Your Financial Health

Focusing on your financial wellbeing.

Commonwealth Bank

Workbook

Contents

Things you should know

This information is intended to provide general information of an educational nature only. It does not have regard to the financial situation or needs of any reader and must not be relied upon as financial product advice. You should consider seeking financial advice before making any decision based on this information. References to material from external providers are provided for your convenience only and inclusion does not represent an endorsement of the external providers. Information is current as at April 2019 but is subject to change.

Introduction

Welcome to *Your Financial Health*. This workbook has been developed as part of our ongoing commitment to supporting the vitally important work undertaken by Not-for-Profit organisations and community groups across Australia.

Whether you are working full-time, part-time or receiving Government support payments such as Jobseeker, a Disability Allowance or the Aged Pension, it is important to take a moment to focus on your finances and see how you are tracking towards improving your overall financial wellbeing.

On the following pages, you will find simple steps and tools aimed at helping you build your confidence when it comes to managing your money. To get the most from the workbook, I would encourage you to schedule time to work through the content that is relevant to you.

Taking control of your finances means taking the time to look after you. This workbook hopefully provides the prompt to give yourself time to take the positive steps of working towards improving your financial wellbeing.

I hope this workbook helps with bringing your financial goals, no matter how big or small, to life.

Best regards

JPrice

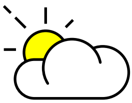
Julienne Price
Head of Schools and Not-for-Profit Sector Banking
Commonwealth Bank of Australia

What is financial wellbeing?

Financial wellbeing is defined as the extent to which people have and perceive themselves to have:

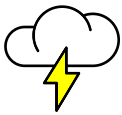
- Financial outcomes in which they meet their financial obligations
- Financial freedom to make choices that allow them to enjoy life
- Control of their finances
- Financial security now, in the future and under possible adverse circumstances.[1]

At CommBank we think of financial wellbeing in terms of:



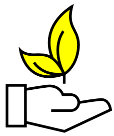
Every Day finances

Managing your day-to-day finances



Rainy Day finances

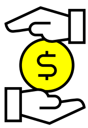
Being prepared for the unexpected



One Day finances

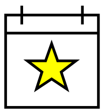
Making your One Day goals a reality

We also recognise that debt and life events impact how you manage your money:



Debt

Managing your ‘good’ and ‘bad’ debt



Life events

Preparing financially for common life events

How to use this workbook

This workbook provides simple steps and tools to help build your confidence when it comes to managing your money now and in the future.

The table below outlines a suggested pace to follow to complete this workbook. Of course if this timeframe doesn't work for you then choose a pace that suits you (or if you prefer to dip in and out of the content).

Week	Focus	Outcome	Target start date
1 - 3	Every Day finances	Understand how your daily spending decisions impact your 'Every Day' finances.	/ /
4 - 6	Rainy Day finances	Feel more prepared financially to deal with unexpected 'Rainy Day' events.	/ /
7 - 9	One Day finances	Learn how to create well-defined 'One Day' goals and a plan to achieve them.	/ /
10 - 12	Debt	Feel more equipped to get or keep any debt you have under control.	/ /
	Life events	Feel more prepared to manage your finances well during common life events.	/ /

Helpful Hints

Remember what's worked for someone else may not work for you. You might like to reach out to a partner, friend or colleague you trust and are comfortable with, and get them to work through this financial wellbeing guide with you.

Every Day finances

It's not often you take the time to really look at how your every day choices impact your financial wellbeing. So this is a great opportunity to get started.

Every Day finances are about how you manage your day-to-day expenses like mortgage or rent and bills and groceries. They're also about your habits and daily choices when it comes to managing your spending and income.

The small choices you make every day can have a huge impact on your finances now and in the future.

Overview

In this section you will:

- Start by reflecting on your current Every Day finances
- Track your Every Day spending
- Estimate and plan for irregular expenses
- Discover more about balancing your expenses and income
- End by completing a checklist to track your progress

Meet Kim

"I knew my Every Day finances were sorted when I could confidently make plans for weekend activities in the 'off' week of the pay cycle. Once I had a budget for expenses and managed my daily spending decisions with more care, I didn't need to wait until Saturday morning to confirm my weekend plans.

The bonus was, I stopped having that sinking feeling in my gut every time I walked up to an ATM. Because I knew exactly how much money I had and didn't need to fret about checking the balance first."

Fictional characters in this workbook, like Kim, appear to illustrate scenarios based on real stories – their quotations are illustrative only.

Are your Every Day finances sorted?

Tick this checklist where you can answer 'yes', then answer the questions.

- [ ] I can make ends meet from pay day to pay day
- [ ] I know where my money goes on a day-to-day basis
- [ ] I have a plan for irregular or infrequent expenses
- [ ] I am comfortable with my spending relative to my income

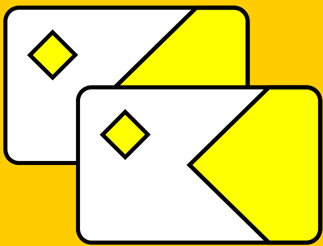
Reflection

1. How many of the boxes did you tick? ______________________

2. Of any unticked boxes, which do you want to focus on most and why?

3. How might you feel differently if you could tick more boxes?

Insight to action:
Keeping track of spending



Insight

Research suggests when we lose track of our behaviour it can be harder to exert self-control over it, whereas focusing on the behaviour increases control. For example, in an experiment dieters who were given lollies ate much less if their attention was drawn to how much they were eating (e.g. by making the wrappers visible).[2,3]

So what? Monitoring your expenses may make impulse or non-essential spending less likely – for example focus on your coffee spend and you could save over $1,200 in a single year by cutting out one daily coffee!

Actions you can take!

Tick off the actions that could help you keep track of your spending:

- [ ] For a better idea of where your money goes, use transaction notifications. If you're a CommBank customer you can use Spend Tracker in the CommBank App. Or download ASIC's MoneySmart TrackMySPEND app to get a clearer picture of your spending habits.
- [ ] If you're not big on apps, ask for receipts and add them up so you stay close to your spending.
- [ ] Review your bank account and credit card transactions so you've got an idea of where your money is going.

Activity 1:
Estimate and track your spending

This activity will give you a clearer picture of your discretionary spending. If you jointly manage your finances complete this together.

This activity focuses on your discretionary spending as opposed to committed or fixed expenses like rent, mortgage or bills.

1. In the 'Estimated' column list the things you can remember spending money on in the last two weeks.
2. Then complete the 'Actual' column. To help you, log in to your online banking, or get copies of your transaction history.

Fortnightly discretionary spend

Expenses (last 2 weeks)	**Estimated**	**Actual**
Essentials		
Groceries	$	$
Fuel	$	$
Public transport	$	$
Other:	$	$
Lifestyle		
Coffee and other beverages	$	$
Eating out	$	$
Taxis and Uber	$	$
Entertainment	$	$
Clothing and footwear	$	$
Other:	$	$
TOTAL	$ **0.00**	$ **0.00**

Look at the differences between your estimated and actual spending. Then answer these questions to consider where you can make changes to better manage your every day spending.

Were there any surprises? ______________________________

How comfortable are you with your current spending patterns?

What are the top 3-5 expenses you could spend less on?

1 ______________________________

2 ______________________________

3 ______________________________

4 ______________________________

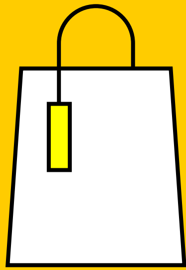
5 ______________________________

Reflect on what, if anything, you might like to change, and make a note of it.

Action: A budget can help you make better choices so you spend your money on what matters most to you, while keeping money aside for savings and other goals. Find a budgeting tool or app that works for you.

A good place to start is the Budget Planner on the CommBank website (**commbank.com.au/digital/calculators/budget-planner-calculator**) or the one on ASIC's MoneySmart website (**moneysmart.gov.au/budgeting/budget-planner**)

Insight to action: Avoiding impulse spending



Insight

Research shows that people with higher self-control are better savers and have higher financial wellbeing.[4, 5, 6] Greater self-control means you're better equipped to resist impulse spending, shop wisely and save more!

Actions you can take!

Tick off the actions that could help you stop impulse spending hurting your saving:

- ☐ Make a list of what you really need before you go shopping and only buy items on the list.
- ☐ Avoid mindlessly browsing online shopping sites and brands on social media so you're not tempted to buy non-essentials.
- ☐ Unsubscribe from email mailing lists from companies that tempt you with offers to spend impulsively.
- ☐ Decide how much you want to spend before hitting the shops – take that amount with you as cash and leave your card at home.
- ☐ Consider turning on 'Lock, Block, Limit' type functions to help you control your card spending (for more information see page 51).

Helpful Hints

Have your wages paid into three separate accounts: Spending, Bills and Savings.

Bring your lunch to work and make your own coffee and tea.

Only have your 'spending' allowance in your accessible account.

