

Take control of your money

Today, more than ever, we are encouraged to take responsibility for our own financial future. Many of us don't give it much thought, but if you are serious about achieving your financial goals, taking control of your money gives you more chance of success.

Set yourself some goals

You probably have a dream that you can't afford right now - perhaps a holiday or a new car. The first step to turning your dream into reality is to establish your financial goals. It's important to have clear goals, with definite time frames. Your goals may be for the short, medium or long term

How much can you save?

Think about how much you can put away to achieve these goals without restricting yourself. If you're one of the many who find the idea of being forced into a budget unappealing, start by simply keeping track of your income and expenses for a month or two.

Using a budget can make it easy to see where your money's going. If you find that there's nothing left over at the end of each month, don't panic, there's a relatively painless way to start saving.

The answer lies in paying yourself first!

Each month, put aside the amount you want to save somewhere you won't (or can't) touch it. And if you do this before you pay for anything else, it's like treating saving as a fixed expense.

Decide on an appropriate amount to put aside and then set up a direct debit to channel part of your salary straight into a high interest account or managed fund. What you can't see and get your hands on, you don't think about or spend.

See if you can trim any of your monthly expenses and free up dollars to contribute to your savings. A good starting point would be to aim for around 10% of your annual income, but it will depend on your personal situation. Paying yourself first is an excellent first step to becoming a disciplined saver.

Improvements you can make right now

There are some simple steps you can take now to begin actively managing your finances.

- ✧ **Roll your bank accounts into one** - rolling your bank accounts into one will mean you only pay one set of bank fees. It will also simplify your paperwork because you will only receive one bank statement and have to take care of one set of personal details.
- ✧ **Consolidate your debt** - if you have accumulated a number of different loans, you might consider consolidating your debt into a single loan. However, examine the terms closely. While it may be tempting to pay off your debts in the short term, if it means you pay a higher rate of interest in the long term this option may not be right for you. Consolidating your debt can also potentially help you save on transaction fees.
- ✧ **Pay your bills online** - paying your bills online will save you time and will also enable you to keep a record of your transactions. It will help you identify spending trends, and could simplify identifying expenses for tax purposes. Make sure you use a secure internet connection when transacting online.
- ✧ **Consolidate your superannuation** - if you've had more than one job in your career you will probably have more than one super account. Consolidating your super into one account means you will pay less in fees, do less paperwork and be easily able to ensure your super is allocated according to your asset allocation targets.
- ✧ **Protect your income** - most of us know of someone who has had to take considerable time off work because they were injured or ill. While of course we don't like to think about this happening to us, it's a good idea to make plans to protect your income in case you do become ill or are injured. Income protection is particularly relevant if you have a mortgage or dependents. It will prevent having to dip into your savings to meet your financial obligations if the worst does occur and premiums are usually tax deductible.
- ✧ **Consider life insurance** - If you have a family that relies on your income, you might also consider life insurance, especially if you have any significant liabilities. Most insurance providers provide online calculators to help you work out how much cover you could need. Alternatively, your financial adviser can assist you in making a decision.

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