles Surf Lifesaving.

I have lived in Auckland, Dublin and Edinburgh and traveled extensively throughout Asia, Europe and America. I have also inherited a passion for motorsport from my father after growing up going to weekend race meetings and speedway. I love driving and I have been fortunate own a number of different cars that have made that possible.

My belief is that you should live your passions because you only get one shot at life and it is too short not to enjoy it.

I am an investor and understand that to be able to advise you must first have walked the path or worked with others who have achieved the results. I am grateful to have learnt from my mentors who have been extremely successful in both life and business.

I own multiple investment properties across Australia and this puts me in a small minority and it is my aim to do the same for my clients. I manage my own Self-Managed Super Fund and invest in shares and private investments.

Understanding WHY we do what we do helps us stand apart from our competitors. Plus, unlike other financial advisers you may have come across, our business does not sell financial products in order to get paid, because we are independently licensed and not aligned to a bank or financial institution.

We work with you, one on one to develop real financial strategies that creates wealth and allows you to achieve an early retirement. Creating the wealth you need to live a stress free and comfortable retirement is within your reach.

Many people fail because they lack a strategy, a plan and the discipline to see it through. They find it all too hard.

My job as a financial adviser is to make it easy for you. I show my clients step by step what they need to do, then I help them do it and I keep them on track each step of the way.

So switch the phone to silent, pull up a comfy seat and let's get going.

Life Is for Living, So Retire Early and Enjoy It

We believe you should retire early so that you can enjoy life, with good health and all the money needed to do the things that make you happy. Too many people struggle financially, they work hard all their life only to retire with little to show. As a result, they don't dare to dream because they are too scared of what the future will look like.

Why would you work for 40 years only to spend the rest of your life compromising what you want to do because of the lack of money? Now is time to decide that you will dare to dream and live a life of purpose and joy.

“Our joy is seeing you achieve financial freedom”

We believe you work hard for your money and that you want to make sure you set yourself up for a stress free and comfortable retirement.

Imagine looking out to your future and seeing that you all the money you need to live life on your terms – doing the things that make you happy. Wouldn’t it feel great?

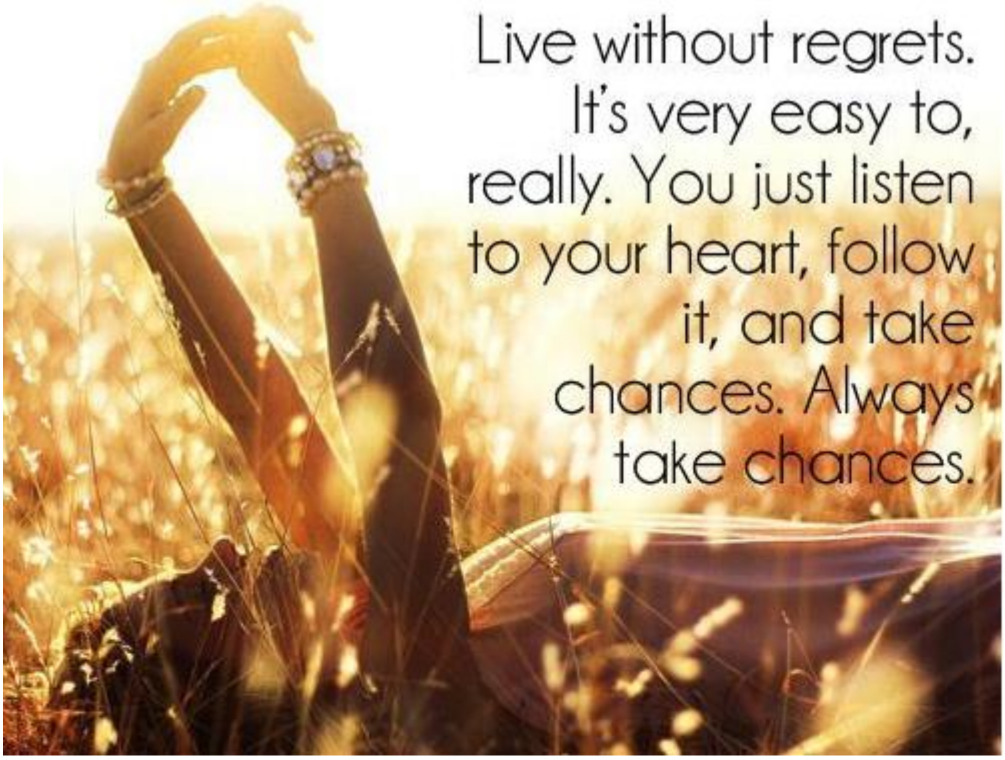
We believe that everyone who dreams of becoming financially independent can achieve it.

We know that it is not easy to think about things that are years off in the future. Most struggle to plan a holiday more than 12 months out! We believe that magic happens when you dare to dream of the future and allow yourself to believe that anything is possible.

*“**Whatever** the mind **can** conceive and believe, **it can achieve**.”*

Napoleon Hill - Think and Grow Rich

We are inspired by what drives you. We love to discover your passion and ignite it with the belief you can live it. We believe in living life without regrets. What may seem like tough decisions now will pave the way for a life of joy and happiness.