Activity 2:
Irregular and infrequent expenses

This activity will help you to plan for expenses that occur irregularly or infrequently. Think about expenses that have cropped up in the last 12 months for the items below. This will help you estimate what you might expect in the next 12 months.

Complete the activity and be sure to:

- Round up the amounts so you're less likely to be caught out by price increases.
- Factor in things like birthdays and Christmas – you don't want to go into debt because you didn't plan ahead.
- Convert your total annual expenses into an equivalent fortnightly expense, by dividing the total amount by 26 (fortnights in a year).

Expenses (last 12 months)	**Cost**
Appliances or home repairs	$
Tax bill	$
Car registration	$
School fees	$
Strata fees and/or council rates	$
Medical check(s)	$
Family birthdays	$
Annual events (e.g. Christmas)	$
Other:	$
Other:	$
TOTAL over 12 months	$ **0.00**
TOTAL per pay cycle* (*Divide by 52 for weekly, 26 for fortnightly, or 12 for monthly.)	$ **0.00**

Action: When you get paid or receive your support payment, put at least the 'Total per pay cycle' amount into an account that's separate from your every day spending account (in addition to what you transfer or set aside for regular or fixed expenses).

Every Day finances:
checklist

Tick the areas that you have made progress towards or even achieved:

- [ ] I can make ends meet from pay day to pay day
- [ ] I know where my money goes on a day-to-day basis
- [ ] I have a plan for irregular and infrequent expenses
- [ ] I am comfortable with my spending relative to my income

Reflection

1. What was the most important thing you learned?

2. What do you currently do well in your Every Day finances?

3. What is the first thing you will do differently to help get your Every Day finances sorted?

4. By what date will you do this? ____/____/______

5. Who, if anyone, do you need to talk to or have with you to take this action?

Take the next step

Here are some possible actions to get the ball rolling:

- Find a budgeting tool or app that works for you. A good place to start is the Budget Planner on the CommBank website (**commbank.com.au/digital/calculators/budget-planner-calculator**) or the one on ASIC's MoneySmart website (**moneysmart.gov.au/budgeting/budget-planner**)
- Switch on transaction notifications for your debit and credit cards*. If you bank with CommBank you could search 'Transaction Notifications' on **commbank.com.au** or use the Spend Tracker in the CommBank app to get an idea of what you are spending.
- If most of your banking isn't with CommBank, consider ASIC's free MoneySmart TrackMySPEND app to see where your money goes: **moneysmart.gov.au/tools-and-resources/calculators-and-apps/mobile-apps/trackmyspend**
- Are you experiencing financial difficulty? Financial counsellors provide free, independent and confidential information and support. They help people to understand which debts are priorities, to develop budgets, access grants or concessions, negotiate with creditors, understand their rights, access legal help and more. All Australians can speak with a financial counsellor through the National Debt Helpline on **1800 007 007** or visit the NDH's Live Chat at **ndh.org.au**). For more about financial counselling visit: **financialcounsellingaustralia.org.au**

Relationships and money

If going through the Every Day activities with your partner has been interesting or even challenging, then read more about relationships and money at:

MoneySmart:
moneysmart.gov.au/life-events-and-you/families/relationships-and-money

Women Talk Money:
womentalkmoney.org.au/talking-about-money/

If you're working and your employer banks with CommBank, you may be able to access workplace banking services, chat with your HR team or manager to find out.

* Some restrictions apply for accounts with additional cardholders.

Rainy Day finances

We all know things can go wrong, but we don't often expect them to go wrong for us.

As a result we are often not well prepared when the unexpected does happen. And, while we can't know what the future holds we can be better prepared for it.

Being ready for a rainy day means having something to fall back on when we're faced with unanticipated expenses. It makes us more financially resilient.

Overview

In this section you will:

- Start by reflecting on your current Rainy Day finances
- Identify your level of financial resilience
- Work towards having a buffer of money for a Rainy Day
- Learn more about insuring the things you can't afford to lose
- End by completing a checklist to track your progress

Meet Jay

"Budgeting for my Every Day needs and wants was something I practiced and was quite good at. I was able to make ends meet, plus squirrel away a little bit of money towards the next holiday or Christmas gifts. But I often found myself having to dip into those longer-term savings for things I hadn't thought of, like an expensive car service.

That's why I decided to open a separate Rainy Day savings fund. It meant I could make sure I separated my long-term savings from the buffer I could use in a pinch. It was one of the best decisions I've made."

Are your Rainy Day finances sorted?

Tick this checklist where you can answer 'yes', then answer the questions.

- [ ] I have a Rainy Day savings account open
- [ ] I have a Rainy Day fund with $2,000 in it
- [ ] I have a Rainy Day fund with three months' income in it
- [ ] I have insurance for all the things I can't afford to lose

Reflection

1. How many of the boxes did you tick? ______________

2. How might you feel differently if you could tick more boxes?

3. What would currently happen if you experienced a large unexpected expense, such as a $2,000 car repair bill or a big medical expense?

Activity 3:
Forecasting unexpected expenses

Unexpected situations can be costly and stressful and can throw our finances into disarray. Use this activity to help you 'expect the unexpected' - consider if you're prepared by ticking the boxes below.

Remember, just because you haven't experienced an expense in the last year that doesn't mean you won't in the future.

Unexpected Expenses	Have I had this expense in the previous 12 months?	Could I have this expense in the future?
Car bill	☐	☐
Vet bill	☐	☐
Dental work	☐	☐
Home maintenance/repairs	☐	☐
A wedding	☐	☐
Fines (e.g. parking)	☐	☐
Legal costs	☐	☐
Major appliance	☐	☐
Family emergency	☐	☐
Medical bills	☐	☐
Other:	☐	☐

Action: Being prepared can make all the difference. One of the best ways to be prepared is to have a separate Rainy Day account where you keep a savings buffer - it's money you can use for unplanned or unexpected expenses. If you don't already have one open a Rainy Day account.

Activity 4:
Build a savings buffer

While we know it's good to have a Rainy Day fund, we're not always good at taking steps to make it happen. This activity takes you through some steps to make your intention a reality.

1. Open a Rainy Day account by this date: ____/____/______

2. Make an opening deposit in the account by this date: ____/____/______

   How much did you or will you deposit? $ ________________

3. What is your goal balance for your Rainy Day fund? $ ____________________

   (see tip below)

4. How much can you regularly contribute to your account?

   $ ____________ / pay cycle (weekly/fortnightly/monthly)

5. How many pay cycles will it take you to reach your goal? __________________

   (divide goal balance by pay cycle savings amount)

6. Set up an auto-transfer from your pay account into your Rainy Day account by

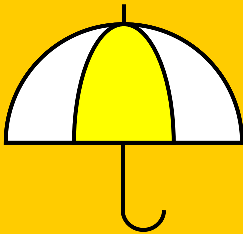
   this date: ____/____/______

7. Write down how you'll feel when you reach your Rainy Day goal balance:

   ____

Tip: A good rule of thumb is to build a savings buffer of three months' worth of income. If this is too challenging, start by building towards a $2,000 buffer.

Insight to action: Preparing for the unexpected



Insight

Research shows we often underestimate the risk of unfortunate events happening to us, and overestimate the chance of fortunate ones. Like the lotto where we can think we have more chance of hitting the jackpot than we really do. This is called 'optimism bias'.[7,8,9]

So what? We can fail to anticipate costly surprises, like a medical emergency, a speeding fine or our old appliances breaking down! Be prepared for the unexpected by having an emergency fund that can act as a buffer in the case of things like a medical bill or a fine.

Actions you can take!

Tick off the actions that could help you be better prepared for unexpected events:

- [ ] Think about what's happened to you over the last 12 months and jot down the expenses you didn't expect (see Activity 3).
- [ ] Assume unexpected events will happen and have a realistic plan – that includes relevant insurance and a savings buffer.
- [ ] Open a Rainy Day account, set a goal balance and put in place a plan to achieve it (see Activity 4).

Activity 5:
Insurance policies – questions to ask

We can keep paying for insurance whether or not it continues to be suitable, especially because policies often auto-renew. By not reviewing insurance regularly, we also run the risk of paying more than we need to, because we don't take time to shop around to see if we can get a better deal on an equivalent policy. So it's important to review your insurances regularly or when your circumstances change.

Once you are clear on your insurance needs it's a good idea to shop around before deciding on a particular product or before renewing a policy.

This activity gives you key questions to ask, and have satisfactorily answered, before committing to a new insurance policy.

1. What am I covered for?
2. What are the exclusions?
3. Are there any conditions that need to be met for the insurance to be valid?
4. What are the limits or restrictions on how much I can claim?
5. Are there any waiting periods?
6. Is there an excess amount to be paid by me if I make a claim? How much is it?
7. What is the cost of the insurance premium? Can it be paid monthly?
8. Will the policy auto-renew? If so create a calendar reminder before renewal.

Much of this information will be included in the product disclosure statement (PDS) that providers are required to give you. Only commit if you are satisfied with the answers and feel the product will meet your needs.

