

# Financial Life Cycle

A life cycle is a series of stages that people pass through on their life's journey. At every stage in life we have different wants and different needs. As young children, our wants and needs are supported and provided by our parents or guardians. As we grow older, we become more independent and many of us have our own incomes through part-time jobs. This can help with our second-level and third-level education expenses. As we complete our education and begin to enter the workforce, our wants and needs develop. As we begin to have our own families, our wants and needs change again, as they do as we approach retirement. Finally, in retirement our wants and needs change again. As we pass through each stage, our ability to earn income changes too. This ever-changing ability to earn income and our ever-changing wants and needs can be described as our financial life cycle.

## Childhood

At this stage in our lives, our financial needs are supported by our parents. They provide us with the essentials of food and clothing as well as providing us with a home. The government also helps parents by providing a child's allowance to parents (of children up to the age of 18) of €180 per child per month as well as paying for a pre-school for all children.

## Second and Third Level Education

As we become teenagers and into our early twenties, we crave more independence. Having a part-time job helps fund our newly found independence and so too does increased pocket money, usually paid in return for completing household chores.

## Early Career Development

This exciting time in life is where we begin our first full-time jobs and begin to shape our careers. We may have moved out of the family home and are building a fully independent existence for ourselves. We may even look to borrow money to buy a home, a car, holidays, etc.

## Raising a family

As we begin to mature and settle down, we may very well find a partner to share our lives with. We may also look to have our own children and naturally this comes with numerous new and costly expenses. We may have to limit

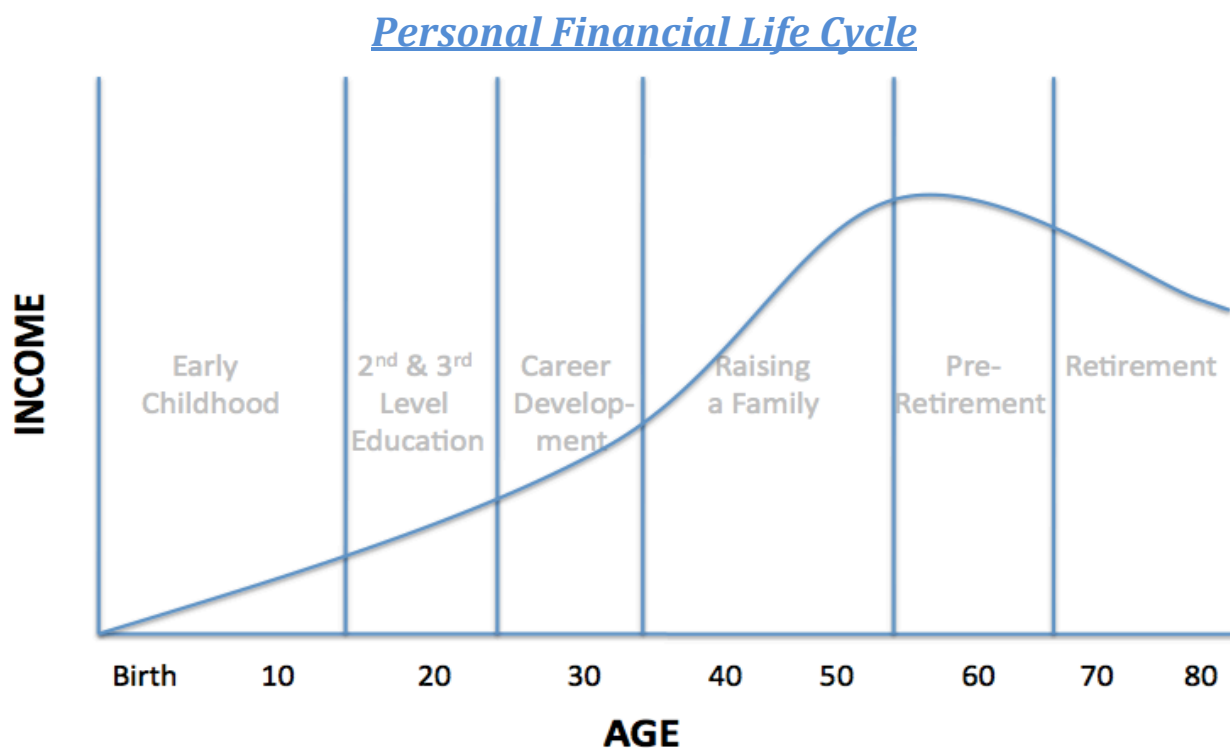
spending on ourselves for the first time in our lives in order to provide for our children.

### Planning for Retirement

When we head towards middle age and on towards retirement, our focus should be how to provide for ourselves in our futures. Once we reach retirement age, we will no longer have an income from employment so we need to ensure that we have investment and/or pension arrangement in place to supplement our government funded old age pension.

### Retirement

Now that we are retired, we have lots more time to ourselves and this can be a great time to do the things we always wanted to do. However, we also have no more income from employment, so hopefully we will have established a financial plan for our retirement including a pension. There are other things we must look at too for example, we should probably look at preparing our will to provide for our estate after our death.



## Financial Life Cycle Task

Complete the list of the different WANTS and NEEDS that you think are appropriate for each of the above life stages.

Life Stage / Wants & Needs	Wants	Needs
<b>Early Childhood</b>	1. 2.	1. 2.
<b>2nd &amp; 3rd Level Education</b>	1. 2.	1. 2.
<b>Career Development</b>	1. 2.	1. 2.
<b>Raising a Family</b>	1. 2.	1. 2.
<b>Pre-Retirement</b>	1. 2.	1. 2.
<b>Retirement</b>	1. 2.	1. 2.