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Generation X – Stunned!

For most Generation X'ers (those people born between 1961 and 1981) the wonderful, easy world of making money, full employment, buying a plasma TV on easy credit and 20 per cent investment returns has evaporated and as a result, many are stunned by all the negative reports on the current economic downturn. However, these are actually good times for those smart enough to take advantage of it, says Adelaide-based financial strategist Theo Marinis.

"What we are really experiencing at the moment is the pendulum swing of correction which was due in reaction to the greed and excesses of the recent few years." Theo said.

"For Generation X'ers these are unprecedented times. You can understand why so many are worried that Australia may be facing a depression. Clearly however, we are not heading for a depression, it simply feels that way for a generation which has little personal life experience other than the unprecedented good economic times to draw upon.

Perhaps they should chat to their grandparents about what a real depression is like!" We all need to remember that there was no Social Security system in place in the 1920's or 1930's. The social security system was introduced due to the terrible hardships experienced during the Great Depression. This was to ensure there will always be a safety net to reduce the pain during times such as we are currently experiencing."

"For those Generation X'ers who maintain employment (and this will be the vast majority of them) these times are brilliant opportunity for those smart enough to subscribe to the old axiom 'Get Rich Slow.'"

"Petrol prices have fallen by 30 per cent, interest rates have dramatically reduced and for those eligible, the Federal Government has been very generous in giving away free money to working families."

"It is what the Generation X'ers do with these windfall gains which will make a dramatic difference to their long term wealth."

"Firstly, any extra money should be used to pay off short term debt such as credit cards and/or car loans, then any extra funds should go to their home mortgage. Paying off debt as quickly as possible gives you the chance to later supercharge your superannuation by making significant personal contributions."

Now Super has of course recently been getting a lot of bad press, which is quite unfortunate and ill informed.

You need to remember that Super is simply and undeniably the most tax effective way to save for your retirement. It is the investments held within Super that are being hit at the moment, but they have whether held in super or not!

The wonderful thing is that for Generation X'ers with more than 20 years to go to retirement, their super contributions are buying into shares which just 18 months ago cost twice what they do today. This means those super contributions will get a supercharge rebound when the share market rebounds (as it always does) in the medium to long term.

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Many Generation X families often have one partner working part time. There remains a great opportunity for those earning less than $60,342 to contribute up to an extra $1,000 to their superannuation to pick up the Federal Government's co-contribution payment and there is nothing stopping the higher earning partner from making this contribution on their behalf!"

In fact, for those Generation X'ers who are clever enough to recognise that the world has changed, but that the sun will still come up each day, these are great times to build family wealth. It is like the famous opening lines of the classic Charles Dickens novel '*A tale of Two Citie*s' It was the best of times; it was the worst of times…"

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