Activity 6:
Thinking through insurance

Insurance protects the things we can’t afford to lose – like our health, home or income. So it’s crucial to have the right type and cover of insurance for your personal circumstances. Deciding what to insure and for how much can be tricky – and the decision can be affected by financial, social and emotional factors.

This activity provides a framework for thinking through what common types of insurance you might need.

Go through each type of insurance and answer the following questions:

1. What is the item worth?
2. Can I afford to lose the item or cover the cost incurred with existing savings?
3. Are the costs associated with losing this item financially tolerable?

While this activity is not exhaustive or relevant to everyone, it’s a starting point for thinking about insurance. Get advice from an expert if you are unsure how to proceed.

Tip: The main thing to remember is if you can’t afford to lose something, you should consider insuring it.

Activity 6:
Thinking through insurance

Home Insurance

Insurance type	Considerations	Key questions
Home/Building		
Covers the cost of rebuilding or repairing your home and protects against things that are out of your control, like floods or fires.	• Is your home in a risky area? e.g. one prone to storms or flooding. • If you live in a unit typically your strata levies include building insurance.	What is it worth: What could major repairs or a rebuild cost? $ ____________ Could you cover this cost from existing savings? ☐ Yes / No ☐
Contents		
Covers personal possessions in your home if they are damaged or lost, e.g. clothes, electronics, jewellery. Homeowners can combine building and contents insurance into one policy with the same insurer.	• When thinking about how much cover you need, go room by room and list your belongings and work out what it would cost to replace them. Then consider what proportion of this cost you want to cover with insurance. • If you rent, your belongings will only be insured if you take out contents insurance.	What is it worth: What is the total value of your possessions? $____________ Could you cover this cost from existing savings? ☐ Yes / No ☐

Next Steps – Home Insurance

1. If you don't have insurance shop around for a policy and level of cover that suits you.
2. If you do have a policy in place review what it covers in relation to your personal circumstances.
3. Visit **understandinsurance.com.au** for calculators to help work out the cost of rebuilding your home and the value of your possessions.
4. Speak to your insurer or a financial adviser for further guidance.

Car Insurance

Insurance type	Considerations	Key questions
Compulsory third party (CTP)		
This insurance, also called 'green slip', is mandatory if you own a car. It covers death and injury to others if you're involved in an accident.	• You'll usually have to show evidence you have purchased CTP insurance before you can register a vehicle. • Contact your state or territory traffic or transport authority for their specific rules on CTP.	When do you next need to renew your CTP? Date: ____/____/____ How much will it cost? $____________
Comprehensive		
A type of third-party insurance that covers damage to your own car and other people's property if your car is in an accident.	• Consider the value of your car and whether it's an essential mode of transport – for example could you get to and from work without it.	What is it worth: What could major repairs or a new car cost? $____________ Could you cover this cost from existing savings? ☐ Yes / No ☐

Next Steps – Car Insurance

1. One month before your car registration is due start shopping around for the best deal on your CTP.
2. If you don't have comprehensive insurance shop around for a policy and level of cover that suits you.
3. If you do have a comprehensive policy in place review what it covers in relation to your personal circumstances.

Activity 6:
Thinking through insurance

Life Insurance

Insurance type	Considerations	Key questions
Income protection This insurance, also called 'salary continuance', provides you with ongoing income if permanent or temporary illness or disability means you're unable to work. It's designed to replace your regular income so you can manage household expenses without worry. **Life cover, Total & permanent disability cover (TPD) and Trauma cover** These are other types of life insurance that can support you financially in the event of death, major illness or permanent disability.	• How much money would your family have if you were to die, become disabled or suffer a major illness? Include superannuation, shares, savings and existing insurance policies. • Would this be enough to cover household expenses? Consider any mortgage and any other debts, as well as childcare, bills and other costs. • Make sure you understand exactly what cover you have or would like, for example: – Each policy has its own definitions (e.g. of disability) and benefits. – A waiting period will apply before you can make a claim. – Premiums may be stepped – meaning they increase with age. – Government benefits or workers' compensation may be available if you get injured (subject to income protection claims).	What is it worth: How much are your household weekly essential expenses? $ ____________ Could you cover this cost from existing savings? ☐ Yes / No ☐ What are your paid leave balances (including sick leave)? This can influence what time period you want cover for. Days ____________

Next Steps – Life Insurance
1. If you're working, check to see if your employer provides you with Income Protection Insurance. 2. Check whether you have life insurance as part of your superannuation account and make sure you're not paying for multiple policies. 3. If you do have any life insurance policies in place review what they cover in relation to your personal circumstances. 4. Speak to your super fund, insurer or a financial adviser for further guidance.

Health Insurance

Insurance type	Considerations	Key questions
Private health insurance		
There are two types: • **Hospital policies** – cover hospital admissions; and • **Extras policies** – cover ancillary treatment (e.g. dental and optical). Most health funds offer combined 'hospital & extras' policies, or choose separate policies if you prefer to 'mix and match'.	When comparing policies check: • Exclusions and inclusions, since private health cover often excludes claims that relate to pre-existing conditions and specific procedures. • Restrictions on how much you can claim each year or over a lifetime for some services. • Any waiting periods that apply. • Whether the provider has 'couple' or 'family' policies that could offer good value for your whole household.	What is it worth: What could a health treatment or medical emergency cost? $ ____________ Could you cover this cost from existing savings? ☐ Yes / No ☐

Next Steps – Health Insurance

1. Before taking out private health insurance start by comparing available policies on the Australian Government's Private Health website: privatehealth.gov.au
2. If you have a policy in place review what it covers in relation to your personal circumstances.

Activity 6 sources - see index 10, 11 and 12

Action: You may have insurance needs not covered in this activity – for example travel and/or pet insurance. For detailed information covering other types of insurance visit moneysmart.gov.au and/or compareinsurance.com.au

Rainy Day finances: checklist

Tick the areas that you have made progress towards or even achieved:

- [ ] I have a Rainy Day savings account open
- [ ] I have a Rainy Day fund with $2,000 in it
- [ ] I have a Rainy Day fund with three months' income in it
- [ ] I have insurance for the things I can't afford to lose

Reflection

1. What was the most important thing you learned?

2. What do you currently do well in your Rainy Day finances?

3. What is the first thing you will do differently to help get your Rainy Day finances sorted?

4. By what date will you do this? ____/____/______

5. Who, if anyone, do you need to talk to or have with you to take this action?

Take the next step

Here are some possible actions to get the ball rolling:

- Open a Rainy Day account. Consider an online savings account with no account keeping fees. Make your first deposit.
- Create a savings plan to regularly funnel money into your savings account for a rainy day (see Activity 4).
- Set up an auto-transfer to your Rainy Day account from your transaction account – it's an easy way to put your plan into action.
- Think through your potential insurance needs (see Activity 6) and seek help if you need further guidance or advice.
- Visit the insurance section of ASIC's MoneySmart website for information on what to look for in insurance products so you can find the right policy for your circumstances: **moneysmart.gov.au/insurance**
- Are you experiencing financial difficulty? Financial counsellors provide free, independent and confidential information and support. They help people to understand which debts are priorities, to develop budgets, access grants or concessions, negotiate with creditors, understand their rights, access legal help and more.

  All Australians can speak with a financial counsellor through the National Debt Helpline on **1800 007 007**, or visit the NDH's Live Chat at **ndh.org.au**

  For more about financial counselling visit:
  financialcounsellingaustralia.org.au

One Day finances

Without a plan to bring them to life, your financial goals may remain just that – goals.

Taking care of your One Day finances is about managing money in a way that sustains your wellbeing over time and helps you achieve medium and long-term goals.

Two important steps are articulating your medium and long-term goals, then creating a plan to achieve them.

Overview:

In this section you will:

- Start by reflecting on your current One Day finances
- Find out about setting specific and well-defined one day goals
- Learn how to create a plan to help you reach your goals
- Review steps you can take to sort out your superannuation
- End by completing a checklist to track your progress

Meet Mei

"I never thought I'd ever own my own place. I kept seeing prices go up faster than my income, and properties in areas I wanted to live were selling for more and more. It all seemed so out of reach. But that was before I had a plan.

Once I paid off my credit card and personal loan, that freed up about 10% of my fortnightly salary – 10% that I was then able to save. It took a few years and a lot of commitment, but I saved a deposit for a unit. It became a matter of 'when', not 'if', and it was the best feeling ever to buy my own place."

Are your One Day finances sorted?

Tick this checklist where you can answer 'yes', then answer the questions.

- [ ] I have medium-term (two to five years) and long-term financial goals
- [ ] I have a plan for saving money towards my goals
- [ ] I have taken steps to sort out my super
- [ ] I feel on track to have the retirement I want

Reflection

1. How many of the boxes did you tick? ________________

2. When was the last time you set yourself a medium or long-term financial goal and achieved it?

What made it successful?

How did that feel?

3. What medium or long-term goals are you currently working towards? It's okay if you don't have any right now – you will soon.