Don't look back on life wishing you had done more to achieve what you wanted. Make a decision today and choose to make your financial future a priority.

It doesn't matter where you are today or what has bought you to this point – each day is a new day and you have the ability to shape your future with new plans and new strategies.

Are you ready to retire early and live the life you deserve?

Discover 10 Simple Steps To Retiring 10 Years Early.

Let me put a pin in your bubble and tell you, you are really not going to see anything here you don't know, the key is putting it together. At Acquira Wealth Partners we have some specific ways that we show people how to do this to achieve an accelerated early retirement.

The first one sounds the simplest but is the hardest.

1. Spend less than you earn

It is uncommon for someone to tell me that they are great at budgeting, in fact most people I meet tell me that they are terrible at it. However, what I have found is that when I ask people if they have ever missed a mortgage repayment or monthly phone bill, most say they haven't.

This shows me that the idea of forced savings or a regular commitment to savings and investing is the key to creating good habits and activated the principle of "Pay Yourself First". Let's consider if you were to just save 10% of your income and gave the other 90% away to others.

You can see from the chart below, that means you only keep the earnings you generate from Monday morning until Monday lunchtime. Don't you think you are entitled to more than this amount for yourself?

	Monday	Tuesday	Wednesday	Thursday	Friday
Morning	10% Yours to keep	30%	50% Spend the rest	70&	90%
Afternoon	20%	40%	60%	80%	100%

This principle comes from the book, The Richest Man in Babylon. Described as "The most inspiring book on wealth ever written!

Beloved by millions, the bestselling book by George S. Clason, reveals the success secrets of the ancients and has been hailed as the greatest inspirational work on the subject of thrift, financial planning, and personal wealth.

To download your free copy of the book, click here: [The Richest Man in Babylon]

The key here is that you don't wait until you are good at budgeting to start investing.

2. Invest the difference in good quality growth assets

What are good growth assets?

1) Businesses can be divided into several categories from your own business, to other peoples' businesses, both large and small, and private and public.

Now if a public company is listed on the Stock Exchange, we call these "*Shares*" because we have a *share* of the ownership of that company.

If you have shares in BHP, you own a *share* of BHP and you get a *share* of BHP profits.

2) Property has many different categories from residential to commercial to industrial and more, and many of us are familiar with property since we all live in one.

These two categories of assets we would group together and call GROWTH assets. That's simply because as well as getting income (dividends from our shares, and rent from our properties) – we also hope or expect them to GROW over time to be worth more than what we purchase them for.

Unlike many other financial planning businesses that sell financial products to get paid, we have no preference to either shares or property as each have a place in an investment portfolio, depending on the person and their goals. We like both, we own both and we adviser our clients to do the same.

3. Own your own home sooner

Owning your own home is still the foundation for wealth in Australia for many people. Reducing your home debt allows you access to the equity which can be used for more advanced investment strategies, but quite simply, once you no longer have a home loan the cash flow you have is able to be redirected into savings and it instantly reduces the amount of income you need in order to retire early.

Let's look at an example of what it takes to repay your home loan in 10 years and note how much interest you can save after two simple changes.

You can see below, that with a loan of $430,000 on a 30-year term and with a fixed interest rate of 6% that they pay monthly they you will pay over $500,000 in interest on the loan.

Mortgage term (years)	Monthly repayments	Interest paid on loan	Savings
30 years at 6%	$2,586	$500,984	$0
30 years at 5.5%	$2,449	$451,817	$49,167
10 years at 5.5%	$4,675	$130,965	$320,852

A simple refinance to a lower rate of 0.50% less will instantly save $50,000 in interest cost over the life of the loan. That is money you get to keep in your pocket so you should always be looking at your home loan rates. Too many banks just assume you won't move because it's a hassle. But wouldn't it be worth $50,000? You bet!

To pay your home loan back in 10yrs would require a substantial increase in repayments and it would mean taking a deeper look at the budget to identify where other savings could be made.

One great tool is called PocketBook. It's a web based program that is free to use and also has an application that you can download to your phone. You connect it to your internet banking and then pocketbook will go about classifying all your expenditure.

Say goodbye to spreadsheets and difficult budgets. With a couple of taps on your phone you can easily classify the transactions it doesn't automatically identify.

With just a few minutes a week you can track and manage your entire budget. You can identify where you are spending more than you thought, set savings goals and discover how you can find that extra money to increase your repayments.

If there was the opportunity of saving over $320,000 in interest it should provide some incentive to take action.

It is really possible for many Australians to pay off your mortgage in 10yrs and there are a number of different strategies you can employ to achieve this goal apart from just making higher repayments. The key is to have a strategy that works for you and to follow a plan to achieve it.

