

**YOU'RE
THE BOSS**

How to stay on top
of your money.



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Okay, let's talk money

Money. Cash. Moolah. It seems like everyone's talking about it these days – whether it's bigwigs making it, or banks losing it. But not many people are talking about how us ordinary people are managing it.

This course is all about giving you the skills you need to budget. We'll share some great money tips, and help you sort your bills and take control of your finances.

Right, what's money all about then?

Money is something we all have to manage. It doesn't matter how much we earn, we all have to look after our own costs for:

- shelter
- food
- medical
- transport
- clothing

These are expenses we juggle everyday. So we need to make smart decisions about them.

SOME FACTS ABOUT MONEY

It's easier to spend now, than ever before

Think about the changes you've seen in the money world:

- easy access to credit
- online applications, buying online
- interest-free loans
- EFTPOS
- paywave
- new loan products

All of this means you need to be more skilled than ever in managing your hard-earned cash.

There's loads of pressure on our money

Everyone seems to notice what people do and don't have. There are more and more products to choose from. And advertisers spend billions every year trying to get their hands on your money.

Money causes stress

Managing money can be painful and frustrating. And money causes relationship problems too.

Our financial affairs are private. None of us likes sharing details on how much we earn, or our debts, bank balances or super. Because of this, we often suffer in silence.

If you're feeling financial stress, you're not alone. Around one in five Australians are worried about how they're going to make their next debt payment. That's a whole lot of stressed out Aussies!

We all make mistakes with money

Your financial decisions affect your life. You can't control everything. But you can do the best with the things you can control.

We all make mistakes. As the saying goes: "The person that doesn't make mistakes, doesn't make anything." There are many people who've made lots of money and lost it.

With the right skills, we can all manage our money

Managing your money takes a few simple steps:

1. Understanding what money means to you
2. Having the skills to budget
3. Taking the time to practice those skills
4. Having some easy tricks when people are trying to get you to spend

This is something we all can do. So let's start. Now.

CREATING NEW MONEY HABITS

New money habits

New money habits might include preparing a budget, saving a little each pay or shopping around for a better deal.

It takes effort to make changes – you'll have to break some old habits and create new ones. But if you want different results tomorrow, you have to do things differently today.

It takes willpower to build new habits. Willpower is like a muscle. It gets stronger over time, but it can get tired if you use it a lot.

So, what new money habits would you like to start on?



Getting started

1. What new money habit or skill do you want to work on?

2. How much do you want this new skill? _____

Why do you want this? _____

How will this change help you? _____

What will happen if you don't change your money habits or develop this skill? _____

3. What might stop you from reaching your goal in question 1? _____

What can I do to get around these obstacles? _____

4. Where can I get support from? (Tick the sources that apply to you)

financial counsellor

family and friends with skills in this area

independent information (see referrals at the back of this book).

Remember: stick with it because it will get easier. You'll never be perfect, but you can be persistent!

Hot Tip

If you're making lots of decisions, your willpower can get tired. Try not to make too many big decisions at once.

What's your personal experience?

Our past 'money experiences' affect how we manage our money today. These include our personal experiences, family history and current situation.



Have a go at the questions below. There's no right or wrong answer. It's totally up to you if you want to share the information.

1. What one word or phrase would you use to describe your life with money?

2. What's your earliest memory about money?

3. Growing up, did you feel rich, poor or neither?

4. What was the first money you had? How did you get it?
How did you spend it?

What's your family history?

1. Who (if anyone) taught you how to manage money?

2. Who managed the money in your family?

3. How did they manage the money?

4. How was money discussed in your family?

5. Did you have a lot of money, or a little?

6. How did your family celebrate birthdays and Christmas?

What's your current situation?

1. Who teaches you about money these days?

2. Who manages your money?

3. How do they (or you) handle it?

4. Do they (or you) easily discuss money?

Questions adapted from "Freed-Up Financial Living : Participants Workbook" Good Sense Core Curriculum by Dick Towner and John Tofilon with Shannon Plate.

Remember

You're more valuable than your ability to make money or the wealth you may have amassed. There's only one you, and you are vitally important.

WHY A BUDGET NEEDN'T BE SCARY

Take the time to make a budget

Budgets help you manage your money. And anyone can learn how to make one. (We're going to teach you how!)

Budgets work for everyone, no matter how much they earn.

Hot Tip

Budgets make life a whole lot easier! You'll know how much you can spend – and on what.

...the effort's worth it

A budget or money plan helps you manage your money more effectively. It may take you a little time to create, but the effort's worth it.

A good budget will:

- show you where your money is going
- reduce your stress levels
- give you confidence with your money
- show you where you're wasting money
- help you prepare for emergencies
- help you reduce your debt by creating a repayment plan
- keep you focused on your values and priorities
- help you achieve your financial goals

Remember

How rich am I?

Cost-of-living pressures are real, and it can be hard to make ends meet. But you'd be surprised how rich you are compared to the rest of the world. Try using an online calculator to see how rich you are on a global scale: www.globalrichlist.com

Creating a good budget

There are many ways you can create a budget.

Online budget planners, like the one at moneysmart.gov.au, are great. They do all the calculations for you, making your life a whole lot easier. You can also prepare your own spreadsheet.

You'll need:

- **payslips and/or Centrelink income statement**
- **bank statements**
- **credit card statements**
- **copies of bills for other expenses (eg. insurance, car registration, utilities)**

You'll also need to prepare your budget in line with your pay period.

Work out a sample budget

Use the information below to prepare a budget for the Jackson family. You can do this online, in a spreadsheet, or on the worksheet attached.



Fortnightly income:

Wages	\$1,500
Centrelink	\$500

Expenses:

Supermarket	\$150 per week
Takeaway	\$15 twice per week
Petrol	\$60 per week
Rent	\$700 per fortnight
Phone, mobiles and internet	\$200 per month
Electricity	\$520 per quarter
School activities	\$50 per month
Car registration/greenslip	\$750 per annum
Car insurance	\$750 per annum
Gifts	3 kids @ \$150 for each birthday and Christmas

(*This budget is not a true example of living costs.)

Name: _____

Date prepared: _____

Budget period: _____ (weekly/fortnightly/monthly)

Income

Wages	
Centrelink benefits	
TOTAL	

Expenses

Food	
Takeaway	
Petrol	
Rent	
Phone, mobiles, internet	
Electricity	
School activities	
Car registration and greenslip	
Car insurance	
Gifts	
TOTAL	

Difference

Income Minus expenses	
-----------------------	--

See moneysmart.gov.au for a full budget (online, Excel and worksheets)

Sticking to your budget – Tracking

After preparing your budget, you need to make sure you stick to it.

It's easy to lose track of your money. So why not track what you spend each day? This will show you where your money really goes.

Tracking your budget will:

- show you what you spend your money on
- help you live within your means
- highlight your spending habits and trends
- help you spot where you can make changes if you want or need to
- slow your spending down
- stop any mindless spending.