4. If you've never set a financial goal why could this be?

Insight to action: Thinking about your ‘future’ you

Insight

Our ‘present self’ choices can conflict with our future self’s best interests – because we tend to weight benefits available now higher than future benefits (those we need to wait for). For example when people can choose to receive an extra $5 if they wait one extra month they tend to respond differently when the benefit is available today:

- **‘Receive $10 after 6 months or $15 after 7 months’** – when both points in time are in the future many people choose to wait for more money later.
- **‘Receive $10 today or $15 in one month’** – when the benefit is moved to the present many people reverse their choice and take the smaller sum of $10 now!

This is called ‘present bias’.

So what? Often we need future payoffs or benefits to be large for us to be willing to sacrifice something in the present. But this short-term perspective can catch up with us. After all, we will eventually become our future self and will have to live with the decisions our past self made!

Actions you can take!

Tick off the actions that could help you overcome present bias and see eye to eye with your future self:

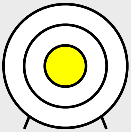
- [ ] Imagine your future in vivid detail. Write a letter to your older self – this can improve your empathy with your future self.
- [ ] Start making choices today that support your long-term goals by restricting some tempting options - like asking your credit card provider to reduce your credit limit.

Sources - see index 13, 14 and 15

Financial goal setting

Goals and dreams are not the same thing.

A goal is more than a statement like *"I want <insert dream here>"*.
Instead, it's specific and well-defined such that you could tell someone exactly:



- **What you want,**
- **Why you want it,**
- **When you want it, and**
- **How you'll get it.**

A few things to consider about goals:

- It's likely you'll have more than one financial (or other) goal. So you'll need to think about prioritising your goals. Having too many goals may not be especially achievable, so consider focusing on two or three.
- If you have a really big goal, break it down into smaller chunks and reward yourself when you reach each milestone. This will make it easier to see and feel your progress.
- **Remember the big picture:** For instance, there may be no benefit to deposit $100 per fortnight into a long-term savings account if you then start falling behind on bills.

Tip: Time spent planning your goals pays off, simply because you're much more likely to achieve them.

Sources - see index 16 and 17

Activity 7: Dream big

Use the space here to write down your financial goals. Think about your:

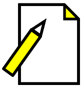
Medium-term goals – to be achieved in the next two to five years.

Long-term goals – to be achieved beyond five years from now.

Retirement goals – your goals for life in retirement.

It will be useful to look back on this as you work through the coming pages.

Activity 8:
Setting your goal and savings target



Use this activity to create a well-defined goal and then to determine how much you need to save each pay cycle to reach your goal.

1 What is it? ______________________________

2 Why do you want it?

3 When do you want it by? ____/____/____ (time period)

4 How many pay cycles are there between now and then? ____________

5 How much will it cost? $ ____________ (goal value)

6 Divide the cost by the number of pay cycles to determine the regular savings amount you need to put away:

$ 0.00	÷	0	=	$ ____________
Goal value		Pay cycles		Regular savings amount

7 Is this regular savings amount realistic?

- If **yes** then move on to complete Activity 9.
- If **no** then change the time period, the value or the goal until you get a 'yes'.

Activity 9:
Achieving your goal

This activity gives you three simple steps you can take to help you reach your One Day goals.

1. Name your 'One Day' account

- Putting your money in a named account reminds you of your goal and why you're saving hard every time you see it. Depositing into a 'new car' account, for example, means you'll be more likely to use this money for its intended purpose.
- If you're tempted to withdraw money from this named account for some other purpose, you'll probably feel like you're stealing from your (future) self! After all, this money is for a very specific thing you want.

Action: Choose a name for your One Day account(s). ☐

2. Automate a savings transfer

- Set up an automated transfer for the regular savings amount you calculated on page 34. That money will go straight from your transaction account into a separate savings account, putting a barrier between you and your 'One Day' savings.
- Automating your transfers make make it easier to save – there's no need to rely on your good intentions or memory.

Action: Set up an automated transfer. ☐

3. Check your savings progress

- At least once a year take stock of your financial situation and your progress towards your financial goals. Life does not always unfold as we expect it to, so it's useful to check in regularly and adjust your savings plan if necessary.

Action: Set a future calendar reminder to check your progress. ☐

Insight to action: Sticking to your budget

Insight

Ever been on a diet and stumbled when presented with an opportunity to cheat? Maybe you ate a few chocolates and thought, 'well, I've broken my diet now, I might as well eat whatever I want'. The same can happen with money. You break your budget by a small amount then think 'what the hell, I've missed my budget so I might as well spend as much as I want!'

So what? Research shows that 'all or nothing' goals can lead to this kind of counter-productive response. We need realistic goals if we're going to stick to them. [18, 19, 20]

Actions you can take!

Tick off the actions that could help you avoid this kind of 'what the hell' thinking:

- [ ] Be kind to yourself – remember that one slip today is only one slip today – not a failure, nor a reason to go crazy!
- [ ] Keep your budgets and financial goals achievable so you're less likely to go off track. Unrealistic goals really can be demotivating.
- [ ] Use a goal tracking tool, like Goal Tracker in the CommBank app, to help you set and reach your goals.

Helpful Hints

Save your $2 coins in a 750ml soft-drink bottle. When it's full you'll have about $1,000.

Decoding superannuation

Many of us will spend about a quarter of our life in retirement. This means decisions we make about our superannuation during our working life could have a long-term impact. For instance, an extra $10 a week added to your super from your mid-30s could add many thousands to your retirement balance. **So, it's worth getting to know your super – after all it's your money and it's up to you to take control of it!**

Generally, if an employer pays an employee $450 or more before tax in a calendar month, they have to pay the superannuation guarantee on top of wages. It's paid directly into super accounts and is currently 9.5% of ordinary earnings. Visit ato.gov.au for more information.

How much super do I really need?

The Association of Superannuation Funds of Australia (ASFA) provides independent resources that can help you make sense of your super. For example this table provides a rough idea of how much income you'll need in retirement across different scenarios. This information is updated frequently - for the latest version visit: superguru.com.au/retiring/how-much-super-will-i-need

	Comfortable lifestyle	Modest lifestyle	Age pension
Single	$43,687 a year	$27,902 a year	$21,222 a year^
Couple	$61,909 a year	$40,380 a year	$31,995 a year^

Figures from June quarter 2020.

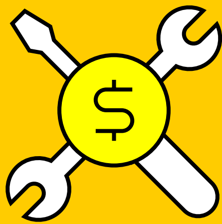
^ Base rate before payment of supplements.

Is that enough?

The amounts above may not align with your needs and future goals. Also because these amounts are per year you'll need to think about how many years you're likely to be in retirement for. If you're not confident about the way you've got your super working for you, talk to your super fund or a qualified financial planner or adviser.

Tip: The bottom line is that the more super you have, the more choices you'll have in retirement.

Insight to action: Getting your super in shape



Insight

When it comes to decision making we are often swayed to take the default option – the one we get if we don't choose otherwise.[21] Like 'standard' parcel delivery if we don't actively ask for 'next day' delivery.

Australia's compulsory superannuation system, where our employer automatically contributes a fixed amount, means employees are not forced to make choices about how much to invest for retirement. In this regard our super system can be considered as like a default setting for retirement savings.

So what? As long as we are employed and receiving super our retirement savings are automatically building. But this means it can be easy not to think about how much super we really need for retirement and what active choices we can make to get there.

But we can, and often should, take more action. Because infrequent, or even one-off, changes to our super can have a big impact over time.

Actions you can take!

Tick off the actions that could help you get your super into good shape:

- ☐ Complete the 'super checklist' activity on page 39 – to feel more in control of your retirement savings.
- ☐ Go to <u>**my.gov.au**</u>, create an account (if you don't already have one), and then you can consolidate your super online.
- ☐ Contact your super fund for support.

Activity 10:
Superannuation checklist

This activity gives you five steps to take more control of your super. Even if you do nothing else, work through this checklist to help get your super in shape.

- [ ] **Understand strategies to increase your retirement savings.** These include making salary sacrifice (pre-tax) contributions and post-tax contributions. Visit superguru.com.au for more information or seek professional advice. And speak to your employer to see if you can self-service salary sacrifice nominations into your super from your base pay.

- [ ] **Combine multiple accounts.** This might help you save on fees and make it easier to manage your super. (Before you decide to consolidate your super you should compare the costs, fees, risks and benefits of all your super funds. And consider whether you need any insurance you may lose, potential costs for withdrawing from any super funds and any investment or tax implications.)

- [ ] **Review your insurances.** Check your super statements to see what insurance you might be paying for, and make sure you are not paying for multiple policies.

- [ ] **Know your fees and returns.** Check your statement to identify fees you are paying and any investment returns. You may want to consider whether you are in a fund that meets your needs or preferences.

- [ ] **Consider expert help.** Super can be confusing, so if you're unsure, get help. Start by talking to your fund, and for more complex advice see a financial adviser.

Helpful Hints

Do a superannuation review. Consider consolidating and adding additional personal contributions to your super.