4. Manage your borrowings wisely

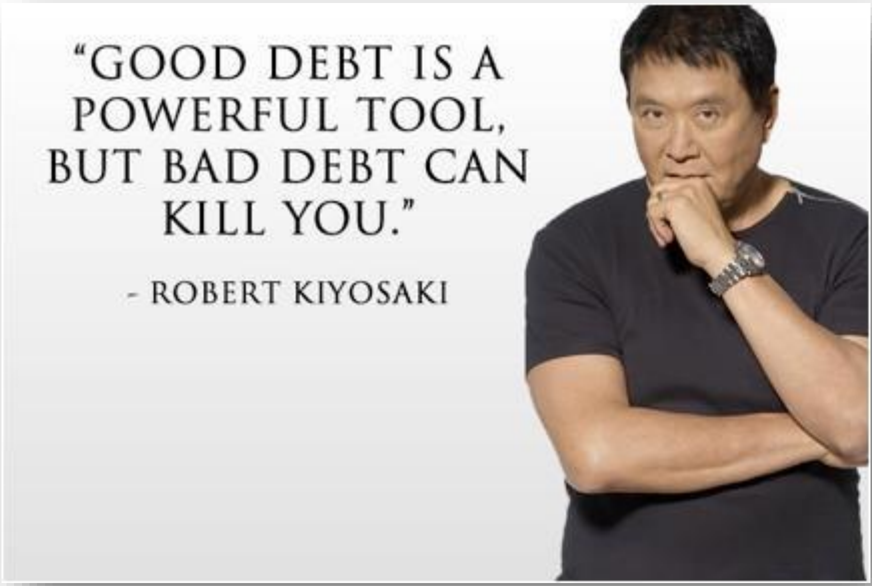
As you can see above, managing debt can save you a substantial amount of interest in your lifetime. Just imagine if you were able to keep over $320,000 that you would have otherwise given to the bank in interest. Wouldn't that make you job or retiring earlier a lot easier?

We also talk about managing debt and the difference between 'Good Debt' and 'Bad Debt'. Robert Kiyosaki, the author of bestselling book "Rich Dad Poor Dad' talks extensively about managing debt in his book.

A simple example of bad debt is credit cards or personal loans. The thing that makes it bad debt is

1) The thing you have purchased is usually consumed (like a holiday) or depreciates in value (like a boat) and

2) the interest that you pay on the debt is not tax deductible.

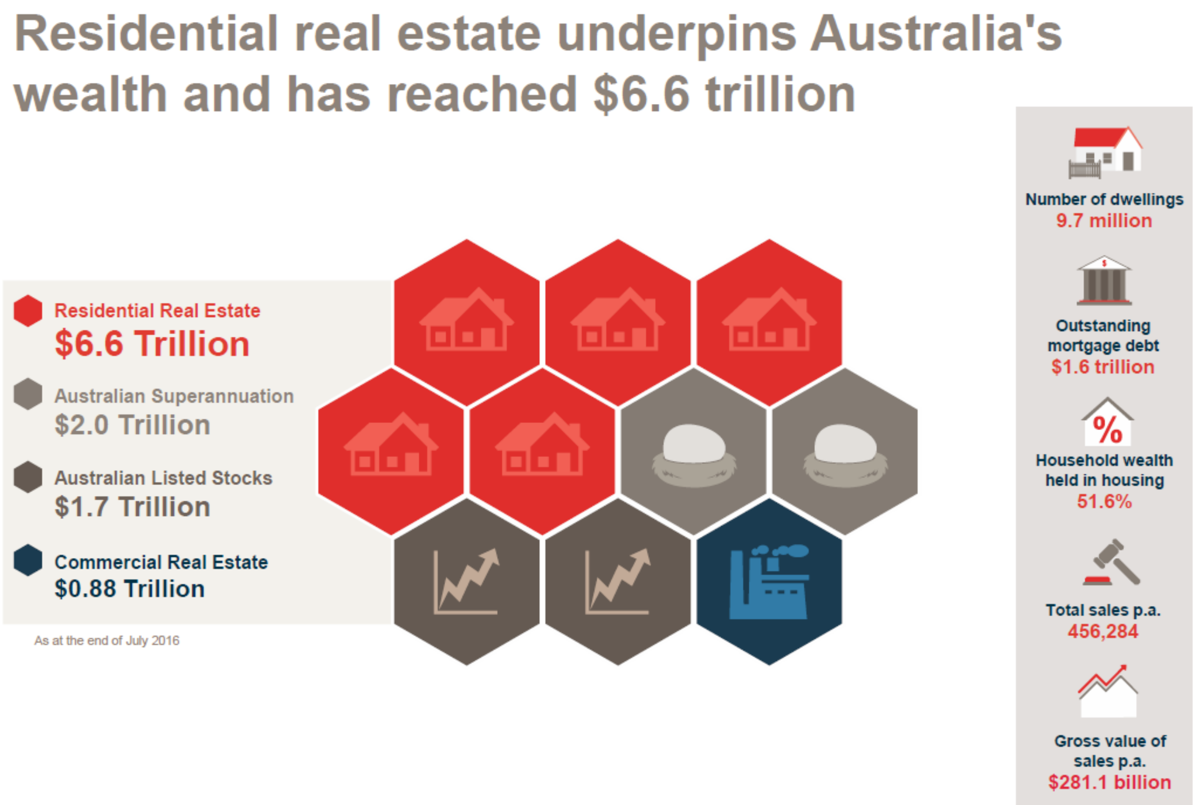


On the other hand, there is good debt and this is usually debt you are getting a tax deduction on the interest that can help to reduce the tax on your income and that has been used to buy an asset that will grow or produce income. We spoke about growth assets before and said that they were either Shares or Property.

