A better footing.

Your step-by-step guide to keeping your finances on track.
Five steps to getting on top of your finances.

At Westpac we believe the ability to make confident financial decisions is an essential step to enable individuals and businesses achieve financial wellbeing.

We believe that Australia’s future depends on the financial literacy of its communities, businesses and individuals.

Financial education provides the awareness, knowledge and skills to build capability, empowering people to take charge and make sound financial decisions.

We believe that every Australian should have access to the financial literacy they need to achieve their financial goals and build a strong financial future.

This guide is for anyone who wants to manage their money better. It includes simple steps to help keep you on track, with practical advice on everything from money management to planning for the future.

Each section is full of handy tips and exercises. We suggest you set aside an hour to work your way through the guide to gain an understanding of your current financial position, and start planning for a better financial future.

If you need further help or advice your local Westpac Bank Manager will be happy to help.
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Where to from here?
Step 1: Take a realistic look at where your money goes.

Whether you want a better understanding of your money or you’re worried about coming up short, an important first step is to take stock of your current financial state. Think of this as a financial health check.

By spending a bit of time reviewing your money now, you’ll have a better idea of where you stand.

Quick tip.

Before you fill in the chart on the opposite page, go through your receipts and bank statements from last month. You might be surprised where your money goes – and how small purchases can really add up.

You’ll be better equipped to:

• Deal with debt.
• Create a realistic budget, and learn how to better control your spending.
• Get into good money habits.
**Budget worksheet.**

**Get a snapshot of your finances.**

Use the chart below to help identify what’s coming and going in your budget on a monthly basis.

<table>
<thead>
<tr>
<th>Income each month:</th>
<th>What’s going out each month:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments</td>
<td>Everyday spending</td>
</tr>
<tr>
<td>Your salary</td>
<td>Mortgage/Rent/Board</td>
</tr>
<tr>
<td>Partner’s salary</td>
<td>Household (e.g. nappies)</td>
</tr>
<tr>
<td>Centrelink</td>
<td>Water</td>
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<td>Child support</td>
<td>Gas</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Council rates</td>
</tr>
<tr>
<td>Regular overtime</td>
<td>Home phone</td>
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<tr>
<td>Investment income, e.g. interest, dividends</td>
<td>Mobile phone</td>
</tr>
<tr>
<td>Bonuses</td>
<td>Internet</td>
</tr>
<tr>
<td>Allowances</td>
<td>Pay TV</td>
</tr>
<tr>
<td>Rental/Board income</td>
<td>Car insurance</td>
</tr>
<tr>
<td>Pension</td>
<td>Home insurance</td>
</tr>
<tr>
<td>Other income</td>
<td>Contents insurance</td>
</tr>
<tr>
<td>Other income</td>
<td>Public transport</td>
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<tr>
<td>Other income</td>
<td>Pet food/Pet care</td>
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<tr>
<td>Other income</td>
<td>Appliance and other rentals</td>
</tr>
<tr>
<td>Other income</td>
<td>Video/DVD rental</td>
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<tr>
<td>Other income</td>
<td>Alcohol</td>
</tr>
<tr>
<td>Other income</td>
<td>Cigarettes</td>
</tr>
<tr>
<td>Other income</td>
<td>Newspapers</td>
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<tr>
<td>Other income</td>
<td>Magazines/Books/DVDs</td>
</tr>
<tr>
<td>Other income</td>
<td>Memberships</td>
</tr>
<tr>
<td>Other income</td>
<td>Petrol</td>
</tr>
<tr>
<td>Other income</td>
<td>Gym/Sports memberships</td>
</tr>
<tr>
<td>Other income</td>
<td>Hobbies</td>
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<td>Other insurance</td>
<td>Tolls</td>
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<tr>
<td>Other income</td>
<td>Tolls</td>
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<td>Other income</td>
<td>Petrol</td>
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<td>Other income</td>
<td>Gym/Sports memberships</td>
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<tr>
<td>Other income</td>
<td>Other</td>
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<tr>
<td>Total</td>
<td>Total</td>
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</table>

Now you can see the ins and outs of your spending – transfer this information to the budget planner on page 9. Add up and put costs under ‘Other’ where there is not a specific category for your income or spending.
Step 2:

Find out where you stand with debt.

If you have existing debts, there’s no better time to deal with them than now. This section will help by encouraging you to write down any debts you have, and think about ways to tackle them.

Start by filling in the debt prioritiser on the opposite page. List all the people you owe money to, how much you owe, and the amount of your current monthly repayments.

Next, number your debts in order of priority, according to interest rate. It’s a good idea to have your recent bank statements, store and credit card bills on hand, so you can make a note of the interest rates charged.

How to deal with debt:

✔️ Don’t ignore debts – the longer you leave them, the harder they can be to sort out.