One Day finances:
checklist

Tick the areas that you have made progress towards or even achieved:

- [ ] I have medium-term (two to five years) and long-term financial goals
- [ ] I have a plan for saving money towards my goals
- [ ] I have taken steps to sort out my super
- [ ] I feel on track to have the retirement I want

Reflection

1. What was the most important thing you learned?

2. What do you currently do well in your 'One Day' finances?

3. What is one thing you will do differently to progress your 'One Day' goals?

4. By what date will you do this? ____/____/______

5. Who, if anyone, do you need to talk to or have with you to take this action?

Take the next step

Here are some possible actions to get the ball rolling:

- For more information on superannuation and retirement visit ASIC's MoneySmart website: **moneysmart.gov.au/superannuation-and-retirement**
- Call your super fund. They may provide information or free financial advice about your account.
- Consider whether a financial planner could help you. MoneySmart has a workbook that explains the steps and considerations involved: **moneysmart.gov.au/media/460600/financial-advice-and-you.pdf**
- Speak to a financial planner. Most will offer a free consultation to better understand what you'd like to achieve, outline their fees and explain how they will help you if you decide to pay for their advice.
- Find an adviser through a professional association like the Financial Planning Association (**fpa.com.au/**) or the Association of Financial Advisers (**afa.asn.au/find-afa-financial-adviser**).

Debt

Debt is something that most of us have in our lives. It can be a useful tool to help us achieve our goals, but it can also be a source of stress and financial hardship.

Understanding common types of debt and how to manage them can help you get or keep your debt under control. Remember you must pay back any debt in your name – so the more confident you are managing debt the better.

Overview

In this section you will:

- Start by reflecting on how you're currently managing your debt
- Understand different types of debt and borrowing
- Learn about financial counselling and how to access it
- Get tips on how to keep on top of your debt
- End by completing a checklist to track your progress

Craig’s story

"For a long time my debt was stressful, I often found myself thinking ‘which bill should I pay this time?’ Then I decided to come up with a plan to reduce my debt. It worked.

I knew I was sorted when I’d gone a few months without having to think ‘I'm not sure I'm going to make this repayment by the due date.’ I went from not knowing how I was going to pay my debt off, to counting down the weeks to having my debts cleared. Thanks to having a plan it wasn’t how, it was when. What a great feeling that was.”

Debt:
are you sorted?

Tick this checklist where you can answer 'yes', then answer the questions.

- [ ] I understand the basic types of debt and how to access them
- [ ] I always make my minimum repayments
- [ ] I have a plan to reduce my debt
- [ ] I know how to seek help with unmanageable debt/financial stress
- [ ] I can enjoy life because of the way I'm managing my debt

Reflection

1. How many of the boxes did you tick? ________________

2. How might you feel differently if you could tick more boxes?

3. When was the last time you cleared a debt completely?

4. How did that feel?

Decoding debt

At some point in their lives people may need a loan or credit. So it's helpful to know the difference between what's often called 'good debt' and 'bad debt'.

In this workbook:

- **Good debt** is manageable within your means and has a lasting benefit and/or helps you build your wealth. Generally, though not always, you create good debt when you take out a loan to purchase things that appreciate (rise) in value over time.
- **Bad debt** includes loans with high interest rates, or debt that you use to purchase items with limited ongoing worth to you or your goals. With bad debt, like credit cards and pay-day loans, it’s always worth being aware of the risks and potential costs if you are unable to make repayments in a timely way.

For more resources and tips on common types of credit (including interest-free deals) and for information about credit reports visit ASIC's MoneySmart website at: **moneysmart.gov.au/borrowing-and-credit**

Tip: Always act with caution when it comes to debt because the decision to borrow money must be weighed against your ability to pay that money back. Eventually, you must pay back any debt with your name on it, so it’s important to think carefully about your choices.

Decoding debt

There are many different types of debt. Read through the common types here and check off those you currently have. If you have another kind of debt, write it down under ‘other’. Then keep your debt top of mind as you work through the following pages. And remember, the more of your income you use to pay off debt, the less you’ll have for other things including your Rainy Day and One Day savings goals.

Credit card

Credit cards allow you to borrow up to a certain limit with regular minimum repayments. They tend to have higher interest rates than other forms of credit, and the rate can vary depending on the card type. Unless your card is fee-free and you pay off your balance in full each month spending on a credit card will always cost more than paying with cash.

Mortgage or home loan

A mortgage helps you buy property as a home or an investment. Before you start looking for a property to buy, you need to get your finances in order and understand how much you can borrow. If you are working out if you can afford a property consider extra costs like stamp duty, legal fees, home and contents insurance, strata levies (for a unit) and potential repairs.

Personal loan

With a personal loan, you must repay the money you borrow, plus interest and any fees and charges, within a specific time (usually one to five years). Personal loans can be secured or unsecured. Secured loans usually offer lower interest rates, but you will need to put up an asset – like your car – as security.

Vehicle or car loan

A vehicle loan helps you purchase a new or used car. The term of the loan is usually one to five years. If you don’t pay off the full amount of the loan by the end of the term, or can’t afford to make equal payments over the life of the loan, typically you must make the final outstanding payment as a lump sum.

Other

Nisha’s story

"In the space of a few years, I got my first credit card, bought a car, moved out of home and started setting up my life. It was great, but I wasn’t very good at keeping track of my money and my debt repayments and expenses were more than I could afford on my income. I could sense things getting worse when I needed to borrow from friends to make ends meet. It was a real negative spiral that I couldn’t get out of on my own.

Finally I stopped ignoring my debt and got some help from a financial counsellor. The counsellor helped me work through my first actual money plan and helped me negotiate a payment plan for my credit card debt. I needed to change my lifestyle and my spending patterns, but eventually I paid off all my debt!”

Financial stress

The Australian Psychological Society consistently finds that financial issues are a leading cause of stress for Australians. Top sources of financial stress are debt (including home loans), retirement, supporting family and making ends meet.

Tip: The most immediate thing to do if you're experiencing financial stress is to seek help. Start by contacting your credit provider and/or a financial counselling provider.

Contact your credit provider
If you are finding it hard to keep up with utility bills, credit cards or loan repayments, the first step is to contact your credit or service provider. Many companies have hardship officers who can assess your situation and work out what help is available. For more information visit:
moneysmart.gov.au/managing-your-money/managing-debts/trouble-with-debt

CommBank customer?

If you're a CommBank customer and are experiencing difficulty meeting your minimum repayments, visit the Financial Difficulty page on the CommBank website https://www.commbank.com.au/support/financial-difficulty.html.

Our Financial Assistance Solutions team are also here to help. They can work with you to develop a solution tailored to your needs. Be proactive and contact the team on 13 30 95, 8am to 9pm Monday to Friday and 9am to 2pm on Saturdays (AEST).

Financial counselling

What is financial counselling?

Financial counsellors provide free, independent and confidential information, support and advocacy to people experiencing financial difficulty. Financial counsellors are based in community agencies and are largely funded by the relevant state or territory government or the Federal Government.

Why is it useful?

Financial difficulty can be very stressful and hard to navigate.

Financial counsellors help people to:

- understand which debts are priorities
- develop budgets and money plans
- understand the pros and cons of different options to manage financial issues
- access grants or concessions
- negotiate with creditors
- access dispute resolution services
- understand their rights and access legal help.

Financial counsellors have specific knowledge about the credit, bankruptcy and debt collection laws, concession frameworks and industry hardship practices. They're also trained in negotiation and counselling, and offer emotional support and a listening ear when people really need it.[22]

For this information and more visit: **financialcounsellingaustralia.org.au**

How do I access financial counselling?

- Are you experiencing financial difficulty? Speak to a Financial counsellor. Financial counsellors provide free, independent and confidential information and support. They help people to understand which debts are priorities, to develop budgets, access grants or concessions, negotiate with creditors, understand their rights, access legal help and more.
- All Australians can speak with a financial counsellor through the National Debt Helpline on **1800 007 007**, or visit the NDH's Live Chat at **ndh.org.au**
- For more about financial,counselling visit: **financialcounsellingaustralia.org.au**

Insight to action: Managing financial stress

Insight

Juggling money – especially if there's not enough of it – can be stressful and take up headspace. Research shows that this type of financial stress can impact performance such that it's akin to dropping 14 IQ points or staying awake 24 hours straight.[23]

So what? If you're feeling stressed by money worries it may not be easy to make difficult or important decisions well. If you're stressed talk to someone who can give you a sound second opinion. Or try to automate some decisions so you've got more headspace for other important decisions.

Actions you can take!

Tick off the actions that could help you better manage financial stress:

- [ ] When faced with key decisions considering postponing the decision making until you have the time to devote attention to analysing the pros and cons of the possible options or choices you have. Or, have someone you trust help you consider your options.
- [ ] Speak with someone who is qualified to support with financial difficulty. A conversation with a financial counsellor can be a good place to start (see page 49).
- [ ] Have a plan in place to manage and reduce your debt – see page 51 for some tips to help you with this.

Managing debt

If you want to avoid financial stress you'll need to manage your debt.