There are a number of advanced strategies that combine the use of good debt with growth assets to provide substantial accumulation in wealth over time. Borrowing to invest comes with its own set of risks and may not be for everyone so it will depend on your early retirement goals to whether this is suitable for you or not.

5. Own an investment property, or more!

Think about any wealthy people you know or know of and it is fairly likely they own property investments.



In fact, according to a recent RP Data report there is currently $6.6 Trillion held in residential real estate in Australia and is the largest asset, dwarfing Superannuation and Shares listed on the ASX.

Many Australian's are familiar with the concept of owning an investment property yet only such a small percentage of the population ever buy an investment property.

According to RP data only 7.2% of Australians own an investment property and what's staggering is that more than 50% sell their investment property within 5yrs of purchasing it. This hardly allows for the long term compounding capital growth that property is known for.

Even more interesting is that less than 1.5% of Australians own more than 1 investment property! So why is it, if we know that the wealthy invest in property and that property is a proven long term creator of wealth, do so few people invest into property?

Like many things that have to do with our human nature, often our emotions get involved and the heart is much stronger than the head. If we over analyse all the things that could possibly go wrong, we will be sure to create enough fear to stop us taking action.

Property can be a complex transaction where a large amount of money changes hands and in almost all cases involves a bank or lender. The complexities of finding the right property, then applying for finance and dealing with all the various people along the way – the real estate agent, banker or broker, lawyer, accountant, insurance agent, building inspector – the list goes on.

All this can make it seem harder than it needs to be. There are many people that can help and guide you through this process, whether it is for the first time or because you simply don't have the time yourself to do all the steps.

We have assembled a team of professionals that help our clients each step of the way or with just the missing link they may need.

Let's consider some important principles about selecting property. The number one principle is that land appreciates and buildings depreciate. So if your strategy is to accumulate multiple properties it is important to understand that it is the land that will allow this to occur. This is why we usually advise clients to purchase a house and land rather than units.

The dwelling is really only there to allow rent to be collected and therefore receive tax breaks on interest, costs and other items such as deprecation.

Depreciation is an important point and is where buying new vs old can be debated. Again, if your strategy is to duplicate it will be important to manage cash flow to allow you to continue to borrow This is where a new property will be superior as it will provide a greater amount of tax back in the form of a depreciation offset.

Becoming wealthy to allow for an early retirement is less about the assets you purchase and more about the strategy you follow that leads to the assets you purchase. Many people get this the wrong way around and find themselves unable to continue growing because either their cash flow limited or they are unable to borrow because of how they have structured themselves.

Let's have quick look at things that matter when selecting property (the agent should be able to provide all this information.) Note NOTHING is about cosmetics!

- Vacancy rates in the area – above 2.5% is not good.
- Number or property's currently for rent in the area and the average rental being paid
- Number of properties currently for sale in the area and any further supply
- The comparable sales from similar houses in the area
- 5 km radius to schools, shops and public transport
- What future infrastructure is proposed – roads/ shopping centres, schools.
- How old the property is (depreciation has a big impact on tax and cash flow – the older the property – the worse)
- Population growth of the zone and suburb
- Consider employment risks in the area and avoid single industry zones

Property is such a proven creator of wealth for Australians so it should an important part of your early retirement strategy

6. Smart Super Strategies

Do you know what the effective tax rate is for super, once you are over 60? It is 100% TAX FREE and this has not changed, even with the new proposed changes to superannuation.

Again, the idea of investing in super is not something unfamiliar to Australians, since many of us have superannuation as a result of compulsory super being introduced by the Keating government in 1992.

Super is pretty simple when you understand it. It is really a tax haven where you can invest money and pay a maximum rate of 15% tax while you are working and 0% when you retire. Note that I said a maximum rate of 15%.

Just like individuals, superannuation can get tax deductions and credits if a smart investment strategy is applied which could make the effective rate of tax on super 0%.

You also just need to think about your super like it is your golden goose. Your job is to get it nice and fat so you can live off the golden eggs. The idea is not to hack into it and kill the goose because we all know how that fairy tale turned out.

Secondly, you can contribute to super in two ways. From your savings, which means you have already paid tax on that money so it goes into super as a tax free contributions. Alternatively, you can contribute from you wage before tax (salary sacrificing).

The Australian Tax Office have a simple video explaining the difference.