Your rules for good tracking are:

1. Keep it simple
2. Record everything
3. Write your spending down as soon as possible
4. Add up all your spending at the end of the tracking period

Using a spending diary

Keep a list of every dollar you spend for one month. Record it in an exercise book, on a spreadsheet, or use the “TrackMySpend” app – free from moneysmart.gov.au.

Date	Amount	Item
15 April	\$10.00	Train ticket
16 April	\$33.49	Hardware store
16 April	\$20.00	Gift
16 April	\$7.00	Parking
TOTAL	\$70.49	

Ask yourself:

- Am I living within my means?
- Am I happy with how I’m using my money?

Track your budget

Commit to tracking today.

See what you learn about your spending patterns.



Remember

You can't spend more than you earn. If you need to make changes, look at the cost-saving tips in this booklet.

Making the budget add up

If your budget doesn't balance, and your expenses are greater than your income, ask yourself:

1. Can I increase my income?
 - Can I find a **casual** job?
 - Can I work **extra hours**?
 - Do I have **adult children** living with me? Are they contributing to household expenses?
 - Am I getting **all my entitlements** from Centrelink?
2. Can I reduce my expenses?
 - Identify the difference between your needs and your wants.

Needs

These are the expenses that are necessary to sustain your life. They're difficult to change.

Wants

These are the expenses that are nice for your lifestyle, but you can live without.

Fixed

These are the expenses that can't easily be changed. They come regularly and are always the same amount.

Variable

These expenses change weekly, such as food, entertainment and gifts. They're easy to overspend on and difficult to manage.

Hot Tip

- When cutting back on your expenses, you need to choose from your lifestyle category – usually your wants and variables.
- Ask yourself, what can I go without or cut back on?

Managing day-to-day expenses

Some handy tips for managing your everyday expenses:

1. Small changes can make a big difference.
2. Shop for the best deal – see our ‘shopping smart’ section of this booklet.
3. Looks at your wants list.
Ask yourself: “Can I swap to something that costs less?”
4. Record the savings you’ve made.
5. Reward yourself when you’ve been successful.

Little things add up

Are there any areas of your life where you’d like to save money? In the empty boxes, write down other areas you can save in, and how you could do this.



Event/Activity	Daily	Weekly	Annual	Alternative	Saving
Renting & Living alone		\$300	\$15,600	Move back home Take in a flatmate	\$10,400 \$7,800
Christmas presents (friends and extended family)			\$300	Kriss-Kringle/Secret Santa— each person buys for only one person in the group at a set price	\$290
Entertainment				Cheaper alternatives Picnics, free concerts and activities	

Remember

By making a couple of small changes you can make big savings.

Which bill to pay first

When the budget's tight and you have lots of bills, try putting them in order.

1. **Provide for your needs first**

- Rent
- Food
- Medical
- Utilities

2. **Eliminate non-essential expenses**

- Coffee
- Going out
- Magazines

3. **Reduce expenses**

- Phone and internet usage
- Subscriptions

4. **Ask for help**

- Financial counselling service
- Local community centre/charity
- Legal advice

PAYING THE BILLS ON TIME

There are several ways you can make bill payments easier

1. Automatic transfer and direct debit

A great way to make sure your bills are paid on time is to arrange an automatic transfer through internet banking from your account or have amounts direct debited from your account on your pay day.

(Warning: hefty charges can apply if there aren't enough funds in your account to cover the payment).

2. Centrepay deductions

If you have a Centrelink income, Centrelink offers a Centrepay Deduction service, where bills can be deducted from your pay before money is deposited into your bank account.

The deduction service advantages include:

- no direct debit fees
- no missed payments – and fees
- your bills are paid before you get your pay
- you can choose to pay rent, phone, electricity, gas and more
- saves time and stress each pay period
- feeling confident you've fixed up all the important bills.

3. Payroll deductions

You can also talk to your payroll department at work. They may be able to:

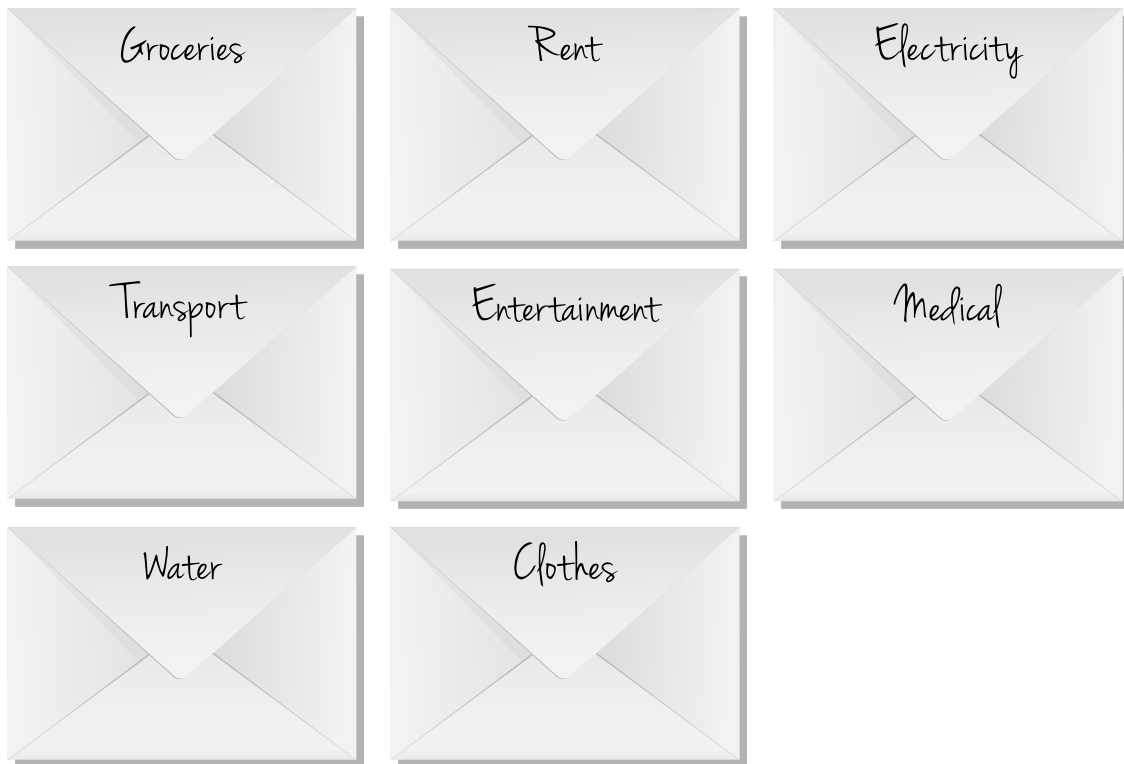
- deduct health insurance payments from your wages
- deposit mortgage repayments directly into your mortgage account
- split your pay into:
 - a bills account for things like electricity, phone, insurance and car registration
 - an everyday account for things like food and petrol.