If your debt is getting out of hand, it could be that you're paying more than you need to in interest, late fees, administration costs and other penalties. By managing and reducing your debt, you'll save on these things.

What follows are some general pointers to help you get or keep on top of your debt. Remember, your circumstances are unique. If you don't think these tips will help you or if things just aren't working with your debt, ask for help. Calling your financial institution is often the best place to start.

1 Automate payments

Set up direct debits or transfers for as many of your bills and expenses as you can – ideally to come out of your account as soon as you're paid, that way you cover your bills and other obligations first.

- This works simply for fixed amount payments like council rates.
- For things that can vary from quarter to quarter – like bills – you can estimate the average bill and create a monthly direct debit that goes straight to your provider. This means you are prepaying a portion of the bill before it's due.

2 Lock, block, limit

Your financial institution may be able to help you avoid accessing new debt. 'Lock, block and limit' type functions can help control your card spending.

- **Lock:** Locks your cards temporarily or locks certain transaction types like international or contactless.
- **Block:** Removes the ability to withdraw cash from ATMs with a credit card.
- **Limit:** Caps the amount you can spend per transaction, forcing you to think carefully about large purchases.

3 Prioritising debt payments

Here are two approaches for paying down debt. In either case first pay at least the minimum repayment amount for each of your debts to avoid penalty fees[24].

Approach 1: Pay down the smallest debt first

By paying off your smallest debt completely, you give yourself a win. Progressing towards reducing your debts with this approach can provide a sense of satisfaction that motivates you to keep going.

Approach 2: Pay down the highest interest debt first

Mathematically speaking, you should pay off your highest interest debts first because they're the most expensive. This will minimise the total amount of interest you have to pay back on all your debt.

As always, find the approach that works best for you.

Debt: checklist

Tick the areas that you have made progress towards or even achieved:

- [ ] I understand the basic types of debt and how to access them
- [ ] I always make my minimum repayments
- [ ] I have a plan to reduce my debt
- [ ] I know how to seek help with unmanageable debt/financial stress
- [ ] I can enjoy life because of the way I'm managing my debt

Reflection

1. What was the most important thing you learned?

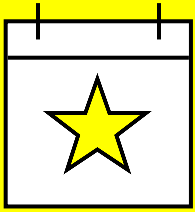
2. With these tips does managing your debt feel more realistic? Why?

3. What is one thing you will do differently to start better managing your debt?

4. By what date will you do this? ____/____/______

5. Who, if anyone, do you need to talk to or have with you to take this action?

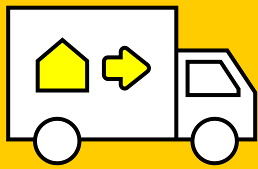
Life events



Common life events, like retirement, can have a big impact on how you manage your money. If you're going through a life event now, or have one coming up, it's a good idea to prepare financially.

Page

Moving home



This common life event can be easier to navigate if you're aware of the costs you may face. Here are some things to consider and questions to answer.

- **How much should you pay:** One rule of thumb is that housing should cost no more than 30% of your income. But also consider not just rent or mortgage but the true cost of where you choose to live. For example how much will transport to work cost?
- **Rental leases:** Consider whether a short-term or long-term lease will be better for you. A longer term lease may protect you against rental cost rises but there may be penalties if you decide to move before the lease expires.
- **Moving in with others:** Decide how you will share the costs of things like rent, utilities, transport and food. It's a great idea to have this conversation and come up with a plan upfront so you start off on the right foot with new housemates.
- **Buying appliances or furniture:** Know what you can afford before committing. If you are considering using a credit card or a 'buy now, pay later' offer calculate the repayments and assess whether or not you can afford them.

First time moving out of home?
Here are some further things to consider:

- Organise your banking arrangements. You might like to set up a new account for shared bills and committed expenses and a separate one for spending money.*
- Understand how you can manage your money via online and/or mobile banking. For example you can set up direct debit payments for your bills.
- Consider setting up a mail redirect through Australia Post so you don't miss any important bills.
- Visit ASIC's MoneySmart for a full list of things to consider and a checklist: https://moneysmart.gov.au/student-life-and-money/moving-out-of-home

* There may be fees and charges for additional accounts that need to be considered when determining if an extra account may be beneficial.

Activity:
Moving expenses

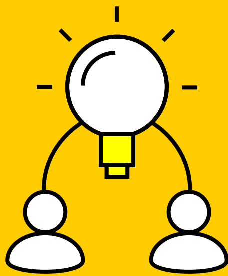
If you have a home move coming up use this list to capture the expenses you may incur - then develop a plan to be prepared to cover these costs.

Removalists	$
Utility connection fees	$
Electricity/Gas bill	$
Cleaning costs	$
Internet connection	$
Rent/Mortgage	$
Bond (for rentals)	$
Home and/or contents insurance	$
Other:	$
Other:	$
Total	**$ 0.00**

Resources

- Some home movers like to use a checklist to make sure they don't forget anything, there is a free resource you might like to use on: commbank.com.au/guidance/consumer-finance/moving-house-checklist-201604
- Renting or considering renting? Visit the Tenants Union website in your state for useful online resources for tenants.
- Moving in with a partner, opening a joint account, or starting a joint loan or investment? For more tips on managing finances with your partner visit: moneysmart.gov.au/relationships-and-money

Sharing finances with a partner



Relationships and money

Are you in a relationship where you regularly discuss finances? For many of us avoiding the topic can seem like an easy way to avoid unnecessary stress and disagreements – but this often leads to confusion and sometimes even resentment about how we are managing our finances.

Plus our family and cultural backgrounds tend to influence how we feel about and manage our money. Talking about this with your partner will help you understand one another's backgrounds as you begin to join (or continue to join) your finances.
It really can pay to go into love and money matters with your eyes open.

Financial abuse

Financial abuse is when one partner uses money as a means to control or exploit their partner and limit their financial independence. This can include controlling their financial affairs, spending their money and making financial decisions without the consent of the other person. Financial abuse can be hard to recognise and may make it unsafe to have a conversation about money. Seek advice if you think you may be experiencing financial abuse - you can also contact 1800RESPECT on **1800 737 732** or visit **1800respect.org.au**

Resources

- Visit Women Talk Money for facts about money, relationships and life: **womentalkmoney.org.au**
- Moving in with a partner, opening a joint account, or starting a joint loan or investment? For more tips on managing finances with your partner visit: **moneysmart.gov.au/relationships-and-money**
- Planning a wedding? For tips on managing wedding costs visit: **moneysmart.gov.au/life-events-and-you/life-events/getting-married/how-much-can-a-wedding-cost**
- If you would like information which supports women to build their financial wellbeing, CommBank has a resource you may wish to look at. CommBank's Women's Financial Wellbeing guide offers support to help women build their financial independence and become financially secure: **commbank.com.au/women-in-focus/womens-financial-wellbeing-guide**

Activity:
Discussing finances

Combining finances with another person can be complicated, especially if differences surface. But it's valuable to understand your different approaches to money.

Use the conversation prompts here to prepare for and have an open discussion with your partner. It can be the first step to get your financial relationship on a steady footing.

☐ Discuss how you'll share expenses. There's no one 'correct' way and remember that 'fair' does not necessarily mean a 50:50 split.

☐ Discuss any existing debts so there are no surprises about your financial commitments or capacity.

☐ Discuss each other's money preferences and financial goals – and importantly any differences between the two of you.

☐ Discuss how you will set up your finances. Will you have a joint account? Whose name is on bills and other contracts?

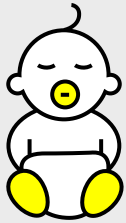
☐ Discuss how you'll take joint responsibility for big money decisions. You could agree that beyond a certain amount (such as $300) you will jointly agree before spending.

Here you can add any extra items you'd like to discuss:

☐ Other:

☐ Other:

Having children and/or taking parental leave



Taking time off work to care for children will likely reduce your income and you could also face increased living costs. So, the better prepared you are financially for having children and/or taking parental leave the easier your life will be.

Activity: Preparing for time off work

This activity helps you prepare for the financial changes ahead when having children.

Step 1: Be equipped with information to help you make well informed decisions and plan for your leave:

- [ ] Find out what your government entitlements are. The Department of Human Services is the key agency to contact find out what payments or rebates you may be eligible for: **humanservices.gov.au**
- [ ] Review your employers parental leave policy
- [ ] Childcare can be one of your biggest expenses when you or your partner return to work, so it's good to plan ahead - for example getting on waiting lists. To search for childcare options visit: **childcarefinder.gov.au**
- [ ] If you're working, understand if your employer offers for salary sacrificing childcare costs at a nominated corporate childcare centre and consider any tax implications.

Resources

- Download CommBank's guides for new parents and single parents designed to help parents focus on their financial wellbeing **https://www.commbank.com.au/banking/guidance/new-parents.html**
- ASIC's MoneySmart website at **moneysmart.gov.au** can help you with online calculators for everything from budgeting and saving, to debt and income tax, and superannuation and retirement. Plus it offers free independent guidance across a range of topics including budgeting and managing debt.
- The Association of Superannuation Funds of Australia via **superguru.com.au** provides independent information and tools to help you understand and make the most of your superannuation.

