

**YOU'RE
THE BOSS**

How to stay on top
of your cash.





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. Well, this is where we're going to help.

This course is all about giving you the skills you need to budget, sharing great money tips, getting your bills sorted out and letting you 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 a responsibility to look after our own:

- Shelter
- Food
- Medical
- Transport
- Clothing

These are all expenses that we make decisions on everyday. Which means we're making financial decisions every day. And we need to make wise decisions about this important and limited resource.

SOME FACTS ABOUT MONEY

It's easier to spend it now, than ever before.

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

- Easy access to credit
- On-line applications, buying on-line
- Interest-free loans
- EFTPOS
- ATMs
- New loans products

All of which mean we need to be more skilled in managing our hard-earned money. (Don't worry, that's what we're here for!)

There's loads of pressure on our money.

Everyone seems to notice what people have and what people don't have. Advertisers spend billions of dollars every year trying to get their hands on our money. There are more and more products out there, giving us loads of choices.

Money causes stress.

Our financial affairs are private. No one likes sharing details on how much we earn, debt, bank balances or super. Because of this, many of us suffer in silence.

It's well known that money causes relationship problems. Managing money can quickly become a source of pain and frustration. Did you know that 1 in 5 Australians are worried about how they're going to make their next debt payment? That's a whole lot of Aussies feeling financial anxiety.

We all make mistakes with money.

It's important to recognise that our financial decisions have an impact on our life. But, it's equally important to understand that while we can control some factors, we can't control all factors; we just need to do the best we can with the things we can control.

We all make mistakes - as the saying goes: "The person that doesn't make mistakes doesn't make anything." Plenty of famous people with loads of money have had financial problems; think about Mike Tyson and Michael Jackson.

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 skill of budgeting
3. Taking the time to put those skills into practice
4. Having some easy tips when people are trying to get you to spend.

We're all capable of achieving this. So let's start right now.

Strange as it may seem, our 'money experiences' in the past can affect how we manage our money. 'Money experience' is a combination of our personal experiences, family history and current situation.

Have a go at filling out the following. There's no right or wrong answer, and if you want to share the information it's entirely up to you.

What's your personal experience?

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 ever 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 or a little money?

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 handle it?

4. Is money easily discussed?

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

What is a budget?

- It's a tool to help you manage your money
- It's a skill that can be learnt (and we're going to teach you!)
- It works for everyone, no matter what you earn.

Why budget?

A budget or money plan is all about opportunity; it's about clearing some headspace, feeling good about things and having one less thing to worry about. It may take a little time to create, but it can achieve so much:

- Is an opportunity to face reality, to see the whole picture and remove guesswork
- Can identify and avoid wasting money
- Relieves stress caused by money
- Gives you confidence about money
- Prepares you for any emergencies that may arise
- Helps to reduce debt
- Keeps you focused on values and priorities, so you can achieve your goals
- Gives you control of your money instead of having your money limit what you can do.

How to maintain your budget.

A budget involves making a list of everything you earn and everything you spend. The first step in applying for your No Interest Loan was preparing a budget. Now that you've done the ground work, here are some tips to help you keep your budget on track.

- Date and name your budget
- Calculate your budget on either a weekly, fortnightly or monthly basis. It's best to work to your pay period
- List your income as the amounts you regularly receive (for example don't include payments you only receive from time to time)
- Go through your budget line by line regularly, and be realistic!

Your budget needs to be:

- Flexible - things will change as time goes on
- Realistic - include everything; papers, ice-creams, extra petrol
- Take into account your lifestyle.

REMEMBER

- ★ Expenses can't exceed income.
- ★ What you spend can't be more than what you earn.

Creating a budget?

Name: _____ Date: _____

	Weekly \$	Monthly \$	PAY DATE
INCOME			

EXPENSES			
NEEDS	\$	\$	DATE DUE
Rent			16th of the month
Groceries			Tuesdays
Electricity			
TOTAL (NEEDS)			

WANTS	\$	\$	DATE DUE
Coffee			
Cigarettes			
TOTAL (WANTS)			

TOTAL EXPENSES NEEDS + WANTS		
--	--	--

DIFFERENCE INCOME - EXPENSES		
--	--	--

Help, my budget doesn't add up.

If something changes and your budget doesn't balance, and your expenses are greater than your income, then here's what you can ask yourself.