4. An envelope system

You can also put cash into envelopes to pay your bills. Label one envelope for each budget category. Each time you get paid, put the planned amount of cash into that envelope.

When you need to spend some money, such as on groceries, you take the cash out of the envelope. Once the envelope is empty you've reached your spending limit. And when a bill is due, you should have enough money to pay for it.

But be careful – cash can be tempting to borrow from! Record everything you spend on the envelope.



SORTING ALL THOSE PAPERS

Getting organised

Paperwork begins on the day you were born. Yep, the first bit of paperwork starts with your birth certificate. And it continues.

The benefits of organising paperwork are:

- Financial – it helps you avoid overdue and late payment fees, makes it easier to claim refunds and medical expenses, and make the most of early bird offers.
- Time – you'll save time instead of always looking for your missing papers.
- Personal – it helps minimise the jobs you put off until later, and gives you peace of mind.
- Social – there'll be no more missed invites to parties or offers.

Top tips to keep it simple

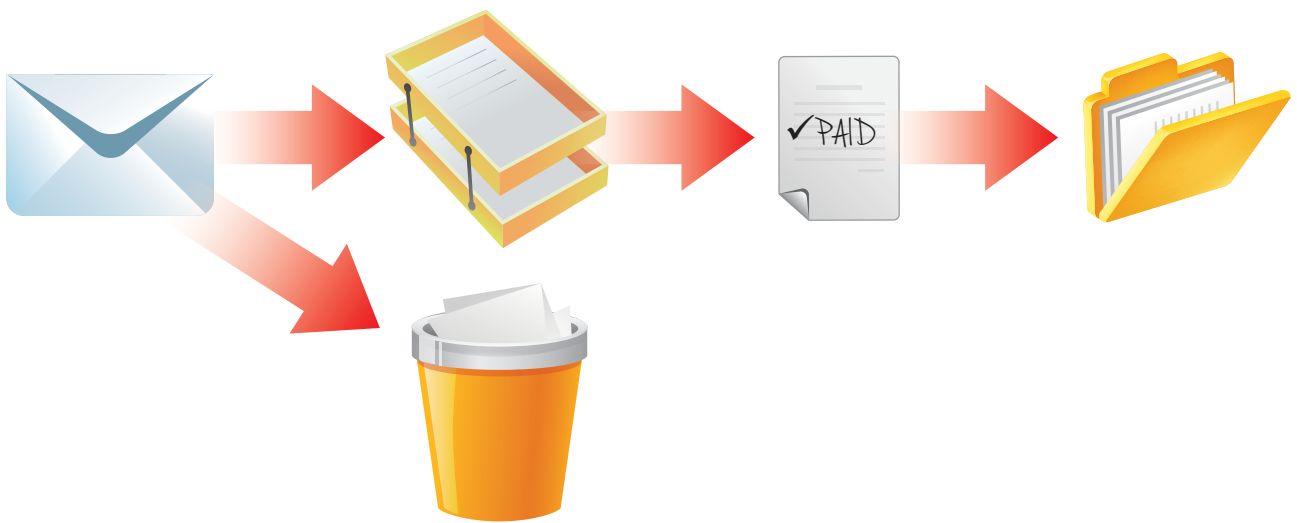
1. Put time aside to organise your paperwork regularly. For example, try doing it the day before you get paid. It takes a little time to keep the “household” running.
2. Keep paperwork in one place – maybe in an in-tray. If you have time to sort out papers when you get them – excellent. Otherwise, throw unwanted papers in the bin and the rest in the in-tray.
3. Organise a filing system for important documents. Put these in a filing cabinet or a concertina file which is cheap, space-efficient and portable.
4. Store your receipts, warranties and operation manuals. You may need proof of purchase if goods are faulty or to refer to operating instructions later on. Try storing these together in a magazine box.
5. Scan your documents and set up financial folders on your computer.
6. Tidy your wallet, keeping your notes in order. Don't forget to clean out your bags regularly!

Sorting out your filing

What categories do you need in your filing system?
Insurance? Bank statements?

List them below:





Incoming papers

Bin or Intray

Attend to
pay, lodge, claim

File or Discard

Remember

- You'll never need 80% of your paperwork again. File it – or bin it!
- Unclutter your emails. How about unsubscribing from newsletters you don't want?
- Use a coloured file for special projects. Put all your info for that project into the coloured file. For example, looking for rental property, applying for work, or shopping around for new fridge.

INSURANCE THAT'S RIGHT FOR YOU

Choosing insurance that covers your needs

Most of us have things that are important to us, such as our health, family, house, car and holidays.

We may want to protect these things if something goes wrong. Insurance can provide peace of mind by limiting your risk if something unfortunate happens.

Because we're all different, there are many types of insurance.

You'll need to work out:

- the **type** of insurance/s you need
- how much you **can afford**
- if your budget is tight, which insurance cover is **most important for you**

We're going to keep it simple, and look at two types of insurance here: motor vehicle and house and contents.

1. Motor vehicle insurance

If you drive a car or motorbike, there are four main types of motor vehicle insurance:

1. Compulsory third party (CTP) – this covers death and injury to other people if you're involved in an accident. This insurance is compulsory and it's illegal to drive a vehicle without it.
2. Comprehensive insurance – this covers damage to your car, and other people's property if your car is in an accident, damaged by fire or stolen.
3. Third party, fire and theft insurance – covers damage to other people's property and gives limited cover for damage to your own car caused by theft and fire.
4. Third party property insurance – covers damage to other people's property (eg car and home) and your legal costs. It doesn't cover damage to your car. This might be a good option if your car is not worth very much.

2. Home and contents insurance

1. Home building insurance

Most home owners need home building insurance. This covers damage or destruction to your building caused by things like fire or storm. It may also

cover you if someone is injured on your property. Policies can vary quite a bit, so check what is and isn't included in your policy.

Check if your insurance gives you enough cover to rebuild or relocate if your home is destroyed. There are plenty of online calculators to help you work out the home insurance you need.

2. Contents insurance

Contents insurance is useful for homeowners and renters. It covers the costs of replacing or repairing household items such as: furniture, clothes, appliances and jewellery. Once again, policies vary a lot, so you need to check what is and isn't covered before you buy.

Understanding the insurance contract

Before you sign up for any insurance:

- **Know your policy:** know which events are covered, such as fires or storms. You can find this information in your policy document or chat to your insurer.
- **Check your coverage:** What is the maximum amount my insurer will pay? Do you have enough coverage if something unfortunate happens?
- **Find out the excess:** This is the amount you have to pay when you make an insurance claim. A higher excess may reduce the amount you pay upfront (the premium). Make sure that you can afford to pay the higher excess if you have to.
- **Make sure you stay covered:** Insurance policies generally last for 12 months. Renew your insurance as your policy expires. If you can't afford the annual premium, upfront, talk to your insurer about paying monthly.
- **Shop around:** Get a few quotes. Check out our 'Shopping Smart' section of this booklet. Please note: Not all insurance companies are listed on comparison websites. While price is an important factor, ensure you have weighed up the costs versus the coverage meeting your needs.
- **Remember there's a cooling-off period:** Many policies have 14 days in which you can cancel the policy and receive a full refund.