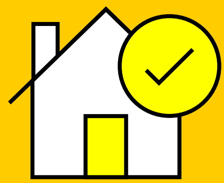
Step 2: Update your budget or develop a new one to help you plan for the financial changes ahead:

- [ ] Find a budgeting tool or app that works for you. A good place to start is the Budget Planner on the CommBank website (**commbank.com.au/digital/calculators/budget-planner-calculator**) or the one on ASIC's MoneySmart website (**moneysmart.gov.au/budgeting/budget-planner**)
- [ ] Update your budget based on your estimated increased living costs and/or reduced income.
- [ ] Include an estimate for additional one-off and ongoing expenses – like medical expenses, baby equipment and clothing, and additional power costs.
- [ ] Consider estimating ahead for future childcare or education costs.
- [ ] Review your revised income and expenses and plan accordingly.

Step 3: Parental leave can impact your superannuation balance – consider the following possible actions you can take:

- [ ] Use ASIC's MoneySmart calculators to understand how taking a break from paid work could impact your super: **moneysmart.gov.au/tools-and-resources/calculators-and-apps/retirement-planner**
- [ ] Think about contributing extra to your super prior to taking leave or after returning to work to offset any impacts.
- [ ] Consider whether the partner who is not taking parental leave can contribute to the super of the partner who is.

Buying your first property



Property ownership doesn't have to feel like an unattainable goal. Whether you wish to buy a home or an investment there are steps you can take to get onto the property ladder sooner.

A good starting point is to do some research – gather the key information you'll need to prepare:

- Visit **realestate.com.au** or **domain.com.au** to get a feel for house or unit prices in the suburbs you may purchase in.
- Visit **firsthome.gov.au** to see if you are eligible or to obtain more information on the First Home Owner Grant.
- Research additional one off and ongoing costs of purchasing property, like legal fees, stamp duty, building inspections and mortgage insurance.
  Visit ASIC's MoneySmart for more information:
  moneysmart.gov.au/life-events-and-you/life-events/buying-a-home
- Understand what you can afford to pay (taking into account the lifestyle you want whilst repaying a mortgage) using a home loan repayments calculator: **moneysmart.gov.au/tools-and-resources/calculators-and-apps/mortgage-calculator**

Once you're armed with this information it's then time to make a plan to save for a deposit.

Resources

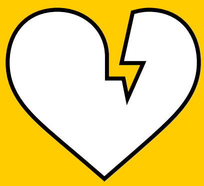
- Use a savings calculator, like the one from ASIC's MoneySmart (**moneysmart.gov.au/tools-and-resources/calculators-and-apps/savings-goals-calculator**), to find out how long it will take to reach your goal. If you're not happy about the time it could take you, you might want to consider a more affordable property or adopt more stringent saving measures.
- For more tips on saving for a deposit you could look online, for example: **commbank.com.au/guidance/property/5-steps-to-saving-for-a-house-deposit-201701**

Activity:
Saving a deposit

Use this activity to work through five steps you can take to save for the deposit that will help turn your property dream into a reality. Remember there are other upfront and ongoing costs of buying property, like stamp duty, that you will need to be able to cover.

Saving step	What you can do	Step complete?
1. Analyse your current spending	Gather as much information as you can on your current spending habits. Look at your transaction history over the last few months across your every day account and any credit cards and include cash withdrawals. Complete Activity 1 to help you.	☐
2. Set a budget	Almost all good saving plans start with a solid budget. Download a budget tool or app that works for you.	☐
3. Commit to a savings amount	Decide how much you can save. You'll want to save as much as possible, but make sure your budget is achievable. If you can, save a similar amount to what you expect your home loan repayments will be – this can help you budget over the long term. Complete Activity 8 to help you.	☐
4. Get on top of any debts	Getting any existing debts under control is helpful. Because the fewer debts you have, the less you'll be paying in interest and the more likely it is that your bank will look favourably on you when the time comes to apply for a home loan. Read the debt section from page 42 for more details.	☐
5. Start saving	Consider setting up an auto-transfer to a separate savings account so you may maximise interest and reduce your temptation to spend. Once you have a good lump sum saved you might even want to consider a term deposit, which locks away your money (and an interest rate) for a set period.	☐

Separation or divorce



For some people, money is the last thing on their mind when a relationship ends. But it's important to consider your finances when separating from a partner, especially if your partner was the one taking care of the finances.

There are simple steps you can take to help re-establish your financial independence after a separation or divorce. A budget is good place to start. Review your budget or develop one to cover how you will deal with your new income and expenses.

Find a budgeting tool or app that works for you. A good place to start is the Budget Planner on the CommBank website (**commbank.com.au/digital/calculators/budget-planner-calculator**) or the one on ASIC's MoneySmart website (**moneysmart.gov.au/budgeting/budget-planner**)

As part of your new budget work out how you will deal with typical costs that arise following a separation or divorce including:

- legal fees (advice, property settlement, a new will etc)
- shared financial obligations to a former partner and/or children
- moving costs
- new furniture and appliances

Once your budget is ready to go (or when you are working on it) there are other actions you can consider - see page 63.

Resources

- For more useful information and tips visit ASIC's MoneySmart website: **moneysmart.gov.au/life-events-and-you/life-events/divorce-and-separation**
- If you would like information which supports women to build their financial wellbeing CommBank has a resource you may wish to look at. CommBank's Women's Financial Wellbeing guide offers support to help women build their financial independence and become financially secure: **commbank.com.au/women-in-focus/womens-financial-wellbeing-guide**
- If you have a will it is important to keep your will valid and up to date as your legal rights change. For more information visit: **moneysmart.gov.au/life-events-and-you/over-55s/wills-and-power-of-attorney**

Activity:
Financial checklist

Work through this checklist to review and complete actions you might find useful when managing finances after separation or divorce.

1. Review your budget or develop a new one.
2. Set up your own bank account and make sure your income is going to your new account.
3. Consider closing any joint accounts.
4. Get legal advice from an existing or new solicitor.
5. If applicable apply for child support.
6. Do a stock take of all jointly held assets and liabilities.
7. Locate and securely store key documents (passports, birth certificates etc).
8. Ensure your name is only on bills that you are receiving the benefit of (for example, the electricity where you live).
9. Talk to your bank about any joint loans. For instance, you may want to consider switching off a home loan redraw facility.
10. Review the beneficiaries in your will, and for your life insurance and superannuation.

Everyone is different and not all of these actions may apply in your situation. You probably know what's best for you, but if you're not sure ask a trusted friend or start by sorting out the immediate things, like your own bank account. Remember – be kind to yourself and don't hesitate to ask for help if you feel overwhelmed.

Becoming a carer

Becoming a carer can be demanding emotionally, physically and financially. There are additional challenges for those juggling caring responsibilities with work.

The most important thing to do when you take on caring responsibilities is to plan for how you will look after yourself as well as the person you are caring for. This includes your financial wellbeing.

Consider help

Taking on a caring role may affect your ability to earn (or earn as much), and you may find yourself with additional or different expenses. You may even be helping to financially support the person you are caring for.

There is help available – so it's important to be informed on any entitlements you may be eligible for. For instance:

- The Government helps carers remain engaged in the community, participate in the workforce and stay healthy while continuing their caring role. It does this through the provision of funding for a range of support, services and financial assistance. For more information visit: **dss.gov.au/disability-and-carers/carers**
- Your employer may offer Carer's Leave to eligible employees when they need leave to care for a member of their family or household.

Resources

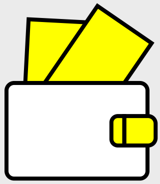
- Carer Gateway is a national service funded by the Government. Carer Gateway includes a website and phone service for carers to access practical information and support. For more information visit: **carergateway.gov.au**

Activity:
Becoming a carer

This activity outlines practical steps you can take when becoming a carer. Review each suggested action and ask yourself 'Will I feel more prepared if I do this?' - if the answer is yes then schedule time to complete the action.

Step	Actions to consider	Action complete
First, gather information on possible entitlements	1. Visit the Carers Association website in your state or territory for details on what support and concessions may be available.	☐
	2. Contact the Department of Social Services and ask about any financial support that you're entitled to.	☐
Second, review your financial situation	3. Create or review your budget to manage your income and expenses. Find a budgeting tool or app that works for you. A good place to start is the Budget Planner on the CommBank website (**commbank.com.au/digital/calculators/budget-planner-calculator**) or the one on ASIC's MoneySmart website (**moneysmart.gov.au/budgeting/budget-planner**)	☐
	4. Create or update your budget based on your estimated increased living costs and/or reduced income. Review your revised income and expenses and plan accordingly.	☐
Thirdly, if you're working, consider how your employer can support you	5. Chat to your Manager or HR representative about what Carer's Leave you are eligible to take.	☐
	6. Discuss with your manager the possibility of a flexible working arrangement that might make it easier for you to keep working whilst taking on the role of a carer.	☐

Experiencing a windfall

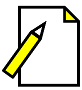


It can be tempting to spend a lump sum of money you receive that is larger than you expected, or that wasn't expected at all. If you receive a windfall in the form of a tax refund, bonus or inheritance it can be tempting to buy experiences or things you don't really need. With a windfall it's always good to reflect on what would be some smart ways to use at least some of the money in a way that brings you long-term benefits.

