

RPGCC FINANCIAL SERVICES EXPLAINS FINANCES AT 40



Remember Madonna, big hair, shoulder pads and Tamagotchi then you need this guide!



A guide to personal finance for anyone born in the 1980s or early 1990s. Your first steps towards a happy and healthy financial future.

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What should your finances look like by the time you're 40?

If you remember the fall of the Berlin Wall, when Madonna and Whitney dominated the charts, big hair with shoulder pads to match, and a near-obsession with your digital pet, the Tamagotchi, then chances are you were born in the early 80s.

This also means that you have now reached, or are fast approaching, the big 40.

Fast forward a few decades, and what were once iconic trends might now seem dated.

While dusting off your leg warmers for a retro party might be fun, it's important that you don't let your financial plan stay stuck in the past.

Having a solid strategy that can keep up with your modern needs is vital as you navigate life's journeys and start taking steps towards your 50s.

While everyone's journey is unique, by this stage, there are several financial foundations that should ideally be in place to provide security and set you up for the years ahead.

Here's what the ideal healthy financial picture should look like for someone who bopped along to their Sony Walkman in their youth.

A solid emergency fund can be a valuable financial safety net

Unexpected twists and turns can happen at any age, whether it's a broken-down car, a sudden job loss, or an unexpected bill.

By 40, you should ideally have an easily accessible emergency fund that covers at least 3 to 6 months' worth of essential living expenses.

This acts as your financial safety net and can prevent you from going into debt or tapping into your investments and retirement savings when life throws a curveball.



Aim for meaningful retirement savings

If you're in your late 30s or early 40s, building a retirement nest egg to complement your State Pension is crucial.

It's unlikely that you would be able to maintain anything close to your current standard of living with the full new State Pension alone, which is £230.25 a week as of the 2025/26 tax year.

Depending on your circumstances, you might not receive the full amount when you retire either.

Keep in mind that the State Pension will rise each year according to the triple lock, but even so, it's worth having your own savings to draw from.

While the exact amount you need will vary depending on your lifestyle and goals, The Times Money Mentor reports that by age 40, you should ideally have three times your salary in retirement savings. In the next 10 years, expect that number to increase to six times your salary.

This might sound daunting, but consistent contributions over time, potentially matched by your employer and boosted by government tax relief, can make this achievable.

Take control of your finances by managing your debt

By 40, you're probably working towards reducing and managing your debt effectively. While some debt, such as a mortgage, is often necessary, high-interest consumer debt, such as credit cards and personal loans, can significantly hinder your ability to achieve financial freedom.

If you do have higher levels of debt than you'd like, prioritise paying off high-interest debt first and then whittle down the rest until you're in a comfortable position.

Remember, you could be using those repayment funds to supplement your savings and investments, which is money that could be working for you in your retirement fund.

Consider investments beyond your pension for a more secure future

While retirement savings are important, you might consider further investing as another path to a comfortable financial future. This could include Stocks and Shares ISAs, property, and other assets. If you haven't begun investing yet, now could be the right time for you.

You can start with any amount and explore a variety of options with the support of a financial planner.

With a professional by your side, you can potentially boost your wealth's earning potential, mitigate risk, and potentially see more productive outcomes for your money.

Ensure you have adequate protection in place for yourself and your family

An important part of your financial plan is protection, which ensures that your assets and family's financial wellbeing are protected. If you don't have adequate protection at this stage, then it might be time to start looking.

If you have a mortgage, you likely have life insurance to cover the value of your loan. However, this might not be enough on its own to provide continual support to your family, so you could consider reviewing your life cover with a professional adviser.

And it's not just life insurance that is worth looking at. Additional options could include:

- Family income benefit to provide an income if you were to pass away
- Critical illness cover to provide financial relief if you're diagnosed with a listed critical illness
- Income protection insurance should you become ill or injured and unable to work.

Even if you have protection in place currently, it's important to assess your policies and ensure they are still fit for your current needs.

Estate planning is a vital step to take

While it might feel morbid to discuss right now, having an estate plan in place is essential at any stage of life. By 40, you might have a partner, children, or significant assets that you want to protect in the event of your passing away.

Having a will in place and exploring concepts such as Lasting Power of Attorney (LPA) could be vital. Both would ensure that your wishes are respected and that your loved ones are taken care of should the unexpected happen.

It's never too late to take control of your finances

If reading this has left you feeling a little behind, don't worry. You can take control of your personal finances at any age. The key is to start as soon as you can.

First, review your current situation, identify areas for improvement, and create a plan for the future.

Seeking professional financial advice here could be invaluable. Turning 40 is a fantastic opportunity to take stock and build a strong foundation for the next chapter of your life. So, while you might enjoy reminiscing about power suits and neon everything, make sure your financial planning is firmly rooted in the present. This is something we can help with.

Get in touch

To arrange an initial meeting with no obligation, or a free financial health check. Contact us at hello@rpgcc.co.uk or call 020 7870 9050 to speak to us.

The RPGCC team is always just a click or call away.



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The Financial Conduct Authority does not regulate estate planning, Lasting Powers of Attorney, or will writing. A pension is a long-term investment not normally accessible until 55 (57 from April 2028). The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available. Past performance is not a reliable indicator of future performance.

The tax implications of pension withdrawals will be based on your individual circumstances. Thresholds, percentage rates, and tax legislation may change in subsequent Finance Acts. Workplace pensions are regulated by The Pension Regulator.

Your pension income could also be affected by the interest rates at the time you take your benefits. The tax implications of pension withdrawals will be based on your individual circumstances, tax legislation, and regulation, which are subject to change in the future.

The value of your investments (and any income from them) can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

Investments should be considered over the longer term and should fit in with your overall attitude to risk and financial circumstances.

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It is important to remember that the value of investments and the income from them can fall as well as rise. You may get back less than you originally invested and past performance is not a reliable indicator of future results.