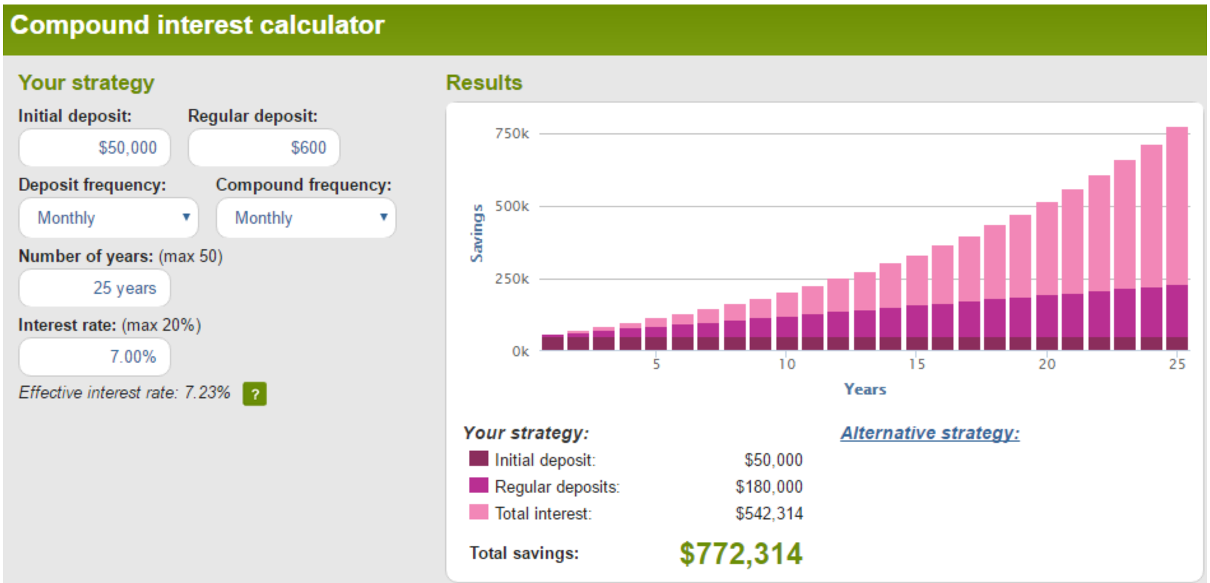
Click to watch the video below

7. Take Advantage of Compounding Interest

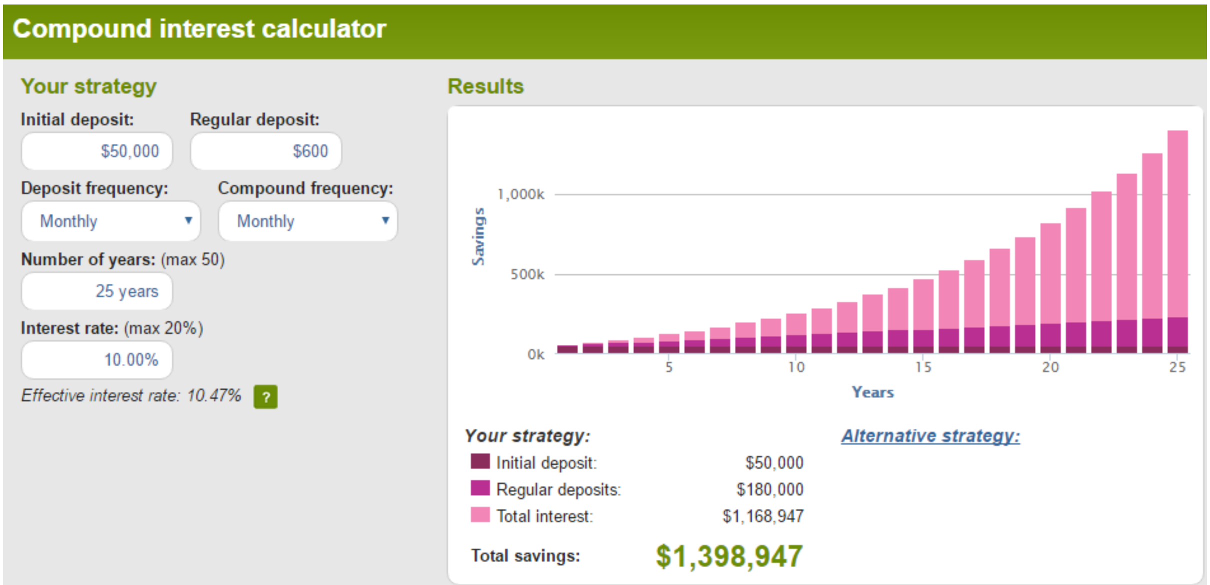
The rate of return that you achieve on your money is critically important in order to retire early. Even a small difference in return over time can have a massive impact on your wealth. Albert Einstein called compounding interest the 8th Wonder of the World, so this is something we should take note of.

The MoneySmart Website has a very simple compounding interest calculator that you can use so let's look at an example of what a difference a few % can make.

The scenario below assumes a starting balance in super of $50,000 earning 7% over 25 years. The default option in many people's superannuation generates approximately 7% and is the option that many people never take the time to change.



By changing the return to 10% and keeping all other inputs the same, an extra $626,633 can be created. The important thing to consider here is that no additional savings or money was required to create this. Simply a change in the compounding return achieved from the investment.



The Impact on Property:

Consider how compounding growth applies to property. In 1980 the median house price in Brisbane was $38,795 and according the PR Data's July 2016 results is currently $477,500. That an increase of more than 12 times, and granted the old 1980 property may have been renovated but it is the cost of the land that truly appreciates.

Let me ask you, in 1980 do you think that $38,795 would have been cheap? No it would feel the same as $477,500 does today. This thing about property is that it always seems expensive at the time but cheap when you look back in history.

