

MAKE EVERY DOLLAR COUNT



The average Australian household is estimated to spend \$74,301 per annum on general living costs¹.

And that's AFTER TAX spending!
No wonder most Aussies are going backwards financially.

While this may seem exorbitant to your situation, don't be too quick to judge.

It may pay for you to check how much YOU (AND YOUR family) are spending. You WILL be surprised...

But don't despair!

Here are our top tips to help you manage your spending and make every dollar count.

Follow them through and you might just find yourself with a little more money in your bank account at the end of each month!

Do you:

Have a budget that you follow and maintain? <i>Not that one in your head</i>	✓
Review your bank accounts, loans and financial position at the end of each month? <i>And aim to improve your position next month?</i>	✓
Manage your regular AND adhoc bills well? <i>Do you have enough 'rainy day money' in your account for unexpected bills?</i>	✓
Track your spending? <i>Do you have a tracking tool – online app, excel spreadsheet?</i>	✓

If you answered NO to even one of these, the following tips should help.

Your 4 Step checklist to better money management

STEP 1 – Create a budget system that you can follow AND maintain

This may seem obvious and a little onerous but be guided from my personal experience with working with other people's finances every single day.

Knowing exactly how much you earn and how you spend your money is a real eye opener for most of my clients. You will be amazed at how splurging on regular small and unnecessary items can quickly add up.

Creating a budget is the first step towards better money management. Taking a few hours out of your spare time each month will be well worth it.

Call our office for our budget template. ASIC's MoneySmart website also has an online budget planner for you to download.

STEP 2 – Review your bank accounts, loans and financial position at the end of each month

Pop it in your diary now, perhaps on the first Saturday or Sunday of every month, to do a quick check of your account transactions, fees and charges. Make sure your debt is reducing and your savings/offset account is increasing because if it isn't, then you are not getting ahead financially.

Sticking your head in the sand doesn't remove the rotting tree...

If you have too many accounts you may be paying too much on account fees. The same goes with personal debt, credit cards and loans.

If you have too many cards, this could be mounting up a lot of unnecessary interest.

It could be a great time to review your debt to see if we can consolidate it with a lower interest rate.

The good news is, we are here to help you. No judgement.

WE CAN DO THE HARD WORK FOR YOU!

MAKE EVERY DOLLAR COUNT

We have access to many different loan products and account structures.

We can find the right type of finance and account structure to help you with your spending and saving habits.

STEP 3 – Plan for the unexpected

You probably find some months are more expensive than others.

You should be able to plan for when your quarterly utility bills come in and know when future events and birthdays are coming up. These are the easy things to plan and budget for.

It can be overwhelming when most of your bills seem to come in at once and there's not enough money left at the end of your pay.

Here are some tips to help manage the ups and downs of your bill cycles:

- Firstly, understand and calculate how much you need to pay when your bills are due throughout the year so you know how much to allocate each month/pay cycle to cover the costs from each pay period.
- Then work out how much time you have before the next bill comes in.
The biggest mistake people make when budgeting is to simply divide the bill by 12 and put that amount of money aside. That will NOT work for your very first bill cycle.
Initially you need to divide the next bill by the number of months/pays left and put that much aside first.
After that bill you can then divide evenly.
*For example, if you pay your car insurance annually and the fee is \$600 per annum, you would be correct in assuming you need to put aside \$50 per month. However if your renewal is only 3 months away you would have only saved \$150 of the \$600 and you will have a shortfall.
So for the first payment period you need to divide the \$600 by 3 months (= \$200 per month) then after the bill has been paid you can then put aside \$50 per month moving forward for next year. (Hope that makes sense.)
You need to follow this process with all your bills.*
- Once you have calculated how much you need to put aside each month/pay cycle, YOU THEN NEED TO DO THAT! → PUT IT ASIDE.
Make sure you transfer that amount automatically into a separate account each pay cycle AND DON'T touch it until you pay the bill.
- **Diarise WHEN your bill is due**
DON'T wait for your statement to pay your bills. Note the due dates and mark them on your calendar in your

phone – with a reminder a week before. As the saying goes "out of sight, out of mind". Also PLEASE, PLEASE, PLEASE pay your bills on time to keep your credit report in great shape.

- Contact your utilities (gas, electricity, water) provider and ask about 'bill smoothing'. You may be able to make regular fortnightly or monthly payments instead of paying the bill in one go. This will help with cash flow and will avoid 'bill shock'.

STEP 4 – Track your spend

Many people put this one in the 'too hard' basket. This is actually easier than you think. There are many apps and online tools that can link to your bank accounts to automatically track your spending. Some even have 'safely spend limits' to warn you how close you are to your budget. It doesn't get much easier than that.

Your lender may have these features or there are many apps to choose from such as TrackMySPEND and Pocketbook.

If you want to explore how consolidating your debt may help you save hundreds of dollars each month and help you get ahead financially, then contact us TODAY for your confidential chat.

There's no time like the present to start saving money...

1 ASIC MoneySmart, Australian spending habits 2016



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