



Article

# Financial Planning in Your 30s, 40s and 50s: What Should You Be Doing Now?

Looking back, do you laugh at what was important to you at age 18? If you're in your 30s now, what about your goals and dreams in your 20s?

Your financial life looks very different at 35 than it did at 25. Different again at 45. And again at 55. Yet many people manage their money as if the decisions they made years ago should carry them through unchanged for decades. They don't ask themselves whether their strategy still fits or whether their priorities have shifted.

The truth is, each decade brings a different set of financial priorities and opportunities. The steps that matter in your 30s are not the same as the ones that matter in your 50s. And what works well at one stage can actively hold you back at another.

If you're not sure what you should be focusing on right now, this is a useful moment to think it through. And if you want to explore this more deeply, a financial planner could help you.

## **Your 30s: Build the Foundations**

Your 30s are a deceptively powerful decade for financial planning. You may not have accumulated much wealth yet, but you have something more valuable: time.

The decisions you make in your 30s, compounded over the next 30 years, will shape the financial security you eventually enjoy. This is not the decade to get everything right - it is the decade to get the fundamentals in place.

Start with the basics. Do you have an emergency fund? Even a set aside of £1,000 to £2,000 can prevent a minor crisis from derailing your entire financial plan. If that feels out of reach right now, it is worth understanding why - and whether there are adjustments you could make to create some breathing room.

Pension saving is another big priority. At this stage, you might be thinking a lot about the amount you have saved. But perhaps also consider the habit of saving. A modest amount paid in consistently over 30 years will compound into a substantial sum.

If your employer offers a workplace pension, consider using it - particularly if they contribute a matching amount. That is free money being left on the table if you do not. If you are self-employed, consider a Self-Invested Personal Pension (SIPP). The earlier you start, the less you need to contribute to reach your goal.

Another key focus should be debt. If you are carrying consumer debt - credit cards, personal loans, car finance - it is worth asking whether this is working for you or against you. Most consumer debt is pricey. Paying it down creates both a psychological and a financial benefit.

Mortgage debt is a different conversation. A mortgage locked in at a reasonable rate is often good debt because it is tied to an asset that may appreciate. But understand what you are committing to. Do not stretch yourself to buy more house than you need.

Finally, think about protection. Are you covered if you cannot work due to illness or injury? Does your family depend on your income? At this stage of life, critical illness cover and income protection insurance are often relatively cheap - and if something does happen, they can mean the difference between managing and real hardship.

## **Your 40s: Accelerate and Refocus**

Your 40s are often when financial planning shifts from theoretical to practical. By now, you may have built some equity in a property, accumulated pension savings and have a clearer picture of your earning trajectory. This is the decade to accelerate.

If you have not been saving consistently until now, do not despair. But do move this up the priority list. Even catching up from a standing start in your 40s leaves you with 20+ years of compounding. It is not ideal, but it is far from hopeless.

For those who have been saving, this is the decade to think about increasing contributions where possible. If a pay rise comes along, consider directing some of it into savings rather than letting your outgoings expand to match. The difference between saving an extra £100 a month in your 40s versus your 50s is significant.

Your 40s are also when you may start thinking more deliberately about your investment strategy. Your pension pot is becoming substantial. Are your investments appropriate for your time horizon and risk tolerance? If your pension is sitting in a very cautious strategy because you did not actively choose one, it may be worth reviewing.

This is also the decade when life often becomes more complex. You might have dependent children (with education costs ahead), parents who are ageing (and may eventually need care), a mortgage that still has 15+ years to run and career uncertainty in a changing world.

All of this means your 40s are also the decade to think more seriously about protection again. How would your family manage financially if something happened to you? Would they be able to stay in the family home? Cover the children's education? Income protection becomes even more important at this stage.

Many people in their 40s also own more valuable assets - property, investments, pensions. This is the decade when estate planning starts to matter. Do you have a Will? Is it up to date? If something happened to you, would your family know what to do? Would your assets pass to the people you wanted them to go to?

## **Your 50s: Prepare and Protect**

Your 50s bring a shift in mindset. For the first time, retirement feels real. It is no longer something that happens to other people - it is something that will happen to you, in a decade or so. This is the decade to move from accumulation to planning.

Start by getting clear on the numbers. How much do you think you will need to live on in retirement? What income sources will you have - pension, property, investments, state benefits? What are the gaps?

Many people reach their 50s with only the vaguest sense of whether they are on track. If that is you, now is the time to get specific. A financial planning professional can help you model different scenarios - working longer, retiring early, different spending levels - and understand what is actually possible for you.

Your 50s are also when tax-efficient planning becomes more important. You may be at peak earnings. Making the most of your tax allowances - pension contributions, ISA allowances, gift relief and others - can meaningfully reduce the tax you pay both now and in retirement.

Your 50s are also the decade to think about longevity. Your parents may have retired at 65 and spent 20 years or more in retirement. There is every chance that you could spend 30 years or longer retired, which means your money may need to support you for much longer than previous generations experienced.

Finally, your 50s are critical for protecting what you have built. If you haven't reviewed your Will or set up a Lasting Power of Attorney, now is the time. The older you get, the more important these documents become. And if your circumstances have changed significantly - remarriage, additional assets, ageing parents to consider - your Will may need updating.

## The Conversation to Have Now

The financial decisions you are making now will have consequences for years to come. The good news is that none of them needs to be perfect - but they do need to be deliberate.

You do not have to get everything right at once. But the steps you take in your 30s, prioritise in your 40s, and protect in your 50s build on each other. Taken together, they create the foundation for financial security and peace of mind.

If you're not sure whether you are doing the right things at this stage of your life, that is completely normal. Most people are not. But wondering is not the same as doing.

A good first step is to get clarity - to sit down and think through where you are, where you want to be, and what needs to happen in between. Often, having that conversation with a professional who can help you think it through makes all the difference.

If you would like to talk through your financial priorities or understand what you should be focusing on at this stage of your life, please don't hesitate to get in touch with a member of the team. We are here to help.

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e: [ganesh@corelliafs.com](mailto:ganesh@corelliafs.com)

t: +44 20 3375 1584

### **Corellia Financial Services Limited**

Arena Offices - 2F02, 100 Berkshire Place Winnersh, RG41 5RD Berkshire **t:** +44 20 3375 1584. **m:** +44 7801 549274.

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