The global pay scale; Diminishing returns; He says, she says; Dare to dream; Managing an inheritance

By Amanda Morrall (email)

1) Global salary comparison

Want to find out your relative worldwide wealth with respect to income. Check out this nifty calculator developed by the BBC which looks at average world wages in comparative international purchasing power terms. The model was built upon first ever figures supplied by the International Labour Organisation. The world average, based on 72 countries (excluding some of the poorest) is $1,480. You plug in your country and pre-tax pay and it spits out how much you make relative to the national average as well as world average. Kinda fun.

2) Diminishing returns

More bad news for savers, yet again. According to a PricewaterhouseCoopers report on projected investment returns from pensions, planners are overshooting by a mile, actually 1%. PwC says real returns, owing to the grim economic outlook, will be lower for longer, well for the foreseeable future anyhow. The report was commissioned for the Financial Services Authority in the U.K.

The Guardian reporting on the finding notes that most U.K. life and pension companies forecast investment growth of around 7% per annum. According to PwC a more accurate projection would be in the 5.25% to 6.5% range. Over a lifetime of investing that 1% could knock close to a quarter off the projected savings a 25-year-old might expect to receive in retirement, says one pension expert. Depressing.

3) He says, she says

Choosing the age at which you'll give up work may be a luxury my generation may have to forego, however Baby
Boomers may be more challenged with it, particularly for those partnered. It turns out the issue is a bit of a sore point for couples many of whom don't see eye to eye on the prospect of 24/7 co-habitation. According to this piece [7] from the Wall Street Journal, around half of all American couples retire within two years of each other. Age differences obviously have a bearing on the matter.

Related Topics

Another subject to flag for your financial planner -- or couples therapist.

4) Dare to dream

2012 started off with a bang for me. Actually it was a series of loud and rather spectacular explosions seen from a rooftop in Sydney where I took in an amazing fireworks show. It was a pretty awesome way to start the New Year. It wasn't that long ago but my memory of it was jogged by this blog [8] via Julie Murphy Casserly about not giving up on your dreams. The theme of the 2012 fireworks was "Dare to Dream." Casserly's key piece of advice in this regard is to dream better rather than bigger so you don't give up the chase. Also, she suggests writing down three goals or dreams you'd like to achieve and to review them on a regular basis.

5) Managing an inheritance

Here's a rather shocking statistic. Well it shocked me anyhow.

According to this piece [9] in U.S.A. Today on how to manage an inheritance, more than US$41 trillion will be transferred to heirs over the next 50 years. According to Boston College's Center on Wealth an Philanthropy the staggering inheritances will effectively be the largest transfer of wealth in U.S. history.

Inheritances however small are a blessing and need to be spent wisely. What's the best way to use this money wisely? Depends on the above (re your dreams) but also your debt I would argue. The article lays out some other considerations as well.

To read other Take Fives by Amanda Morrall click here [10]. You can also follow Amanda on Twitter @amandamorrall [11]

We welcome your help to improve our coverage of this issue. Any examples or experiences to relate? Any links to other news, data or research to shed more light on this? Any insight or views on what might happen next or what should happen next? Any errors to correct?

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[4] mailto:amanda.morrall@interest.co.nz