1. Can I increase my income?
 - Am I getting my entitlements from Centrelink?
 - Can I find a casual job?
 - Can I work extra hours?
2. Can I reduce my expenses?
 - Identify the difference between NEEDS and 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 on a REGULAR BASIS and are always the SAME AMOUNT.

VARIABLE:

These are the expenses that change weekly. Things like food, entertainment and gifts. They're easy to overspend on and difficult to manage.

REDUCING EXPENSES WITHIN BUDGET NEEDS TO COME FROM THE 'LIFESTYLE' AMOUNTS - THE 'WANTS' AND 'VARIABLES'.

Which bill to pay first.

When the budget is tight and there are lots of bills, a good thing to do is to put them in order.

1. Provide for your needs first
 - Rent
 - Food
 - Medical
 - Utilities
2. Eliminate non-essential expenses
 - Coffee
 - Going out
 - Magazines
3. Reduce debts
 - Phone and internet usage
 - Subscriptions
4. Ask for help
 - Financial counselling service
 - Local Community Centre/charity
 - Seek legal advice

How to pay bills on time.

A great way to make sure your bills are paid on time is to arrange an automatic transfer from your account or have amounts direct debited from your account in line with your pay day. (Warning: Some hefty charges apply if there aren't enough funds in the account to cover the payment).

Alternatively Centrelink offers a Centrepay Deduction service, where bills can be deducted from your pay before money is deposited into your bank account. The 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 and gas on a fortnightly basis
- Saves time and stress each pay period
- A feeling of confidence that all the important bills have been sorted out.

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

- Have health insurance payments deducted by payroll
- Have your mortgage repayments deposited direct to 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.

Tips on managing your paperwork.

1. Managing your money takes time. Set aside time to organise your paperwork on a regular basis in line with your pay period
2. Keep all paperwork in one place in your house
3. Organise a filing system that works for you for important documents
4. Keep receipts and warranties organised, so they're handy if goods are faulty or you need proof of purchase
5. Keep your wallet tidy, with your notes in order.

Tips on managing your day-to-day expenses.

1. Small changes can make a big difference
2. Shop for the best deal
3. Is there an alternative to satisfy the same want?
4. Record the savings you've made
5. Reward yourself when you have been successful.

ITEMS	DAILY \$	WEEKLY \$	YEARLY \$	POSSIBLE ALTERNATIVE	SAVING \$
1 coffee per day	2.50	18.00	910.00	Try making own coffee	728.00
1 pack of smokes per day	12.00	84.00	4,368.00	Make a pack last 2 days	2,184.00
2 books per month		10.00	520.00	See what the library has to offer	416.00
1 magazine per week		5.00	260.00	Can you get online access? It should be cheaper?	104.00
Gym membership		20.00	1,040.00	Find the best deal/get fitness program and do it with a friend	832.00
					4,264.00

REMEMBER

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

EVERYDAY EXPENSES

Looking after the groceries and other everyday expenses.

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

- Eating
- Your car
- Clothes
- Your phone
- The electricity bill
- Christmas.

EATING

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.

Menu Planning is where you write down and organise what food you need to feed your family for the week. Menu Planning is really useful because it:

- Helps you stay within your food budget
- Makes writing a shopping list easier
- Ensures you are eating a good variety of food
- Saves you time shopping
- Saves you money
- Helps avoid waste.

Writing your Menu Plan.

Write a Menu Plan to suit your family. Include easy to cook, affordable meals. Remember, you can find lots of budget-friendly recipes on the internet: www.taste.com.au; www.healthyfoodguide.com.au; www.allrecipes.com.au. If you're out and about consider taking your lunch and/or snacks with you.

REMEMBER

- ★ Water is the most highly recommended fluid for us
- ★ Avoid paying for drinks when a cheaper and healthier alternative is available
- ★ Ask for tap water if you're eating out; it's better for you and free.

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
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 also try to entice us to spend more by:

- Using the store layout to create a series of marketplaces such as the deli, fruit and veg, 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 - to evoke a feeling of freshness
 - Blue - which 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

★ 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.

REMEMBER

★ 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

★ Buy home brands

They cost less and are just as good as the expensive ones

★ 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

★ 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

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

Owning a car can put a drain on your budget. We do understand that in some areas it can be difficult to manage without a car, but if you do not need a car, one option is to sell your current car, or continue to live without one - you will be better off financially.

