

q travel: THE BROWN NOMADS

The rise of the brown nomads and tips on how to do it - with Helen Baker

Grey Nomads are a stalwart of the outback campsite but life on the road also attracts younger families, the Brown Nomads. These are people who don't want to work their whole life only to start living at retirement. We never know what health issues may lay ahead. Adventuring sounds fun but doesn't always generate a secure income. With good financial planning you could enjoy the nomadic life and still maintain financial security.

Before the trip

The options for how to stretch finances depends on your specific circumstances. It's important to see a financial planner early on in this process, but there are a few general tips I can offer.

Reduce debt. Pay it down as much as you can and see if consolidation makes sense. Do not carry credit card debt into this adventure.

Plan your income and expenses. Income sources include savings, investment dividends, long service leave, redundancies, ongoing business, or profits from asset sales. Plan expenses, including buying your start-up gear. Many nomads budget for \$1000 per week, but it varies. Once you know how much you'll need you can start planning where to take the funds from.

Interrogate your tax and maximising options. If you've received a lump sum and want to use it to kick start your nomadic life, there may be some tax-efficient ways to stretch this amount. Consider various strategies, including a variety of superannuation strategies, consider paying down debt and investing in the name of the partner who didn't earn an income, or earned less.

Time your trip to suit your finances. Are there any benefits to going this or next financial year based on your circumstances?

Get your financial foundations in place. There are a few things you'll need to get right as a basis for any secure financial future. These include having an emergency fund, creating a spending plan, getting the right insurances, optimising all aspects of superannuation including fees and investments inside, and having an up to date estate plan.

On the trip

Now you've hit the road and money is flying out the door and not so much is flying back in.

Review your tax. With the income changes there may be tax incentives you are now eligible for. You could make a spousal superannuation contribution, which will reduce your tax bill. You may also be eligible for the Family Tax Benefit.

Manage your income streams. Are you relying on income from dividends, term deposits that pay interest or rental income? Should you be? Any income linked to investments can change. Make sure you have enough money parked somewhere to see you through. Spend less money. It sounds obvious, but in my experience, people spend what they have. I've had clients go from spending \$200,000 per year to \$40,000 after switching to a nomadic life for a year. When you aren't in the 'rat race' you'll be surprised how much joy life gives you for free and all the expenses you no longer have.

Use the nomad community. Experienced nomads will tell you their biggest expense is usually fuel. Find the cheapest with apps like Fuel Map Australia. Second to fuel is accommodation. WikiCamps Australia is one of many apps that has information about sites, including where the free ones are.

Packing up and hitting the road does not have to cripple you financially. If you set yourself up right and plan well, you could have the adventure of a lifetime while you're young, fit and healthy and return to a solid financial foundation.

Helen Baker is a licenced Australian financial adviser and author of two books: One Your Own Two Feet – Steady Steps to Women's Financial Independence and On Your Own Two Feet Divorce – Your Survive and Thrive Financial Guide. Proceeds from the books' sales are donated to charities supporting disadvantaged women. Helen is among the 1% of financial planners who holds a master's degree in the field. Find out more at www.onyourowntwofeet.com.au



Note this is general advice only and you should seek advice specific to your circumstances.