✔️ Talk to the people you owe money to, including your bank. Let them know as soon as you realise you are struggling to make your repayments. They may be able to help you manage the repayments better.

✔️ One way to approach your debts may be to look at consolidating them into a single loan. Move them from higher interest rates to a lower rate if you’re able. This could help make your repayments more manageable.

✔️ Set a realistic goal date for when you wish to be debt-free, by working out when you can pay off what you owe.

✔️ If you have savings, consider using these to repay your debts. Compare the interest rate you pay with what you make on your savings.

✔️ Make an appointment with your local Westpac Bank Manager. We’re here to help you sort out your finances.

Do you only pay the minimum amount due on your credit card each month?

Are you unsure exactly how much you owe?

Do you borrow from friends or family without knowing when or how you can pay them back?

Then it’s time to confront your debt.
**Debt prioritiser.**

**Prioritise your debts.**

List your debts, the amounts you owe, and the interest rates you pay. Then, number these debts in order of priority, from highest to lowest interest rate.

<table>
<thead>
<tr>
<th>Who you owe</th>
<th>How much?</th>
<th>Regular repayment</th>
<th>Interest %</th>
<th>Terms and payment type (e.g. Interest only)</th>
<th>Priority #</th>
<th>Date aiming to pay off</th>
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By filling out this table, you’ve now got a clearer idea of where you stand with your debts, and can include them in your outgoing commitments when working out your budget (page 9).
Create a budget you can stick to.

When it comes to budgeting, it’s better to write things down than keep them in your head. Drawing up a budget can help you to save money, organise debt repayments, and make decisions that can change your finances for the better.

Your budget is personal to you and your circumstances. In order for it to work, you need to be honest with yourself and try to include everything you spend. Make sure you refer to the details you wrote in the chart on page 5.

Budgeting do’s and don’ts:

- **DO** keep a spending diary – try writing down everything you spend for a month. You could be surprised at how little things add up.
- **DO** remember to include things that you only pay for once a year, such as car registration and insurance. Work out what you’d spend in a year, and divide it up.
- **DO** include amounts you have automatically taken out of your bank accounts, such as phone plan payments and pay TV.
- **DO** ask yourself whether everything you’re spending is absolutely essential. Could you make do without it? Could you make reductions by making small changes?
- **DO** check your account balance regularly.
- **DO** revisit your budget if there are changes to your circumstances.
- **DO** try to save any pay rises for future goals or for paying off debt.
- **DO** consider spreading larger payments, such as your insurance, across a year rather than paying in one lump sum.
- **DON’T** forget to include all your debt repayments into your outgoing commitments.
- **DON’T** be unrealistic. Know your weak spots and allow for a little unplanned splurge now and again.
If you plan ahead and control your spending, you should be able to spend less than you earn and save the surplus. The result will be that you should have reserve or emergency funds to use if needed.
Get into good money habits.

By now, you’ve looked into where your money goes, made plans to repay your debts, and created a manageable budget. Good habits like knowing when you have money, when you need to pay things off, and when you need to be more careful, can help you avoid pitfalls and stay on track.

Do you avoid looking at your statements?
Do you forget when your direct debits are due?
Do you only check your balances now and again?
If so, it’s time for better money habits.

Good habit: Pay bills on time.
Set up regular payments to pay your bills when you know you’ll have money, like after your payday. If you get paid weekly, spread the payments across the month.

Good habit: Pay yourself.
Once you have your debt under control, set aside a portion of your income for savings.
This amount should be allocated before paying for any individual wants or needs. It can be as small or as large as you are comfortable with. Paying yourself first is a great way to build a nest egg for the future and a cash buffer for emergencies that crop up from time to time.

Good habit: Manage tight times.
If something unexpected happens and you’re feeling stretched, talk to your bank about how they might be able to help you.

Good habit: Reassess your situation.
If you find you’re running out of money, revisit your budget and make reductions where possible.

Good habit: Put a little bit away each month.
Start saving for times when you have to pay for something unexpected. Set up a monthly regular payment, and put any unexpected money (such as a tax return fund or bonuses) into your savings account.

Good habit: Protect your money.
Create a strong online banking password, ideally combining letters and numbers. Always check your bank statements for anything that looks wrong to you, and always inform your bank and other organisations if you move.
**Monthly planner.**

**Plan your journey to the end of the month.**

Being good with your money doesn’t mean thinking about it every minute of the day. It just requires good money habits at key times of the month or week. Use this planner to plot out some key dates in your pay cycle.