Want to buy a car or replace an existing car.

If you don't own a car and are thinking about purchasing one you need to take into account all the expenses involved in purchasing a car

- 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 car ownership is far greater than the weekly fuel bill, so quite often the cheapest car to run is the one you already have.

www.mynrma.com.au offers information on the cost of running a car.

Example costs are:

CAR	PETROL/WEEK	TOTAL OPERATING COSTS/WEEK
Toyota Yaris	\$24.43	\$101.40
Ford Focus	\$28.91	\$124.32
Holden Commodore	\$43.16	\$195.97
Kia Carnival	\$44.79	\$193.94

(Total operating costs includes registration, insurance, service and maintenance, depreciation and opportunity cost.)

Before you purchase or replace a car, go through the calculators on this website and do not go into a car yard without knowledge.

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 6 months because he could not 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.

Facts to consider when buying/replacing a car.

- The time to get rid of an old car is when it costs more to keep the car than what the car is actually worth
- If you cannot afford third party property insurance, you probably cannot afford the car
- We assume new cars are more reliable than used cars. However, according to Consumer Reports in the USA, cars less than one year old make as many trips to the mechanics as cars that are four or five years old
- 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 mechanical, 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

**DID YOU KNOW: We wear 1/3 of our clothes
85% of the time.**

To reduce your clothing expenses:

- Know how much you have to spend and stick to it
- Know that the fashion industry is built on constant change and fads
- Go to the sales when they're on
- Utilise op shops
- Buy cheap accessories for a cheap change.

If it is an unplanned purchase, 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?



Managing mobile phone bills is now an important part of managing your everyday living expenses.

- There are more than 25 million mobile phone sets in Australia
- Complaints to the Telecommunications Industry Ombudsman are increasing annually and most complaints relate to mobile phones regarding billing, faults and contracts.

Tips for managing your bills.

- Shop around, check out deals and be an informed consumer.
CHOICE (Australia's leading consumer advocacy group) regularly have articles on telecommunication products. www.choice.com.au
- If you want to be sure of your phone bill, stick to a prepaid plan
- Cap does not mean cap on a mobile phone. Once you go over the minimum charge i.e. the cap, you start paying enormous rates for usage
- Don't sign a contract that you do not understand
- Buy products that meet your needs and do not pay for services that you don't need
- Don't sign a contract for a friend and do not lend your phone to friends
- If you are experiencing problems and are unable to achieve a resolution with your provider consider contacting a financial counsellor www.fido.gov.au or the Telecommunications Industry Ombudsman
- Read and understand your phone's warranty, especially your guaranteed free statutory warranty. Keep all receipts and paperwork as proof of purchase
- Downloading one ringtone often subscribes you to further unwanted, and expensive ringtones. Check the terms and conditions to ensure it is just a one-off download.

(Some information obtained from NSW Government Department of Fair Trading)

ELECTRICITY

Electricity bills are currently rising all over Australia and there are more planned cost increases to come. We need to watch how much we use and spend to keep this expense manageable.

Current average consumption (as per Energy Australia NSW) is listed below:

Number in Household	\$ per year	\$ per quarter	\$ per fortnight
1	\$997	\$249	\$38
2	\$1289	\$322	\$49
3	\$1739	\$435	\$66
4	\$2196	\$549	\$84

What uses up the energy?

1. Hot Water 37%
2. Heating and cooling 22%
3. Lights 9%
4. Kitchen 9%
5. Fridge 7%
6. Stand By Power 6%
7. Entertainment 4%
8. Laundry 3%
9. Other 3%

★ 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.

REMEMBER

Tips for reducing energy consumption.

1. Have shorter showers
2. Heat and cool efficiently (Summer 23-26°C, Winter 18-21°C)
3. Switch off standby power and turn off appliances
4. Get rid of old second fridges or turn them off
5. Wash clothes in cold water
6. Use a clothesline or clothes horse, not a dryer
7. Use energy efficient lights
8. Install a triple star showerhead
9. Insulate your home
10. Choose high star appliances.

I cannot pay my electricity bill on time.

Call your supplier:

- 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.

CHRISTMAS

Keeping Christmas costs down.

