

Financial Wellbeing Essentials – 5 Pillars of Financial Health

1. KNOW YOUR PURPOSE

Do you want to manage your money better?

If you answered 'yes' (and most of us do), then ask yourself "why is this important to me?"

Before embarking down the path of creating your ideal financial situation, it is important to understand what benefits you are going to receive from this process.

Understanding the benefit of improving your financial management, simply makes the whole process more interesting and enjoyable and it attaches a 'purpose to the process'.

What is YOUR reason for improving your financial position?

Practical
eg: more money, purchase things, pay off debt etc)

Emotional
eg: less stress, more productive, happier, freedom etc)

What is a SMART Goal?

- Specific
- Measurable
- Attainable
- Results
- Time Driven

Goal Number 1

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Goal Number 2

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2. KNOW YOUR NUMBERS

Create an Emergency Fund:

The ideal amount is 3 to 6 months of essential living expenses:

How much is this for you? \$

Create your Financial Position:

Write down everything you own and owe and your income and expenses.

Resource: www.moneysmart.gov.au

Do you want to have a budget? Yes No

Spending Leaks – What are your spending leaks?

Example: 5 x takeaway coffee/week = \$25.00 x 52 weeks = \$1300.00 per year.

- | | |
|---------|----------|
| 1. | \$ |
| 2. | \$ |

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3. KNOW THE SYSTEM

There are 3 important components of setting up a competent money system.

Your Budget:

The first is to create your budget. This is a list of all of your income and all of your expenses.

- Essentials: Food, fuel, medication, housing etc
- Extras: takeaway, alcohol, entertainment etc
- Endgame: savings, emergency fund, investments etc

Your Debts:

The next step is to create a list of all of your debts:

- Balance Owing
- Interest Rate
- Repayment Amount
- Final Repayment Date

Your Bank Accounts:

The final step is to set up your bank accounts:

- Bills Account
- Everyday Account
- Personal Account
- Savings Account

Resource:

<https://moneysmart.gov.au/budgeting/budget-planner>

4. KNOW YOUR FUTURE

Humans are creatures of habit and many of us follow the same path in life. This means that we often will have a similar financial journey as well.

When you know what is ahead of you, you can plan your financial milestones in advance.

There are 4 key things that we all should be thinking about when it comes to mapping out a stable financial path.

- ✓ Superannuation
- ✓ Investments
- ✓ Retirement
- ✓ Personal Insurance

5. KNOW YOURSELF

There are 3 money values: Security, Freedom and Prosperity.

To understand your money values, you need to determine what feelings are most important to you. For some people, money gives them a strong feeling of security and stability, other people have a feeling of freedom and choice while others are more prosperity focused. They will typically appreciate the finer things in life that money can buy.

There is no right or wrong money value and no one money value is better than another. They simply exist and should not be ignored.

Which Money Value are YOU?

SECURITY **FREEDOM**
PROSPERITY

"Your financial future is happening.

You are either an active participant or not

There is no opt out!"

Resources:

www.moneysmart.gov.au

www.energymadeeasy.gov.au

www.petroldiscount.com.au

Financial Scams:

<https://files.moneysmart.gov.au/media/3czjydos/scams.pdf>

<https://www.ausbanking.org.au/wp-content/uploads/2020/04/ABA-Scam-Fact-Sheet-PDF-use-online-or-printout.pdf>

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Your Financial Health

Rate yourself on a scale between 1 and 10?

1. Goals Do you have a written plan for your financial future?

1 'I tend to avoid the topic as much as I can'
..... 10 'I have a written plan that I follow and revise often'

2. Commitment How committed are you to working on your finances?

1 'I try not to think about it & just hope that it will all work out'
..... 10 'I know what I have to do & am committed to making it work'

3. Control How much control do you have over your money?

1 'I'm completely out of control, my money controls me'
..... 10 'I feel completely in control'

4. Budgeting How do you rate your budgeting?

1 'I am not good with money ... I just don't know where it all goes'
..... 10 'I have a good handle on my money & have a budget'

5. Stress How much stress & anxiety is associated with your money?

1 'I am very stressed!'
..... 10 'I am very comfortable with my finances'

6. Debts How do you feel about the debts you have?

1 'My debts are out of control and I am not sure what to do'
..... 10 'I only have debts for things that are making me money (ie: income producing assets)'

7. Investments Where are you at with your investments?

1 'I don't have any investments'
..... 10 'I have enough investments to generate a passive income to replace my work'

8. My Future How do I you feel about your financial future?

1 'I really need to make some changes today and sort my money out'
..... 10 'I am certain that I am on track & have everything covered'

What is one thing you can do this week to start the change?