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</tbody>
</table>

1. Circle your payday/s.
2. Mark the days when you will make regular bill payments - either the day after your payday, or spread across the month if you’re paid weekly or fortnightly.
3. Mark the days you will make a payment to your savings - either the day after your payday, or spread across the month if you’re paid weekly or fortnightly.
4. On the day before your next pay day, make a note to transfer any left over money towards paying off your debt first, then put the balance into your savings account.
5. Are there any events coming up that might tempt you to splurge? Make a note to withdraw the money you need on this day, and use only cash.
6. Choose a date towards the end of your pay cycle to check your balances and revisit your budget if you’re in danger of running short.
7. Now transfer this information into your diary.
Grow your future finances.

Once you’ve dealt with any debts, worked out a budget and developed good money habits, it’s time to set some financial goals.

To be prepared for whatever life throws at you, you need to think seriously about savings. Whatever crops up in your life, like an unexpected bill, a sudden need for repairs or job loss, having savings can help you bounce back.

Small steps to saving.

Over time, savings can really start to add up.

<table>
<thead>
<tr>
<th>Day</th>
<th>Week</th>
<th>1 Year</th>
<th>5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>2</td>
<td>14</td>
<td>730</td>
<td>3,650</td>
</tr>
<tr>
<td>5</td>
<td>35</td>
<td>1,825</td>
<td>9,125</td>
</tr>
<tr>
<td>10</td>
<td>70</td>
<td>3,650</td>
<td>18,250</td>
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<tr>
<td>15</td>
<td>105</td>
<td>5,475</td>
<td>27,375</td>
</tr>
<tr>
<td>20</td>
<td>140</td>
<td>7,300</td>
<td>36,500</td>
</tr>
</tbody>
</table>

Your savings could grow even more in a high interest savings account.

Do you have money to fall back on if you were made redundant?

Could you find money in a hurry to cover the cost of a family emergency?

If not, it’s time to get serious about saving.

Setting a savings goal.

Putting money in the bank on a regular basis is a great start, but it can be tempting to withdraw it and overspend. By setting a specific savings goal, you’ll be better equipped to start saving money.

Setting a goal is easy:

1. How much money would you need to cover your family in an emergency, or if you were made redundant? Work out a figure to save.

2. It helps to have a timeline for your goal. Set realistic milestones and dates you want to reach them by. For example, you may decide you want to have $1,000 saved within 6 months, and $2,000 within 12 months.

3. Work out how much you need to save each month to meet your goal, and try to find that amount in your budget. If you can’t save that much, adjust your goal date accordingly.

4. Find the right type of account for your savings. Talk to your local Westpac team – we can help.

5. Set up a regular payment to go to your savings account on your payday. Alternatively, talk to your payroll team about having some of your pay put into your savings account directly.

Insuring your future.

It makes sense to protect your standard of living, and that of your family. There are insurance policies that may be available to cover your mortgage repayments if you lose your income due to an accident, sickness, or involuntary unemployment.
### Savings goals worksheet.

**Setting savings goals.**

Whether you’re saving for something specific or want to have some money set aside for an emergency, setting goals can help you get there. To use this worksheet, follow the steps below.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target date</th>
<th>Amount needed</th>
<th>Available money</th>
<th>Gap</th>
<th>Time to target date</th>
<th>Amount to be saved each month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: car deposit</td>
<td>October 2016</td>
<td>$2,000</td>
<td>$150</td>
<td>$1,850</td>
<td>12 Months</td>
<td>$154</td>
</tr>
</tbody>
</table>

1. Start by listing your goals. For example, you may be saving for a new car.
2. Write down the date you’d like to meet each goal. Be realistic.
3. Estimate the amount of money you need to meet each goal. For example, if your goal is to save a deposit of $2,000, enter $2,000 as the cost of the goal even if your target date is a year away.
4. Work out the gap between the cost of each goal and the money you currently have allocated to it.
5. Calculate the time to your target date.
6. Calculate how much to save each month.
You’ve looked at where your money goes, understood your debt, created a budget, developed good money habits and set a savings goal. Now it’s time to get the ball rolling, and put what you’ve learned into practice.

**Tick off your actions:**
- Work out what getting on top of your finances means to you. Ask yourself, “What can’t I do now that I would be able to if I was financially sorted?” Make this your goal – write it down, and put it somewhere you’ll see it every day to stay motivated.
- Having gone through the guide, make a list of five practical things to do to save money.
- Put dates in your diary to do them over the next week or fortnight. Put a date in the diary to review your progress in a week or fortnight.
- Talk to friends and family to find out how they manage money. If you know someone who’s in the same situation, you could help each other for extra motivation.
- Make an appointment with your local Westpac Bank Manager if you’d like some more help with any of the topics covered in this guide. We recommend you bring your completed guide with you to help you talk about your finances.

If you’d like some more information to help you get on top of your finances, talk to the team at your local Westpac branch.
We’re here to help.

Visit your local Westpac branch
westpac.com.au/davidsoninstitute
info@davidsoninstitute.edu.au