Christmas is a time for celebration and enjoyment. It is a time when retailers work hard to increase our spending. Before you begin your Christmas shopping:

- Work out what you can afford to spend on each person
- Prepare a spending plan
- Try not to be tempted
- Consider non-material gifts such as baked goods.

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	_____
Decorations	_____
Total	_____

Other

Extras	_____
--------	-------

GRAND TOTAL

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!



Managing debt.

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
- Motor vehicles
- School fees
- Utilities
- Unpaid taxes.

We are also good at hiding our debt. However, it can have an impact on important aspects of our lives. Debt can affect:

- Relationships
- Health, stress and sleep
- Feelings of self worth.

Sometimes we are managing our debt and then experience 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.

At times, lenders may not have lent appropriately - we recommend you see a financial counsellor or seek legal advice if you believe this is the case.

Facts:

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

Time to get personal - A quick quiz.

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.

What can I do?

Step 1.

Write down a list of your assets and liabilities

ASSETS What you own	MARKET VALUE	LIABILITIES What you owe	BALANCE	FORTNIGHTLY PAYMENT
House & land		Mortgage/Home Lender		
Other Real Estate				
Motor Vehicle make & model		Car Loan		
Shares		Credit Card 1		
Super		Credit Card 2		
Other Assets		Credit Card 3		
		Utilities		
		Family & friends		
TOTAL ASSETS		TOTAL LIABILITIES	TOTAL BALANCE	

Step 2

Start communicating and ask for help:

- Contact a financial counsellor
- Seek independent legal advice
- Start talking with your financial institutions
- Request assistance with a repayment program with no or reduced interest.

Step 3

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

Step 4

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

Step 5

- Prepare a repayment program
- Identify if debts are secured or unsecured
- As a debt is repaid, roll the amount you were paying to the next most expensive debt.

MAKING YOUR CREDIT CARD WORK FOR YOU

Studies have shown that credit card users tend to spend more, so credit cards need to be used wisely.

Tips for managing your credit.

1. Have only one card. Extra credit cards mean extra fees, charges & opportunity to spend
2. Shop around for the best credit card deal. Consider 'interest free' days and the annual fees
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 that interest free deals and low interest credit offers are there to entice you to spend more and use more credit. If used properly they can be beneficial, but you need to exercise caution and discipline
6. Do not sign up for an account without understanding all the terms and conditions. Ask questions.

Credit card rules.

- Pay the balance in full every month
- Use only for planned and affordable purchases
- If you cannot pay the balance in full at the end of the month, stop using the card until the amount is repaid.

If you do not want to get into debt, but want the convenience of a credit card, consider using a debit card.

If you are having trouble managing your credit cards, please refer to the managing debt section.



Financial Counselling.

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

Financial Counselling can:

- Help relieve your stress
- Work out ways to improve your financial situation
- Assist in creating a workable budget
- Explain the debt recovery process, bankruptcy and other alternatives
- Negotiate with your creditors
- Provide referrals to other services (e.g. personal and gambling counselling, community assistance centres and community legal aid).

The Salvation Army
Moneycare

www.salvos.org.au
Ph: (02) 9266 9587

Australian Securities and
Investment Commission -
lists the financial counselling
association in each state

www.fido.gov.au

Find a financial counsellor
in your state

www.afccra.org.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

www.ato.gov.au
Ph: 132 865

Getting a copy of your credit file

Your credit file is a report on your credit history. The reports are currently used by creditors in their assessment of your loan application. Credit reports also contain personal information.

If you want to get a copy of your credit file, refer to the fact sheets at:

Consumer Credit Legal Centre NSW

www.cclcnsw.org.au

Australian Securities and
Investment Commission

www.fido.gov.au

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 \$1500 and repaid over 12 - 18 months. Once the loan is repaid, the money is lent out to other people in the community.

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

www.ato.gov.au
Ph: 132 865



Useful numbers.

Salvo Care Line
Sydney Metro

(02) 8736 3292

Brisbane Metro

(07) 3831 9016

Regional NSW
QLD and ACT

1300 36 36 22

Lifeline

13 11 14

Consumer Credit
Legal Centre NSW

www.cclcnsw.org.au

Legal Aid NSW

www.legalaid.nsw.gov.au

Legal Aid QLD

www.legalaid.qld.gov.au

Law Access

1300 888 529



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