Resources

For more top tips on how to make the most of a windfall visit ASIC's MoneySmart: **moneysmart.gov.au/life-events-and-you/life-events/getting-a-tax-refund-bonus-or-inheritance**

Activity: Using a windfall



Received a windfall and already thinking about what you'll spend it on? Then start by completing this simple activity. Consider seeing the windfall as a good opportunity to use some (or all) of the funds to boost or support your financial wellbeing.

How can I best use some (or all) of the windfall to bring long-term benefits?

Consider whether the following could be good uses:

- [ ] Open or top up a Rainy Day savings account
- [ ] Pay off or down any debts like credit cards or personal loans
- [ ] Contribute an extra one-off repayment to your home loan
- [ ] Top up your super (if you have not already reached your contribution cap)
- [ ] Invest some of the money or use it to diversify your investment portfolio

Commit here to your top two priorities for using your windfall wisely:

1. ______________________________

2. ______________________________

Illness and death

Dealing with illness

Dealing with illness can be stressful, both financially and emotionally. Money may be the last thing on your mind, but it's important to consider your financial situation. Not only to make sure you get what you are entitled to but also to look after yourself and your finances.

ASIC's MoneySmart website provides information and tips on:

- Taking care of your emotional wellbeing
- Checking your financial entitlements
- Asking for a hardship variation to your bills and debts

For practical information visit: **moneysmart.gov.au/life-events-and-you/life-events/dealing-with-illness**

Money musts before you die

It might be hard to think about, but if something happened to you, having your financial affairs in order will make a difficult time a little easier on your family. You need to ensure that your documents are stored in a secure place that your loved ones can find. They need to know what assets you have, what insurance policies are in place and how to access your superannuation or life insurance.

ASIC's MoneySmart website covers the steps you can take to protect the important people in your life: **moneysmart.gov.au/life-events-and-you/life-events/money-musts-before-you-die**

Coping with the loss of your partner

The death of a partner is a life-changing event and the emotional turmoil can make money matters seem trivial. But financial matters can very quickly become impossible to ignore. Taking practical steps can help you get through this period and better prepare you for the future.

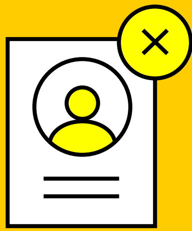
For practical information visit: **moneysmart.gov.au/life-events-and-you/life-events/losing-your-partner**

And remember, if your partner's name is used in your policies for superannuation, insurance or health, or in your will, you will need to update these documents.

Resources

- A comprehensive listing of online bereavement resources is available from the Australian Centre for Grief and Bereavement – visit: **grief.org.au**
- If dealing with illness or death has put you or may put you in financial difficulty then a conversation with a financial counsellor can be a good place to start. See page 49 for information on financial counselling, including numbers to call for support.

Losing a job or taking a redundancy



If you or your partner is faced with losing a job or taking a redundancy it can be a stressful and unexpected experience. Not knowing when a regular salary payment will re-commence or how much it will be can make it hard to plan ahead.

Find out where you stand

This is the first important thing to do. Unless you are retiring, your savings and/or any redundancy payment may have to last you until you or your partner find another job, and this may take longer than you think. Prepare an emergency budget to get a clear idea of your expenses and how you will pay them without a regular income.

Find a budgeting tool or app that works for you. A good place to start is the Budget Planner on the CommBank website (**commbank.com.au/digital/calculators/budget-planner-calculator**) or the one on ASIC's MoneySmart website (**moneysmart.gov.au/budgeting/budget-planner**)

- Start by identifying all upcoming expenses. In addition to living costs include things like car and/or phone expenses (if work previously paid for them) and training to develop skills that could increase your employment prospects.
- Then assess how long your savings will last to keep you going. This will help you determine when you need a new source of income by.

Access support available

There are resources available that can help reduce the financial uncertainty that can be experienced in the event of job loss or redundancy:

1. Financial Counselling

Speak to a financial counsellor. Financial counsellors provide free, independent and confidential information and support. They help people to understand which debts are priorities, to develop budgets, access grants or concessions, negotiate with creditors, understand their rights, access legal help and more.

All Australians can speak with a financial counsellor through the National Debt Helpline on **1800 007 007**, or visit the NDH's Live Chat at **ndh.org.au**.

For more about financial counselling visit: **financialcounsellingaustralia.org.au/**

2. Financial Planning

In the case of taking a redundancy there may be a range of financial questions that you might be asking yourself, such as whether to use your redundancy payment to pay off some of your home loan; whether you should invest; how long your payment may last while you look for another job; if you can afford to retire now; and even if you have enough super to fund your retirement.

Help from a financial planner can include, but isn't limited to:

- maximising any redundancy payment
- minimising the amount of tax you or a partner may pay
- ensuring you or a partner can access any social security benefits you might be entitled to
- developing an investment portfolio
- maximising superannuation
- protecting your income and lifestyle
- making a smooth transition to retirement.

Choosing a financial planner is an important decision.

You can find a planner through a professional association like:

- The Financial Planning Association of Australia (fpa.com.au), or
- The Association of Financial Advisers (afa.asn.au/find-afa-financial-adviser).

Resources

- The ATO provides information on redundancy payments: ato.gov.au/individuals/working/working-as-an-employee/leaving-your-job/redundancy-payments
- If you are experiencing financial difficulty contact your financial institution - see page 48 for more information.

Preparing for retirement

There isn't 'one way' to retire. For example some retire at 50 while others keep working into their 70s. Some retire because it's the right time, others because of ill health or redundancy. Some retire to care for others, to travel or because they have reached a financial milestone. And for some, retirement is not permanent. But no matter what prompts your retirement, many of the financial considerations will be the same.

Income and expenses

At retirement your balance of income and expenses is likely to change. Even with a healthy superannuation balance, you are likely to be on a reduced income. And although some of the expenses you're used to paying will disappear, like transport to work, you may spend more on other things, like medical expenses. So as you approach retirement, consider what expenses you may need to cover like legal advice, financial advice and future medical and aged care expenses.

Actions you can take in the lead-up to retirement

1. Get an estimate of how much you may need and how much you may have in your super account by your retirement date. Use a simple calculator, like this CommBank one, to do this: **commbank.com.au/digital/calculators/retirement#/start**
2. Find out what your Age Pension is likely to be or what benefits you may be entitled to through the Department of Human Services: **humanservices.gov.au/individuals/older-australians**
3. Seek professional financial and legal advice.
4. Understand your superannuation. The website **superguru.com.au** from The Association of Superannuation Funds of Australia provides independent information and tools to help you with this.
5. Call your super fund. They may provide information or free financial advice about your account.
6. Update your will. For more information visit: **moneysmart.gov.au/life-events-and-you/over-55s/wills-and-power-of-attorney**

Activity:
Planning for retirement

Work through the four questions in this activity as part of your retirement planning.

1. **Will you be debt free?** ______________________________
   (aim to clear your debts before you retire)

2. **How long should your money last?** ______________________________
   (many people live for 20 years plus after they retire)

3. **When will you be able to access your super?** ______________________________
   (use this table from the ATO as a guide to your preservation age)

<table>
<tr><th>Your date of birth</th><th>Preservation age</th><th></th></tr>
<tr><td>From 1 July 1964</td><td>60</td><td rowspan="6">Your preservation age is the age at which you can access your super if you are retired (or have started a transition to a retirement income stream). It is not the same as your pension age.</td></tr>
<tr><td>1 July 1963 – 30 June 1964</td><td>59</td></tr>
<tr><td>1 July 1962 – 30 June 1963</td><td>58</td></tr>
<tr><td>1 July 1961 – 30 June 1962</td><td>57</td></tr>
<tr><td>1 July 1960 – 30 June 1961</td><td>56</td></tr>
<tr><td>Before 1 July 1960</td><td>55</td></tr>
</table>

For more information visit:
ato.gov.au/Individuals/Super/Withdrawing-and-using-your-super

4. **Do you know how will you use your super?** ______________________________
   (Investigate options when it comes to taking out your super. Some people take an income stream, some withdraw cash and some even leave their money in their super fund.)

Index

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Workbook

Completed this workbook and would like another copy?
Download a copy from CommBank Not-for-Profit Sector Banking
www.commbank.com.au/nfp

Share your tips or story

If you have a financial wellbeing tip or story to share, email your details to notforprofitsectorbanking@cba.com.au

Got feedback?

If you have feedback on this workbook we would value hearing it.
Email your feedback to notforprofitsectorbanking@cba.com.au

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