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## Really Grow Your Personal Capital

Our Personal Capital can be thought of as the sum of our experience and our capabilities. When we start being productive (maybe in our teens) we have little experience and are just beginning to develop our capabilities. From then on, our capabilities and experience both increase. This pattern is usually maintained until our fifties and often well beyond.

### What happens in the fifties?

Between 20 and 50, average whole of life expectancy only increases by about one year. Then it increases about one year to 60, a further two years 60-70 and a further three years 70 - 80. The longer we live the longer we're likely to live.

How might our personal capital change over the same period – from 50 to 80? How things change will be increasingly reflected in our personal differences – and may change our outlook and lives.

Our experience can continue to grow while we remain engaged and with a growth mindset, where we take the view that every situation may provide an opportunity for new experience and a return on effort. Follow this link for more insights into [Mindset](#).

Some physical capabilities may begin to decline from midlife, although for most people there's a lot we can do to manage this. The three Stages of our longevity become clearer from midlife. They are identified in our SHAPE Analyser results and change over time. They suggest that many people can retain a relatively useful Able Stage well into their 70's. Yet the most favoured age of 'retirement' is 67. Why?

### Influence of the Age Pension

Age Pension entitlements began to be paid from age 65 in 1909, when the life expectancy for women was 13 and for men 11 years. Today we need only live to age 67 to become entitled, yet women will on average live a further 21 years and men 19.

Successive governments did not increase the age of entitlement in line with the increases in longevity. This resulted in many people still regarding the entitlement to the Age Pension as the 'natural' age to retire, and plan accordingly although on average still have a lot of time to live – and to fund a better lifestyle and contribute to the society that has helped get them to this stage.

It's also important to acknowledge that a significant group of over 67's for various reasons may be fully dependent on the Age Pension to fund their lives – and some may even need more due to disability. This is another serious gap in our dealing with all the facets of increasing longevity.

### The Opportunity

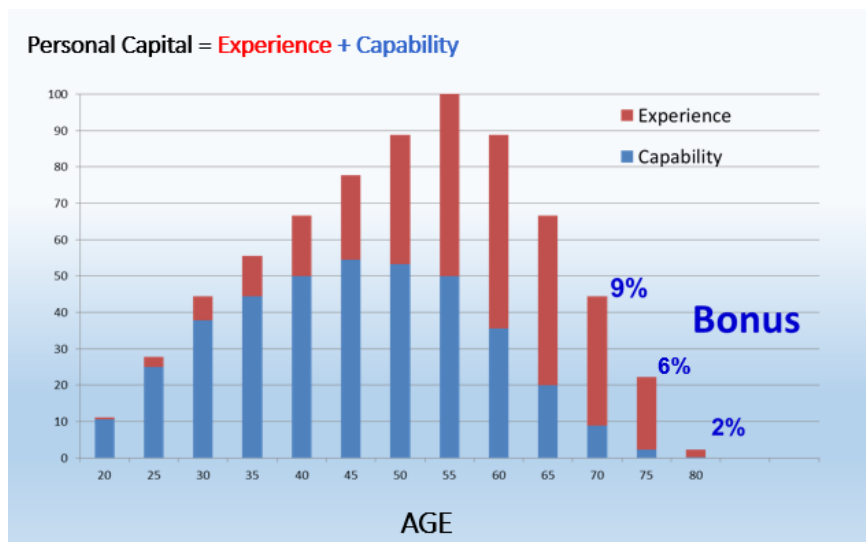
We can typically look to more Able years than we might have expected, but what to do with them? While we may have more time, our money needs to support us for longer too. The SHAPE Analyser helps to understand how our own situation might work out.

The 'when to retire' debate covers Issues like deferring access to age pension entitlements, locking up superannuation longer, targeting impediments to working through age discrimination and so on. A major concern is that income in later life may be inadequate.

Reviewing our Personal Capital provides the opportunity to think about how best to make use of the longevity bonus which is likely to come about (or which older readers are already enjoying). See more about the longevity bonus [here](#).

Should we review staying in paid work longer, or perhaps having decided not to continue in paid work, what should we do to remain a contributor for as long as possible? Personal Capital is useful way of planning for our ongoing 'whole of life' contributions.

## An example



In this example, experience grows even while capabilities decline. This person's capital at 65 equals what it was at 40 – but with a different mix.

Ceasing productive work at 65 means this person loses the bonus of the personal capital discarded. Staying until 70 utilizes 9% of their 'value' at 65. Another five years adds 6%.

What this extra personal capital represents in money terms varies from person to person. The value in the concept is to help us focus on what each of us can do to maximize our value to our community and to ourselves for as long as possible.

## So what?

We could start by reviewing how our capabilities could change over time and take steps to keep them in good a shape. We could seek to add to the value in our experience in different ways and apply this to making a difference to ourselves or to others. Exercising, maximizing diet benefits, and developing new skills to keep our brains sharp can all influence how well we manage and maintain our personal capital.

Longevity planning helps us put all these thoughts together to manage our future.

*It's a good idea to update your SHAPE Analyser results regularly - why not do one now?*

Try your free upgraded  
**SHAPE Analyser now**