

# Turn your financial stress around NOW

You are not alone if you worry about your financial situation...



**A recent Household Financial Comfort Report<sup>1</sup> stated 30% of households felt their financial situation worsened in the past year. And that's a worry considering we are, and have been for two years now, in the lowest interest rate period in history.**

## **How do you know if you are in, or heading towards, financial stress?**

You are in financial stress when you:

- have little or no savings
- avoid opening bills or bank statements
- have mounting expenses that your earnings don't seem to cover
- are in arrears with your loan payments
- are adding to your credit card debt to pay for everyday expenses (or indulgences)
- need to keep borrowing money to survive the day to day living
- can't afford an unexpected bill

Of course there are varying degrees of financial stress.

Regardless, facing your financial fears and making adjustments to your everyday spending and expenses ARE the only ways to turn your situation around.

Please don't leave it until it's too late.

These FIVE STEPS can help turn your financial hardship into relief:

## **1. Track your expenses**

It sounds annoying and laborious but your mindset CAN shift when you track and log your expenses. Most of us do not realise how much we actually spend week to week.

You can use online expense tracking apps or a simple notes app on your phone. Many of the lenders now have expense tracking tools as part of their online banking. Check your last bank statement.

Not only does tracking make you stop and review your spending, it makes you accountable and helps to put the brakes on your spending.

## **2. Create a budget or bank account 'buckets'**

For those of us who aren't great at detailed budgets, a simple strategy like allocating a percentage of our salary into different bank accounts for everyday expenses, savings and emergency funds, can help manage your money. Create savings from household expenses.

Do you have bank accounts with high fees? We can look at the costs vs benefits of shifting you to a low or no fees online or transaction account.

### 3. Review your service providers

Electricity, pay TV - do you have multiple providers like Stan, Netflix and Foxtel? Compare your home and contents insurance.

Have you reviewed your private health insurance recently? Go to [www.privatehealth.gov.au](http://www.privatehealth.gov.au), the government healthcare search engine to compare policies.

All these adjustments can add up to significant savings.

Even your one-coffee-a-day caffeine habit can cost you between \$98 and \$140 per month. That is up to \$1,680 a year! And if you buy your lunch on top of that it can end up in the thousands of dollars.

### 4. Review your mortgage rate

If you currently have a mortgage and haven't reviewed your interest rates in a while, then contact us urgently to research your options.

You may be able to make significant savings when we do a finance review across your home and personal debt.

If your mortgage has, or is about to, come off a 'fixed' rate it may be an option to roll your finances over to a lower fixed or variable rate before any possible interest rate rises.

### 5. Increase your 'take home' pay

If you are a current property investor with a negatively geared property and don't already use the PAYG Withholding Variation application, this could help reduce the amount of tax withheld from your salary each pay period by your employer. See the ATO site for more information and conditions or contact your accountant for more details.

If you think you are in severe financial hardship, there is government assistance available through the Family Assistance Guide and information is available online at ASIC's Money Smart site.

As your financial specialist, we are here to help guide you through your options and have experience working with people with various financial situations and goals.

1 Members Equity Bank Limited, Household Financial Comfort Report 5 Feb 2018



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