An asset register makes life easier

So, you've chosen the insurance that's right for you. Do you have a list of the valuable things you own? What about your TV, fridge, computer, and even your smartphone? What are they worth? And where did you throw those receipts?

If you lose something in a fire, burglary even or by accident, making an insurance claim is really hard without this information.

Most businesses keep an asset register. This is a list of your valuable items and it means you have all the information you need to help you make a claim if something is lost or stolen.

You can keep an asset register in a workbook or on a spreadsheet. You could also use an app such as 'Valuables Vault' or 'Insurance Tracker'. These apps are excellent, and allow you to take photos of items, list where you bought it from, keep receipt details, serial numbers and more.

An asset register makes life a whole lot easier if something goes wrong.

Covering your funeral expenses

Many Aussies take out funeral insurance for peace of mind. But these contracts can be tricky and you'll need to ask a lot of questions before signing up.

Watch out for increasing premiums. Also compare the total cost of your contract to the real cost of a funeral. And find out what happens if you miss a payment.

There are many other ways you can cover funeral expenses.

See moneysmart.gov.au for more information.

Hot Tip

Understanding your insurance policy means understanding your risk. That means you'll have no nasty surprises if something goes wrong.

MAKING YOUR CREDIT CARD WORK FOR YOU

Using your credit cards wisely

Credit cards are handy but we all tend to spend more money when we are using credit cards. So they need to be used wisely.

Tips for managing your credit:

1. Have only **one** card. Extra credit cards mean extra fees, charges and opportunities to spend more.
2. **Shop around** for the best credit card deal. Consider the number of interest-free days, annual fees and the interest being charged.
3. **Cash advances** – Interest is charged immediately on cash advances. The cash advance is not repaid until all other credit advances have been repaid in full. You lose the benefit of the interest-free period until you clear the balance of the cash advance.
4. **Secondary card holders** – The primary card holder is responsible for meeting the payment for all purchases made on the account. Notify your lending institution about a change in circumstances if you have had a relationship breakdown.
5. Be aware of **interest-free deals** and low-interest credit offers. These often entice you to spend more. They're good if used properly, but you need to be disciplined.
6. **Reward programs** on credit cards are a marketing exercise for the financial institution. They may work if your purchases are large and frequent.
7. **Don't sign** up for an account if you don't understand all the terms and conditions. Ask more questions.
8. If you're **having trouble** paying off your card, contact your credit card provider to discuss hardship options. Also check out the 'Don't get down over debt' chapter in this booklet. There may be some ways to reduce your costs.

Basic credit card rules

- use your credit card only for planned and affordable purchases
- pay the balance in full every month
- if you can't pay the balance in full at the end of the month, stop using the card until the amount is repaid.

If you're having trouble managing your credit cards, see the 'Don't get down over debt' section.

And your debit cards too

If you don't want to get into debt, but want the convenience of a credit card, why not use a debit card? This means you can only spend the money you have in your account. There could be fees for a debit card.

Hot Tip

Look at your credit card statement:

- How long it will take to pay off your card if you only make minimum repayments?

Use an online credit card repayment calculator:

- How much interest will you save by repaying your credit card faster
- How much extra will you need to repay each month to pay your card off in two years?

See moneysmart.gov.au



Avoid payday loans

Be very careful if you are thinking about using one of these loans.

A payday loan (or small amount loan) is loan of up to \$2,000 that needs to be repaid between 16 days and one year. But these loans are very expensive. They have high interest rates and charges. They can be quick to get, but hard to pay back.

Unexpected things happen, life can get a bit tough, and you may want to borrow money to get you through to the next payday. If this happens:

STOP. THINK. ACT WITH CARE.

Before getting a payday loan

Think about these alternatives:

- Chat to the person/company you owe money to, and work out a repayment plan.
- Can you get a no-interest loan or a low-interest loan?
- If on Centrelink, can you get an advance payment?
- Ring your local charity – they may be able to help with any urgent needs.

If you go ahead with a payday loan, ask the lender:

1. How much will I have to pay back?
2. What happens if I can't pay on time?
3. What is the maximum amount I will have to pay back?
4. What are the extra fees and charges?

Salvos NILS (No Interest Loan Scheme)

- A NILS loan is a loan for essentials without interest or fees. You can borrow up to \$1,500 and repay over 12-18 months.
- You can borrow for items such as: a fridge, bed, mattress, computer, washing machine, or health and medical expenses.
- You need to be on a low income (such as on Centrelink payment, have a Health Care Card or have a low household income).
- More information at www.salvos.org.au/nils

RENT TO BUY

Be wary of rent-to-buy offers

Rent-to-buy is an expensive way to buy basic household items. The ads make it look simple, but in the long run you'll pay a lot more for your household goods.

Paying \$20 a week for a new washing machine might sound like a great deal. But if you pay that for three years, you'll end up paying over \$3,000!

If you 'rent to buy', you are borrowing money. The equivalent interest rate could be over 100%. And you'll still have to make repayments if the item is stolen, damaged or wrecked.

Before getting a 'rent to buy' loan, ask the lender:

1. What is the total amount I will pay to own the item?
2. What happens if I miss a payment? Are there extra charges?
3. How much will I have to pay at the end of the contract to own the item?

Case Study

"Josie & Joe needed to replace; their fridge, the computer for the kids schoolwork & wanted a larger TV. They were tired of waiting for them, so on a wet long weekend, they signed up for three "rent to buy" products.

The rent was: Computer: \$20 pw. TV: \$35 pw. Fridge \$15 pw.

Total spend each week was: \$70 pw or \$3640 per year for 3 years.

Joe lost his job. They couldn't get out of the contract and negotiated to return the goods after paying over \$7000. If Josie & Jon had saved \$70 per week, they could have bought each item and paid cash for them in one year."

Other ways to get the items you need

Why not take up one of these options instead?

- save for the item
- lay-by it and pay off the item weekly or fortnightly
- a no-interest loan (Salvos NILS) or low-interest loan
- If you're on Centrelink, see if you can get an advance.

DON'T GET DOWN OVER DEBT

Clearing your debts

Accumulating debt is easy. Clearing your debt can be daunting, but it can be done!

Many people have debt in the form of credit cards, personal loans, utilities, fines, school fees and unpaid taxes. And we're often good at hiding it.

But debt can affect our relationships, our health, stress and sleep patterns, and our feelings of self-worth.