If we adjust it for the average inflation rate over that time of 4.4% it would be worth $167,723 so you can clearly see that property has outpaced inflation and provided additional growth to help you achieve an early retirement.

8. Build a professionally managed share portfolio

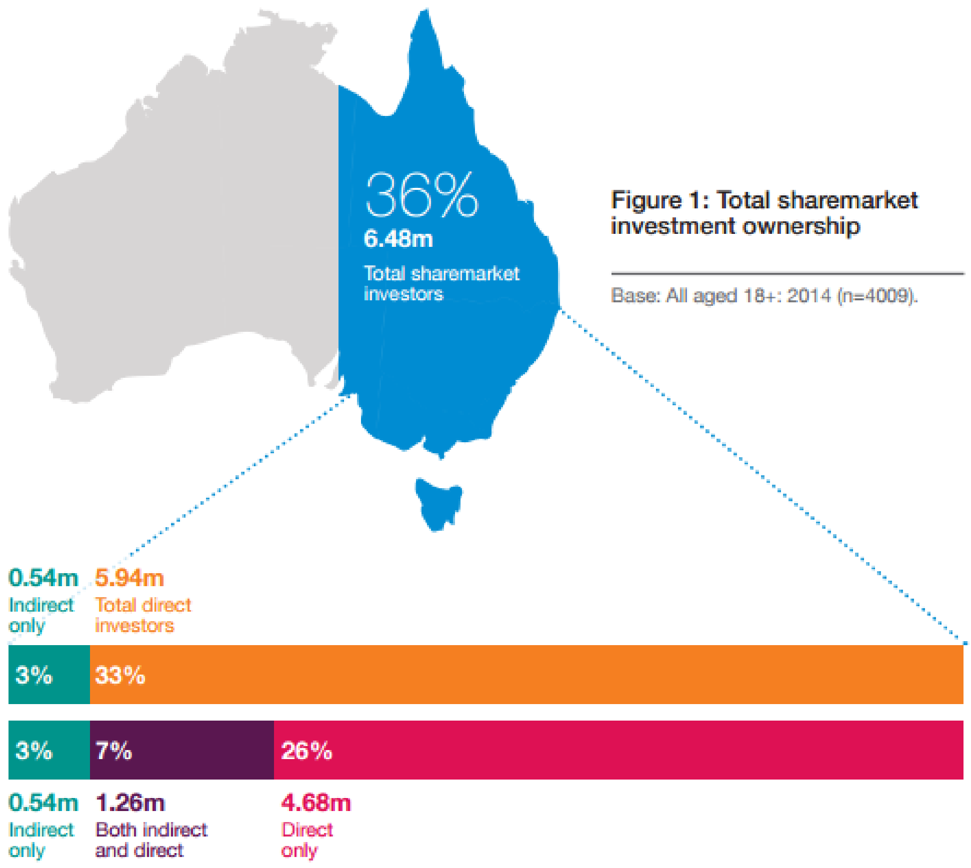
Shares are our other growth investment, and once again - we know most wealthy people own shares.

But let's face it, we don't want an un professionally managed portfolio do we?

Or do we, since many people choose to manage their shares themselves. The old saying of "Put them in the bottom draw and forget about them" is not how we should manage shares. In one way it speaks to the idea that you should allow them to grow for the long term, to take advantage of compounding growth, but you should still selectively make changes or additions to your portfolio over time.

In 2014, 36% of the adult Australian population owned investments listed on the sharemarket.

This equates to 6.48 million Australians owning investments either directly or indirectly.



Shares are easily bought and sold every second of the day that the market is open. Unlike property, you know the true value to what your investments are worth at any given time. The trade-off for this liquidity is volatility, meaning the rate they move up and down on a day to day basis. Many people mistake this as risk. If you auctioned your property every day, the price would surely fluctuate but that wouldn't mean that it is a risky investment asset.

Using the property example above, in 1980 the Australian Stock Exchange was valued at 546 points and today is around 5,500. Again we see almost a 10 times increase but this time there would have been no cost to maintain or renovate, pay rates or insurance or foot other holding costs associated with property.

According to the ASX, in 2014, 36% of Australians own shares, which is significantly higher when compared to the level of property ownership in Australia.

9. Investing On Auto Pilot

Dollar cost averaging is just investing regularly, without thinking about it, usually via direct debit or regular contributions. Let's take an example where we invest $1000 a month and we're going to invest it into a portfolio or share that has a price of $1. So if each unit costs a dollar and we have $1,000 we would get 1000 units.

Another way to think about it could be, assume we could be buying pens, if they are $1 each and we have $1000 we get 1000 pens.

Human nature is a funny thing though. Straight after you've made this investment you check the price to see what's happened since you made it. And what do we want to see? We want to see if it's gone up right. If it has gone up, we feel clever and smart and give ourselves a pat on the back. And if it has gone down – we think damn! – I should have waited. Funny – it's only been a day.

So a lot of people don't invest in shares because of emotions. We are fine when investments go up, but we are scared when they go down.

Investing on auto pilot removes the emotion so let's have a look at what happens when they go down, when we are dollar cost averaging.

