



# ACTION STATIONS

*Pay off the credit card, start saving, spend less... so easy to say, so hard to do. Susanna Stuart offers 10 easy ways to put those good intentions into practice*

New Year is a great time to relax. And thanks to the mysterious workings of the brain, when we relax the subconscious starts to wrestle with life's unresolved issues. By the time we return from the beach we don't just return with sand all through the car, we also come back with a few ideas and strategies about the year ahead. Making New Year's resolutions is easy; the hard part, like getting sand out of the car carpet, is sweeping away our bad habits and implementing our good intentions. Here are some guidelines on how to make your financial goals work for you:

## 1 TAKE A SNAPSHOT OF YOUR SITUATION – WHAT YOU OWN AND WHAT YOU OWE

If you find you have too much debt, work out a plan to reduce it as fast as possible. Make it a priority. Debt costs money and interest rates are high on credit cards so the sooner you knock it down the better. Clear expensive debt first (such as that on your credit card). Consolidate debts into one cheaper loan but keep up your repayments; don't extend the term. And if you can't afford an item, resolve to save up for it before you buy.

## 2 GAIN CONTROL OF YOUR MONEY

Keeping a grip on your finances starts with your banking arrangements. Set up bank

accounts that work for you. I have one account from which I pay all the regular expenses by direct debit. I keep a second one for goals (eg, holiday). Some employers will split your pay between two bank accounts. What you don't see you won't spend. If you keep raiding your bills account, have it set up so it's not linked to your eftpos card and you can't access it online. That way you can't easily transfer funds out of it.

## 3 DOES YOUR MONEY DISAPPEAR?

If your bank account is always emptier than you expect, follow these tips. First, set aside enough money in one account for your 'must pay' bills. Second, stop using your eftpos card on every little transaction. Go old-school and use cash. Take out a set amount of cash each week, for coffee and incidentals. Be tough. Once you've spent your amount that's it until next week.

## 4 BE YOUR OWN CHIEF FINANCIAL OFFICER

In businesses the CFO goes through every little expense to see where the firm can make savings. So put on your CFO hat. Draw up a budget based on the last 12 months. Where did you spend your money? Look closely at every outgoing to see where you can make savings. Can you combine your house, contents and car insurance to pay cheaper premiums? How

about saving \$1500 by taking home-made lunches to work?

## 5 WORRIED ABOUT RETIREMENT?

Whatever your answer, at least join KiwiSaver, which is easy to do if you are an employee. The KiwiSaver website has all the information so there's no excuse. With KiwiSaver you are \$1000 ahead for the year!

## 6 IS YOUR GOAL TO BETTER PROTECT YOUR FAMILY?

If you have no will, you can't assume your nearest and dearest will automatically inherit your assets. Take out life insurance if your family depends on your income.

## 7 ASSESS YOUR DEBT

If you're going to incur debt, at least make sure it's for something that produces growth or income, eg investing in your own business. If you want a plasma TV, save up and pay cash.

## 8 REVIEW YOUR INVESTMENTS

Do your investments fit your

circumstances? Consider your timeframe, your need for income or growth or access to money, your tax status and your risk tolerance. Is your money spread over fixed interest, shares and property with some invested overseas?

## 9 LIVE THE LIFE YOU REALLY WANT

We spend so much time at work, make sure it is where you want to be. More important, the first step to planning your future is to get clarity around your lifestyle now.

## 10 MAKE YOUR GIFTS MEANINGFUL

Decide on a couple of charities you care about and give generously to them, either in donations or time.

Finally, get your resolutions into gear earlier in the year when you're feeling energised and fresh. If you have a big-picture goal (saving for retirement or starting a business) set baby steps along the way. This will be more motivating and help you to stick to your resolutions. 

### HAVE YOU HEARD?



A biography on Allan Hubbard by Virginia Green is a riveting read on how recent events dramatically changed the life of this prominent Cantabrian, and the downfall of his company, South Canterbury Finance. *Allan Hubbard: A Man out of Time* (Random House, \$44).