Sometimes we are managing our debt just fine, but then we have a change in circumstance such as:

- loss of income
- change in health through illness or accident (of self or a family member)
- car accident
- relationship breakdown
- unexpected expenses

Suddenly, the debt gets on top of us.

At times, lenders may not have lent appropriately. You should see a financial counsellor or seek legal advice if you think this is the case.

Debt facts

- 1 in 5 Australians are unsure how they will meet their next debt repayments
- 82% of Australians worry about their ability to repay their debt over the next 12 months.

It's all about you

Are you:

Circle yes/no

1. Spending more than you earn each month and regularly dipping into savings? Y / N
2. Putting day-to-day expenses on credit cards because you have no money? Y / N
3. Only able to afford the minimum payment on your monthly credit card bill? Y / N
4. Unprepared for expenses such as house repayments and car repairs? Y / N
5. Feeling stressed and avoiding opening the mail or receiving legal notices? Y / N
6. Taking menacing phone calls chasing payments? Y / N



These are all signs of financial stress. The worst thing you can do is to ignore the situation.

Working out your debts



Step 1

Write down a list of your assets and liabilities

Assets: What you own	Market Value	Liabilities: What you owe	Balance
House and land		Mortgage/home lender	
Other real estate			
Motor vehicle – make and model		Car loan	
Shares		Credit card 1	
Superannuation		Credit card 2	
Other assets		Credit Card 3	
		Utilities	
		Family and friends	
		Other	
TOTAL ASSETS		TOTAL LIABILITIES	

Assets Minus Liabilities	
--------------------------	--

Step 2

- Prepare a budget.
- Make it realistic and refer to our section on budgeting.

Step 3

Start talking and ask for help:

- Talk with your bank and other companies you own money to. See if they have a hardship team.
- Ask for an affordable repayment program with no or reduced interest.
- Contact a financial counsellor (details at the back of this booklet).
- Seek independent legal advice (details at the back of this booklet).

Step 4

- Incur no new debt and control your spending.
- Pay cash for all purchases and avoid situations where you could make impulse purchases.

Step 5

- Prepare a repayment program.
- Work out if your debts are secured or unsecured.
- As you repay a debt, roll the amount you were paying into the next most expensive debt.



Choosing the right bank account

The right bank account depends on what you need and how you bank. There are lots of choices these days.

Common bank accounts

Transaction accounts – for everyday banking

Savings deposit accounts – if you are saving for a specific item

Term deposit accounts – if you have saved some money and don't want to be tempted to spend it.

Transaction accounts

Banks, building societies and credit unions offer a variety of transaction accounts. These vary in what they offer.

Make sure you get the right bank account for your situation, so you don't get hit for lots of fees and charges.

Are you eligible for a Basic Bank Account?

A basic bank account is an everyday transaction account designed specifically for lower-income people. You may qualify for this if you:

- receive a government pension/allowance
- hold Federal Government Health Care Card or Pensioner Concession Card

But some banks don't have eligibility criteria.

Generally there is no monthly service fee, no minimum account balance and unlimited free transactions.

For more information ask your bank or visit Australian Bankers Association Website at affordablebanking.info

Shopping around for a transaction account

It takes time to work out which is the best transaction account for you, but you'll make real savings in fees and charges.

Ask your financial institution these questions:

Is there a minimum opening balance?	
Do you charge extra if my account goes below a certain level?	
How many free withdrawals can I make each month? What is the cost if I go over this?	
How many EFTPOS transactions can I make each month? Are there any fees on my EFTPOS transactions?	
Can my pay be deposited into this account? Is there a charge for this?	
Are there any account-keeping fees?	
Does this account have direct debit facilities? Does this cost extra?	
Are there any other fees or charges?	
What other features do I want? Is there anything extra I need to know about this account?	

Tips

- Only use your banks ATM's to avoid fees
- Setup internet banking and review your transactions every week to make sure they are accurate

KEEPING EVERYDAY COSTS DOWN

Handling your everyday expenses

This section is all about giving you tips to cut down on some everyday living expenses. You can make an immediate impact on your budget by changing some of your spending and consumption habits.

We'll look at how to cut costs on:

- eating
- your car
- clothes
- your phone
- the electricity bill

EATING

Menu planning puts you in charge

Food is one of our biggest and most regular expenses. The best way to have a nutritious and affordable diet is by menu planning and understanding how supermarkets try to tempt us into spending more.

Menu planning is where you write down and organise what food you need to feed your family for the week.

Menu planning is great because it:

- makes writing a shopping list easier
- ensures you are eating a good variety of foods
- saves you time shopping
- saves you money
- helps avoid food waste

Writing your menu plan

Write a menu plan to suit your family. Include easy to cook, affordable meals. You can find lots of budget-friendly recipes on the internet. Try out taste.com.au, healthyfoodguide.com.au, or allrecipes.com.au.



If you're out and about, how about taking your lunch and/or snacks with you?

	Mon	Tues	Wed	Thur	Fri	Sat	Sun
Breakfast							
Morning Tea							
Lunch							
Afternoon Tea							
Dinner							

Once you've written your plan, you can write your grocery list. Add some staples like basic tinned food, then shop at your cheapest supermarket.

Surviving the supermarket

There are over 30,000 products in a supermarket – that's a lot of things to tempt us!

Supermarkets try to entice us to spend more by:

- using the store layout to create marketplaces, such as the deli, fruit and veg section, butcher and fish monger
- advertising regularly
- using colour in their advertising and packaging. Each colour evokes different reactions:
 - red - the strongest colour, used to get attention and for specials
 - green – evokes a feeling of freshness
 - blue – releases trust hormones
 - yellow/gold – can evoke feelings of hunger.

Tips to avoid overspending

- ★ Plan meals for a week or more

This avoids extra trips to the supermarket and the potential to spend more.

Remember

Take a list: Studies prove that people who shop with a list spend less money. This is perhaps the single most effective way to control food costs.

- ★ Shop alone

People who shop with others tend to put more in their trolley.

- ★ Eat before you shop

Don't shop when you're hungry, as impulse buying is highest at these times.

- ★ Aisle ends cost more

Products at the end of the row are sometimes more profitable for the supermarket and can be more expensive for you. Don't go down aisles you don't need.

- ★ Look high and low
Supermarkets put the products that make the largest profit margin at eye level. The bargains are found high and low
- ★ Fruit and veg in season are cheaper. Consider shopping at your local farmers market or buying from local farms. Buying in season saves money.
- ★ Look at unit pricing
It's the best way to compare the value of items. Buying bulk isn't always the cheapest.
- ★ Avoid the extras
If it says '100g for a little extra cost' – you don't save money, you just eat more.
- ★ Watch out for checkout temptations
They put temptations like chocolates, lollies and magazines at the checkout to entice us bored and tired shoppers!
- ★ Snack costs stack up
Snack foods and convenience foods are generally the most expensive.
- ★ Go local for a little
If you only need a few things, you may be better off at your local corner store instead of a big supermarket – but only buy what you need because prices are generally higher.