Ok, next month the price of our investment has dropped by 25% to 75c – ouch! But we have a plan. So we buy more shares using $1000 again and guess what – we get more units for our money. If we were buying pens, they would call this a 'BIG SALE' and we would be all excited and happy, but can you imagine what the news outlets are saying when the market drops 25%??!

Dollar Cost Averaging

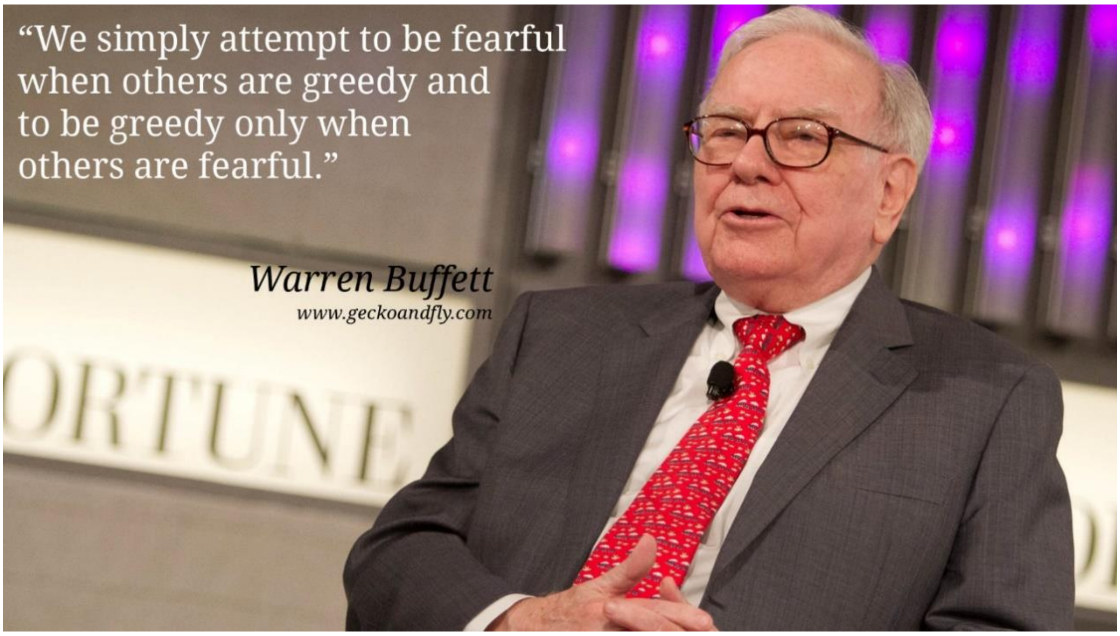
Amount Invested	Price	No. Units
$1,000	1.00	1,000
$1,000	0.75	1,333
$1,000	0.50	2,000
$1,000	0.75	1,333
$1,000	1.00	1,000
$5,000	**TOTALS**	**6,666**

They are saying GLOOM and DOOM, bad news, making most people scared of investing. Do you believe the media is interested in your wellbeing and education?

So let's say it drops again to 50c. We used to say this is an exaggerated example, and it is, but this is what happened during the GFC and will stick in people's mind as a reason not to invest in shares. But now we are getting twice as many units for our money, and the newspapers should be saying – "MASSIVE, once in a lifetime sale– get in quick as these prices may never be seen again during your lifetime".

That's what they should say, but what they actually say, is "panic, depression, trillions of dollars wiped off the market" – making most people totally petrified of investing.

Warren Buffet is the world's most successful investor and he has a famous saying that many people have heard, but very few have the discipline to follow.



So we remained disciplined and keep buying and yes, the market does go back up and it eventually gets back to where we started at $1.

So let's look back at the table on the previous page to review what's happened. We have invested $5000 and we have exaggerated the timing over 5 months for the purpose of this example. If we looked up the Sunday paper to see the performance of our investment it would say we have a 0% return. We started at $1 and 5 months later it's still at $1.

