

Saving Money

Worksheet

06



The best thing you can do to improve your financial future is spend less, save and invest more. Knowing where your money is going is important as it will enable you to identify areas you can save. Review the spending tracker that you completed in chapter 5 and identify where you can cut back and save. Make a commitment to yourself today by taking the first step and writing down the changes you will make to your current spending habits.

Saving

Est. Annual Savings

eg. Cut down from 5 purchased lunches per week to 2 and bring in left overs for lunch 3 times per week

\$1,600



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Saving	Est. Annual Savings
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If you are having trouble identifying savings, the suggestions below may help you out.

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Food, Groceries and eating

Food, Groceries and eating out can be a big part of your monthly expenditure. Try the following tips to cut back on the amount you spend on food:

- > Plan ahead and write a weekly menu – Doing one large shop rather than several small ones cuts down on impulse buys, takeaways and wastage
- > Make your own take away – by cooking double portions and freezing half. Casseroles, bolognaise sauce, curries, lasagne and soup all freeze well
- > Buy a coffee machine or use the coffee machine at your office – instead of buying coffees
- > If you have children – make school lunches at home rather than using the tuckshop

Avoid Unnecessary Fees

Avoid Unnecessary Fees and reduce your insurance and mortgage expenses with the following tips:

- > Review your current home loans annually with your mortgage broker and see if you can save money by changing banks, or even if there is something you can do to reduce your repayments with your existing lender. Products are changing all the time and banks reward new customers rather than loyal customers. Also, your situation changes over time. The most competitive loan option for you at the time you got your loan may not still be the most competitive option. As a mortgage broker, I get great joy in saving people money on their home loan by reducing their interest rate and fees. I generally find that there are significant savings to be found, especially for clients who have not reviewed their loan for more than 2-3 years.
- > If you have credit cards, car loans or personal debts on expensive interest rates, speak to your mortgage broker about whether you can consolidate these debts into a cheaper debt facility that will enable you to pay off the debts sooner and save money.
- > Cut up your credit cards. If you keep spending more than you should and your credit card balance keeps growing, then do yourself a favour and cut them up and replace them with VISA debit cards so you can only spend money you have, rather than money you don't have.
- > Review your home, car, health and personal insurance policies every year. The insurance premiums will keep creeping up every year if you do not do your homework and shop around each time they come up for renewal.
- > Pay your bills on time and avoid late fees – It is also a great way to keep your credit record clean. If you struggle with your bills, set up regular repayment amounts towards them to even out your cash flow
- > Monitor your bank balance to avoid paying overdrawn fees. Ensure the interest rate on your loans is correct and that you have not been charged for purchases you didn't make

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Reduce your bills

Make sure you are saving money around the house to reduce your bills

- > Switch off your heater, air-conditioner and lights in rooms you're not using
- > Turn off the heater and put on a jumper
- > Turn off your electrical appliances at the power point
- > Turn off the TV and computer when no one is using it
- > Use energy efficient light bulbs
- > Turn on the washing machine and the dishwasher only when they are full
- > Use grey water from your washing machine or shower to water your plants
- > Install a water-efficient shower head and have shorter showers
- > Wash clothes with cold water and dry clothes on the clothes line instead of in a dryer
- > Ask your neighbours, friends or family if you can borrow tools or gardening equipment, rather than buy new items
- > Review your electricity and gas options as well. Being on the wrong plan could be costing you.

Reduce spending on luxury items and entertainment

Reduce your spending on luxury items and entertainment with these useful tips:

- > Wash your own car and dog.
- > Do a stocktake of your wardrobe – you may be surprised how many clothes you already have and can update with new accessories rather than buying new outfits. If you want some new clothes, consider getting a few friends together who are around the same size and swapping clothes you no longer wear with something they no longer wear. This could help to reinvigorate your wardrobe without burning a hole in your pocket.
- > Sell pre-loved items on eBay or have a garage sale.
- > When buying in-store, using layby instead of credit helps prevent both impulse buys and expensive debt!



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- > When you see something you like, wait at least 24 hours before you decide to buy it. Then if you still want it and can justify the cost then at least you know it wasn't an impulse buy.
- > If you're buying clothes, check if you can wash them to avoid dry cleaning bills.
- > Check op-shops and local markets for bargains and to satisfy your retail therapy cravings.
- > Take the family on local weekend getaways rather than expensive overseas holidays.
- > Rent movies online and have in home movie nights instead of going to the cinema.
- > Give up smoking, and/or cut down on drinking coffee and alcohol. It may sound scary; whatever your vice, make a conscious effort to cut back. Healthy and wealthy – a double benefit!
- > Cancel your gym membership and walk or run to work instead. You could also get a group of friends together to start your own exercise group.
- > Make your lunch at home instead of buying take away or eating out.
- > Have people over for dinner rather than going out, and ask everyone to bring a plate of food.
- > When it comes to buying presents, planning ahead can save money on last minute gift purchases. It is also smart to set a limit for birthday and Christmas presents or give homemade gifts.
- > Start a coin jar! Throwing your silver and gold into a (non-opening) coin jar each day can build up very quickly.
- > Instead of buying books and magazines, use your local library. Books, eBooks, magazines and DVDs are all available for free. If you have children, a toy library membership is also a great idea as it will allow you to borrow games and toys that your children will love whilst you save money.
- > Just say no. Don't feel pressured by friends, kids or colleagues into spending money you don't have. It's okay to say "no" now and then! It is more important to live within your means.
- > If all else fails and you love impulse buying, calculate how many hours of work it takes to earn the purchase price of an unnecessary item you're considering. It's an easy way to sort the impulse buys from the real wants!