(Source: Choice 2010)

TRANSPORT

Buying a car or replacing an existing one

Owning a car can put a drain on your budget. If you don't own a car and are thinking of buying one, don't forget these expenses:

- price of car
- cost of financing
- transfer fees
- stamp duty
- insurance
- registration
- petrol/tolls/parking
- maintenance and servicing.

If you already own a car

The total cost of owning a car is far greater than the weekly fuel bill. Sometimes, the cheapest car to run is the one you already have.

Ask yourself:

- Do I really need a car ?
- Could we live without a second car?

You can find out the total costs of running a car at mynrma.com.au. See below for a few examples. Notice how the whole-of-life costs are much more than just the petrol.

Car	Petrol/Week	Running Costs/Week	Whole-Of-Life Costs/Week
Hyundai i35	\$28.66	\$57.40	\$100.32
Ford Focus	\$31.53	\$72.44	\$173.93
Holden Commodore	\$42.51	\$74.61	\$222.40
Kia Carnival	\$41.08	\$79.10	\$203.73

Whole-of-life costs include registration, insurance, service and maintenance, and depreciation.

Buyer beware

Josh was 19 years old. He took out a loan for \$20,000 to purchase the car of his dreams. He let the insurance lapse after six months because he couldn't afford it. He drove his car at great speed, had a car accident, was at fault and ended up with no car, no job and a \$20,000 debt.

The company he owed money to became very aggressive and pushed hard to collect the money from him. Josh became stressed and withdrawn. He did not want to tell anyone because his family was suffering with their own financial difficulties.

Discuss what you think Josh could have done differently to avoid this stress.

Facts to consider when buying or replacing a car

- It's a good idea to get rid of a car when it costs more to keep the car than it's actually worth.
- If you can't afford third-party property insurance, (the most basic cover) you probably can't afford the car.
- As a car gets older, the costs for petrol and oil increase, but costs for insurance and depreciation decrease.
- Buy a car for its usefulness, not its status.
- If you are not mechanically-minded, spend the money on a pre-purchase motor vehicle inspection.

Remember

Make the most of every tank of petrol

- Stick to the speed limit
- Don't carry around heavy items in your car
- Keep tyres inflated properly
- Maintain regular servicing
- Accelerate slowly and smoothly
- Consider fuel efficiency when buying your next vehicle

CLOTHES

Clothes can be expensive

Did you know we wear only one-third of the clothes we own, 85% of the time?

To reduce your clothing expenses:

- know your budget and stick to it
- know that the fashion industry is built on constant change and fads
- go to the sales when they're on
- use op shops
- buy cheap accessories for a cheap change.

Avoiding impulse shopping

Ask yourself:

- Do I really need it?
- Will I really wear it?
- Will I still like it next month/next year?
- If I don't buy it now, do I want it so much that I will make a special trip later to come back and buy it?



Getting a good deal on your mobile or smartphone

The more you know about buying a phone, the better your chance of getting a good deal. Know your needs before committing to a 12-month or more contract.

Before you buy or sign for a phone

Ask these questions:

1. What can I afford? _____
2. My usage patterns
How many SMS do I send per month? _____
What are my data requirements per month (if needed)? _____
What telephone calls do I make? At what time of day? _____
What are my call lengths? _____

If you can't answer the above questions, stick to a pre-paid plan until you can.

3. Available plans
 - Prepaid – helps you stick within your budget. Great for teenagers.
 - Monthly plans – gives you the ability to pay monthly without signing a long-term contract
 - Fixed-term contract – can be for 12, 24 or 36 months.

Make sure your contract fits your needs and remember it's possible to spend more than your monthly fee.

4. Call charges
What are the call rates/sms rates? _____
How are call charges calculated? _____
Is there a flag fall?(a fixed fee for each connection) _____
Are there any special offers? (eg cheaper calls to friends on same network, time of day)

5. Coverage

What is the coverage like in your local area? _____

What about other places you'll want to use the phone?

Ask for a copy of their "coverage map" _____

6. Contracts

If opting for a contract, how long does it go for? _____

What's the minimum I have to pay each month? _____

What's the total amount I'll pay over the whole contract? _____

Can I cancel the contract or pay it out early? _____

What does it cost to cancel the contract? _____

7. Excess charges

What happens if I use up everything I've paid for in the month?

8. Data use

Can I monitor my data usage? _____

How? _____

9. Locked or unlocked?

Is my phone locked to this carrier? _____

What is the fee to unlock? _____

10. Global roaming

What happens if I go overseas? _____

11. Warranty

What is the warranty? _____

Ask for a copy of the Critical Information Summary from the telecommunications company – this provides information so you can easily compare products. It may be available in the store or on the web.

Protecting yourself from extra charges

- Ring tone offers – check terms and conditions and make sure you are not agreeing to extra ring tones which will cost you extra.
- Don't respond to an unknown SMS which asks you to join a quiz or enter a competition. This may result in you signing up for an expensive service you don't want.
- If your phone is lost or stolen, contact your provider straight away. This stops unauthorised usage on your phone. Check with your provider if you have insurance and what fees you may have to pay.