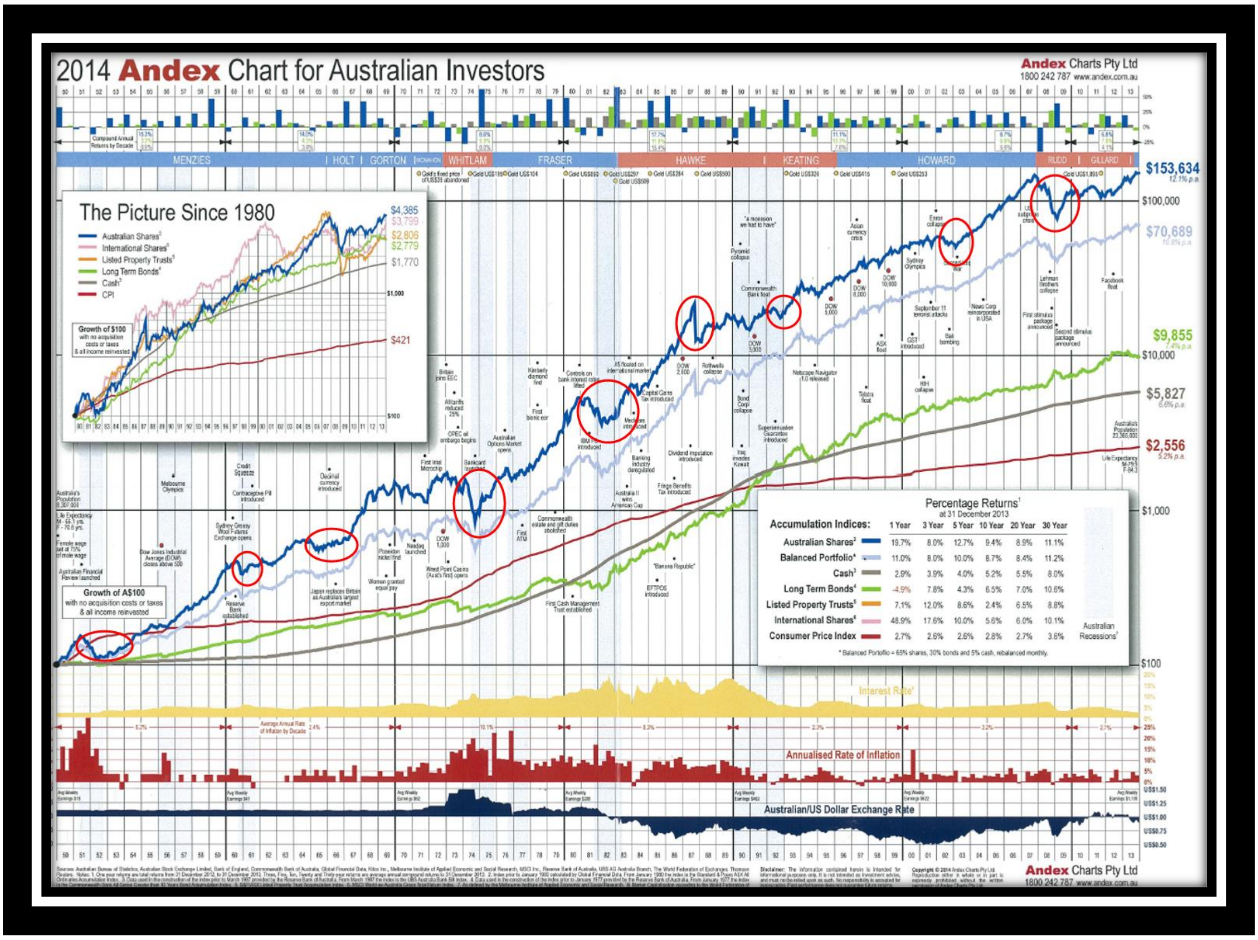
But what has actually happened is that for our $5,000 we have 6,666 units so that is equal to a 33% return

So it's VERY IMPORTANT to understand that the performance of the *investment* is not the same as the performance of your *strategy* and it is the strategy that will help you reach an early retirement.

You need smart strategies that cope with the world the way it is, not the way you would like it to be.

So for dollar cost averaging to work, you need the market to go down from time to time, to keep buying, and for the market to get back to where it was. So you need a 'V'.

Look at the chart below (enlarge it) and see if you can see any V's? The blue line is the Australian Sharemarket and it is the averages. So it includes the good, the bad and the ugly and all the market really does is make V's.



Some bigger and some smaller and overtime this is why a simple autopilot saving plan will help you grow wealth without ever having to worry about what the market is doing

It is important to note you shouldn't apply this strategy to a single share, because a single share can go all the way to ZERO … but…

A broadly based fund or portfolio, based on the market, will always rise back to its high point – eventually.

Whether we know it or not, most of us are already investing on autopilot if you or your employer is putting money into super on a regular basis. Employers have to do it at least quarterly, then you are dollar cost averaging. That's why it's good for your Super to be going into a high growth option where it take advantage of compounding interest through dollar cost averaging, and the highest growth option is share based. So it is very important to apply the right strategy for the right investment.

Dollar cost averaging works fantastically for the share market, while negative gearing works well for property and not always the other way around.

10.Have a Safety Net

It's no good planning to succeed financially, so you can enjoy an early retirement, and assume that nothing could go wrong.

Do you know what the biggest asset you will own in your lifetimes is? Your house or maybe your super? The biggest asset is you and the income you will earn over your lifetime – and it needs to be protected through insurance.

Everyone insures their home because if something goes wrong it has a big impact. It's low risk but high impact. It's the same if something impacts our health and it means we're never going to work again.

Again, low probability but high impact. And yet most of us don't insure our income. It needs to be fundamental to everything we do when trying to build wealth to provide for an early retirement. We need it most when we have debts and dependents.

As we build our assets and have lower debts and no dependents, we need it less. This is an important foundation that many people overlook on their road to financial security.

What’s Next

If you have a goal to retire early, then following the 10 simple steps listed above will get you on track to achieve this. We believe an early retirement is simple to achieve – but that doesn’t mean it’s easy.

The biggest reasons that less than 5% of Australians retire financially independent is they don’t take action early enough and don’t get help along the way. Every elite athlete has a coach and if you want to achieve the results that only a few do, you should consider how a professional can help you.

If you would like to discuss in confidence how to develop and have an early retirement strategy customised for you, contact us by clicking on the image below or call us directly and ask to schedule an appointment.