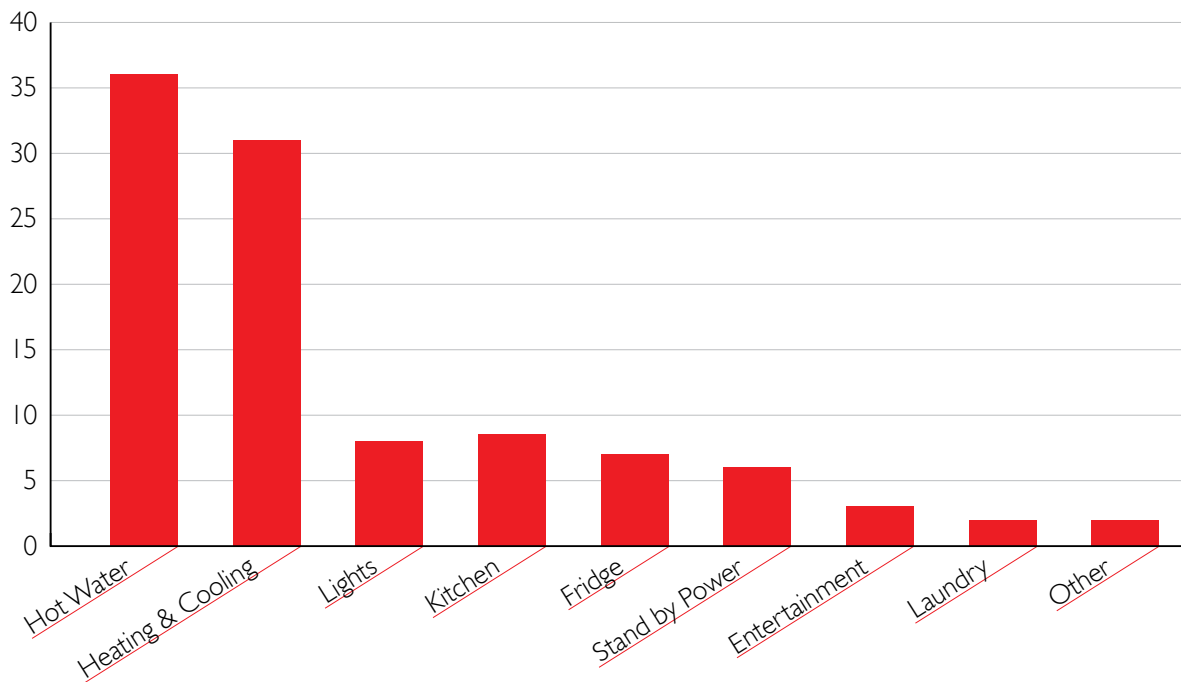
Remember

- Believe the contract, not the salesperson
- Don't sign if you don't understand
- Don't sign a contract for a friend, unless you are prepared to pay for the full account and any extra charges
- Be careful when lending your phone – your friends may have more fun spending money on your account instead of their own.

ENERGY

Where your household energy goes

There's lots of talk about energy bills these days, because bills have been going up all around the country. Let's see how you can shrink those bills.



Tips to reduce your energy consumption

Cooling and heating your home

- If buying an air conditioner, purchase a model with a high-star energy-efficiency and the right size for your room. Reverse cycle is also efficient for heating your home.
- Cool your room to between 23 and 26 degrees in summer.
- Heat your room to no more than 21 degrees in winter.
- Put a jumper on in winter before turning on the heater.
- Only cool and heat the areas of the home you're using.
- Consider insulating your home.
- Stop draughts in winter with door snakes and window seals.

Clothes dryer

- Try and hang clothes in the sun or on an indoor rack if it is raining
- Clean the lint filter regularly to maximise efficiency
- Buy a high star-rated model and ensure that it has a sensor to minimise drying times.

Dishwasher

- A full load uses the same amount of energy as a half load. Try to only put the dishwasher on when you have a full load
- Use economy settings when possible.

Fridges

- A high-star energy-efficiency rating on a fridge can save up to \$100 per year.
- Buy the smallest fridge that meets your needs.
- An empty fridge uses more energy – keep the fridge as full as possible – consider filling up bottles of water if needed.
- Check fridge seals to ensure fridge is not leaking cold air.
- The second fridge or freezer can cost up to \$250 per year to run. Why not switch off when not in use? Or change to a larger, more efficient fridge, and check the seals.

Hot Water

- Take short showers – they cost less.
- Install a low-flow showerhead.

Washing Machine

- Wash your clothes in cold water, which can reduce energy consumption by up to 80%.
- Front-loading washing machines use less water than top-loaders.
- Wait till you have a full load to wash, this saves on water and electricity.

Managing electricity bill payments

If you can't pay your bill on time, call your supplier and:

- request an extension of time to pay
- obtain information on government concessions and rebates
- discuss energy-saving options
- seek information about community agencies that offer assistance.

Learn to be energy smart

There are state and national programs to help you become more energy efficient. Some include having an energy expert visit your home and show you how to be energy smart. There are various programs putting downward pressure on electricity bills. Once again, local community agencies have all the info on this.

Remember

Nearly 60% of our energy is used up on Hot Water and Heating & Cooling!
Managing these two areas has a significant impact on your total electricity expense.

TAKING CARE OF CHRISTMAS

Keeping Christmas costs down

Christmas is a time for celebration and enjoyment. It's also a time when retailers work hard to increase our spending, so it's important to look after your finances.

Before you begin your Christmas shopping:

- Work out what you can afford to spend on each person.
- Try not to be tempted.
Stay away from shops and stay offline if you need to
- Consider non-material gifts, such as baked goods.

Work out your Christmas spending plan on the next page.

Gift Ideas

- The gift of your own time
- Doing a job around the house for someone
- Give items you can make, bake, sew or grow
- Kris-Kringle –share the costs of presents
- Ask everyone to bring a “dish” to share the expense and work in preparing food

Remember

- How much you spend on a gift is not how much you care about that person
- Not only are the best things in life free, the best things in life are not things!



A Christmas spending plan

Gifts	
Family	
Relatives	
Friends	
Workmates/Colleagues	
Wrapping Paper	
Cards and postage	
Total	

Food	
Christmas Day	
Other functions	
Extras	
TOTAL	

Decorations	
Christmas Tree	
TOTAL	

Other	
-------	--

Grand Total	
--------------------	--



Your super's there for you

Get interested in your superannuation. It will help take care of you when you retire.

Use these eight simple tips:

1. Know the name of your superannuation account. Keep your super paperwork together. Make sure your family and dependants know where to find your super details.
2. Check your own name is spelt correctly on all correspondence. This makes it a whole lot easier to find your superannuation accounts if you change jobs or move address.
3. Let the super fund know your tax file number. This ensures your super is taxed at the special low rate and is easier to track.
4. Know your insurance benefits and options, such as Life, Income Protection and Total and Permanent Disability Insurance (TPD).
5. Check your annual statements. Check employer and any personal contributions.
6. Ensure you nominate your beneficiaries.
7. More superannuation funds can mean more fees. Consider consolidating accounts to reduce fees, but make sure you don't lose any valuable insurance benefits.
8. Check your investment options – seek independent financial advice.

And, be aware of superannuation scams. If it sounds too good to be true, it probably is.

LOOKING OUT FOR SCAMS

A scam can catch anyone

Always be on the lookout for scams. Scams target everyone and none of us are safe. They're designed to get your money or your personal details, and they're often very sophisticated.

Scams work because the deal looks real. Scammers trick you into thinking that everything will be all right, and they know how to make you do what they want.

Scams come in many ways: email, telephone, by text, over the internet, mail and door-to-door.

Most scams ask you to do something.

Some popular scams

- Banking and online account scams try to get your account information using fake emails, phoney fraud alerts, or spyware.
- Chain letters and pyramid schemes require you to send a small sum of money with the promise of a large financial return.
- Health and medical scams target people with health concerns and promise solutions where none exist.
- Identity theft can be a simple or well-organised scheme. It can happen through a bogus job opportunity, phoney fraud alert, or even by stealing personal mail.
- Get-rich-quick investment schemes occur via email, investment and real estate seminars and cold calling. Always seek independent advice before making a significant investment decision.
- Job and employment schemes target people looking for work or trying to change job. They may promise a lot of income for a small amount of work. This could be working from home, a guaranteed income or a business opportunity.
- Lottery and competition scams usually tell you you've won a large sum of money and all you have to do is send some money to claim the fake prize.
- Mobile phone scams can be difficult to detect. It may be a missed call, offer of a free ringtone or an invitation to enter a competition. Delete and ignore unknown numbers.

- Money-transfer requests (often called “Nigerian scams”) may say you have an overseas inheritance waiting for you or huge rewards if you help someone transfer money.
- Online scams include ‘free’ offers, online auctions, or fake renewal of your domain name.
- Personalised scams might come in the form of door-to-door home maintenance, posing as a charity, classified ad scams, or social networking scams where a fake profile is created.

Rules to avoid scams

- If it looks like too good to be true – it probably is.
- Never send money or supply credit card details to anyone you do not know or trust.
- Always get independent advice if the offer involves significant money or time.
- Don’t agree to deals straight away – get independent advice.
- Beware of guaranteed income or winnings schemes.
- If you’re unsure, don’t act. Check it out independently.

None of us are safe

Anyone can be a victim of fraud. We only need to be targeted with the right story at a vulnerable time in our life.

Paul was retired and met a woman “Selina” from Ghana on an online dating website. They struck a relationship and Paul told this woman everything. He received a call from a man claiming to be Selina’s brother who said that Selina had been hit by a car and needed \$1 200 for an operation. The contact continued for several months. Paul thought he was helping Selina and her village. He gave over \$200,000 and none of this money ever reached the village.

If you’ve been a victim of fraud, or suspect that a family or close friend is being defrauded, you can report these offences to the Police and the Australian Competition and Consumer Commission SCAMwatch InfoCentre. See scamwatch.gov.au for information that can help you find effective ways to fight these crimes.



Getting the best deals

When buying anything – electricity, insurance, or mobile phone plans – it pays to shop around. This helps us buy the right product – at the right price.

With so much information online, shopping around takes time and effort. Be clear about what you want before you buy.

Before you buy

1. Write down what you are wanting to buy:

Product _____

How much can I afford to spend? _____

How will this product will meet my needs? _____

2. Write down where you can get reliable information and recommendations from:

Brands you know and trust _____

Family and friends with knowledge in this area _____

Independent websites _____

People with specific knowledge in this area _____

Product reviews _____

3. Write down the advantages and disadvantages of each product

What is the cost and benefit of each product? _____

What will happen if I don't buy this product? _____

4. Rank each product from 1 to 5 (1 best – 5 not as good)
5. Choose the option you prefer most

Use the table below for comparing products, such as buying a fridge.

Product	Star Rating	Price	Advantages	Disadvantages	My Ranking 1-5
Fridge 1					
Fridge 2					
Fridge 3					
Fridge 4					
Fridge 5					

Tips for shopping around

- If you're only spending a small amount of money, don't over think it.
- Limit the number of products you compare. Too much choice can lead to not making a decision.
- There is no such thing as the perfect decision. Be confident you made the best decision with the information you had at that time.
- Evaluate your purchase after the event. Are you satisfied with your purchase? What could/would you do differently next time?
- Carefully research large purchases. Short-term decisions can have long-term consequences.

Remember

- The best decision-makers aren't people who never make mistakes - they're people who hope for the best and prepare for the worst.
- If you are unhappy with your decision, try to not regret it. Remember there is always another decision needing to be made.
- Indecision becomes a decision to do nothing – this can sometimes be the worst decision of all.

SIMPLE MONEY TIPS & CONTACTS

Financial counselling can help

Financial counselling is a free and confidential service to assist you with your financial situation.

Financial counselling can:

- help relieve your stress
- work out ways to improve your financial situation
- help you create a workable budget
- explain the debt recovery process, bankruptcy and other alternatives
- negotiate with your creditors
- provide referrals to other services, such as personal and gambling counselling, community assistance centres and community legal aid.

Finding a financial counsellor

The Salvation Army, Moneycare

Visit salvos.org.au

Phone 02 9633 5011

Australian Securities and Investment Commission (ASIC)

Lists the financial counselling association in each state.

Visit moneysmart.gov.au

Find a financial counsellor in your state

Visit financialcounsellingaustralia.org.au

Phone 1800 007 007

If you are unable to contact a financial counsellor and are struggling to pay the mortgage, rent or are juggling debts. Visit debtsselfhelp.org.au

General financial information

For an informative website by The Australian Securities & Investment Commission and the Australian Government to help Australians make informed financial decisions.

Visit moneysmart.gov.au

Banking information

For more information on basic bank accounts, affordable banking and what

to do if you are in financial difficulty.

Australian Bankers Association

Visit affordablebanking.info

Visit doingittough.info

Department of Human Services

Financial information service

Offers free information and seminars on financial and lifestyle issues to all Australians.

Visit humanservices.org.au

Phone 13 2300

Electricity

To help you understand, compare and make informed decisions about your electricity/gas offers and usage.

Visit energymadeeasy.gov.au

General insurance information

For more information on the different types of insurance, why insurance is important, transferring risk, making insurance claims and insurance tips:

Australian Securities and Investment Commission

Visit moneysmart.gov.au

Know Risk – Understanding Insurance and Risk

Visit knowrisk.com.au

Insurance Council of Australia

Visit insurancecouncil.com.au

Finding Your Lost and Unclaimed Super

The Australian Taxation Office (ATO) keeps a list of the names of people who have been reported as 'lost' by their funds. This may have happened because you have changed address and/or employer. To see if you have some lost or unclaimed super contact Australian Taxation Office.

Visit ato.gov.au

Phone 132 865

NILS (No Interest Loan Scheme)

NILS is a community based program to help people on a low income buy essential household items such as washing machine, fridge and medical equipment. Loans are up to \$1,500 and repaid over 12 to 18 months. Once the loan is repaid, the money is lent out to other people in the community.

Visit salvos.org.au/nils

Visit goodshepherdmicrofinance.org.au

Scams

For information on scams and how to report a scam contact Australian Competition and Consumer Commission's SCAMwatch

Visit scamwatch.gov.au

Phone 1300 795 995

Tax Help Program

This service operates from July to October each year and helps people on low incomes prepare and lodge their income tax returns. This free service is provided by community volunteers who are trained by the ATO. There are some income eligibility criteria.

Australian Taxation Office

Visit ato.gov.au

Phone 132 861

WHO TO CALL FOR MORE HELP

Some useful contacts

Salvo Care Line Phone 1300 36 36 22

Free legal help in your state or territory

Australian Capital Territory Visit legalaid.act.org.au Phone 1300 654 314

New South Wales Visit lawaccess.nsw.gov.au Phone 1800 888 529

Northern Territory Visit ntlac.nt.gov.au Phone 1800 019 343

Queensland Visit legalaid.qld.gov.au Phone 1300 65 11 88

South Australia Visit lsc.sa.gov.au Phone 1300 366 424

Tasmania Visit legalaid.tas.au Phone 1300 366 611

Victoria Visit legalaid.vic.gov.au Phone 1300 792 387

Western Australia Visit legalaid.wa.gov.au Phone 1300 650 579



salvos.org.au