

# MONEY GUIDE

# money matters

**You'll be working hard for your money, so don't let it slip through your fingers. With some simple processes you can be in control of your finances and make your cash work for you.**

## MANAGING MONEY

Keeping track of your money is easy once you devise a system. Some money managing tactics include: only carrying cash; leaving your cards at home to prevent impulse buys or 'accidentally' withdrawing extra money on nights out; setting a savings goal to make your earnings work towards something (it could be as small as a new pair of jeans or as big as a car); and having a bank account with no ATM access.

## BUDGET TIME

Of course, for any money management system to work, you first need a budget. The word "budget" sends shivers down most people's spines, but it's really not that tricky. It's just a detailed list of your income and expenses each week, fortnight or month. It includes essentials like clothes, transport, rent and food, as well as any other 'extras' you spend money on.

Once you have an idea of your spending, identify areas where you can save or spend less. Don't be too strict; you still need to live. It's also a good idea to work out what your goals are—whether you're saving for a car or paying off your HECS debt, it's much easier to save when you have clear goals to work towards.

After working out your initial budget, put aside time each month to see what's working. Are you able to make any sacrifices now so you're better off later? You'll find a great budget planner at [www.knowyourmoney.com.au](http://www.knowyourmoney.com.au). Check it out and get to work!

## DON'T WASTE IT

There are also some simple things you can do to make sure money doesn't leak away. Always use your own bank's ATM to avoid service fees charged by other banks. Keep an eye on mobile phone spending—a pre paid mobile means you won't get an unexpected bill. Trying making your own lunch instead of buying it every day and you'll start to see savings after a while—a mere \$4 a day adds up to almost \$1,500 a year.

## CREDIT CRUNCH

With interest rates starting anywhere from 11 per cent per annum, racking up debt on a credit card can leave you struggling to pay it off for years. Keep your debt in check with these simple tips:

- Only use credit cards for emergencies, or paying for things over the phone or internet.
- Pay your card off in full every month.
- Don't accept any offers to increase your credit limit, and use EFTPOS or cash to pay for things as often as possible.
- Keep a close eye on interest free periods. Set monthly repayments don't always cover the total amount you owe, and if the account isn't paid in full, interest can be charged from the date the item was purchased.

Set up some 'forced savings' by moving your money into a different account by direct debit every month, before you can get your hands on it. If you don't see it, you don't miss it. And the next time you go to buy something 'just because it's on sale', ask yourself if you really, really need it. You could find yourself putting that \$20 back in your pocket more often than not.

## STUDENT DISCOUNTS

Get into the habit of asking for a student discount. You'll soon know who offers discounts—you're entitled to savings, so find out how you can make your money go further. For example, Fitness First offers 'adopt a schoolie' discounts for school leavers.

## DEALING WITH DEBT

If you've borrowed money, have money owing on your credit card, or have purchased something on a 'buy now, pay later'





## WEB HIT

[www.ato.gov.au/youth](http://www.ato.gov.au/youth)  
[www.fido.asic.gov.au](http://www.fido.asic.gov.au)  
[www.knowyourmoney.com.au](http://www.knowyourmoney.com.au)  
[www.dollarsandsense.com.au](http://www.dollarsandsense.com.au)  
[www.uws.edu.au/scholarships](http://www.uws.edu.au/scholarships)



## TAX TIPS

If you've got a job or are planning on getting one, you'll need a tax file number. An easy way to apply is to get your school to help you out.

The secondary schools tax file number (TFN) program is available through most public and private secondary schools around Australia.

By applying through your school, you don't have to go through the hassle of proving your identity. However you will still need to provide some personal details from your Australian birth certificate, citizenship certificate, or passport.

Ask a teacher or careers advisor if your school is registered with the program and then ask for a TFN application form for a secondary school student.

It's also worth knowing that there are special tax rules applying to 'eligible income' for students under 18 years. Eligible income refers to money you have received that hasn't been earned through your own efforts. This income will be taxed at higher rates—for example, if you invested money you received for your birthday, interest earned on it will be taxed at a higher rate. For more information, visit [www.ato.gov.au/youth](http://www.ato.gov.au/youth).

store option, you—like most of us—are in debt.

You need to be aware of when repayments are due and how much the repayments are. There will be penalties for late payments, and these will most likely get you into further debt.

If you're having trouble meeting repayments, you need to talk to the creditor and work out a plan. You can also talk to a free financial counsellor through your local community centre.

There is no point walking away from debt. It could all lead to a bad credit rating, which could hinder you from being able to borrow money in the future and even land you in court. Understand a contract before you commit to it—especially all the extra fees and charges that can add to the overall cost.

## 5 credit traps to watch out for

- 1. AVOID HIGH INTEREST CREDIT CARDS:** Shop around—there are lots of cards on the market now with competitive interest rates and interest free periods.
- 2. SET YOUR OWN LIMITS:** Having a credit limit of \$1,000 doesn't mean you have to spend it.
- 3. ONLY HAVE ONE CREDIT CARD:** The temptation is to pay off one credit card with another, but you're better off using a low interest personal loan to consolidate your debts.
- 4. AVOID RENT TO OWN PLANS:** Paying a monthly fee over several years for, say, a computer, seems like a good value, but you could end up paying four times the item's original worth. Also, you don't own the item, so if you forfeit any payments it can be reclaimed.
- 5. STORE CARDS:** "They're another thing to watch out for, as they usually charge very high interest if you don't pay on time," says Michael Dunn, director of consumer communications, ASIC.

For more information on managing your credit card debt, head to [www.choice.com.au](http://www.choice.com.au) and click 'Money & Rights'.

## Financial Assistance: ARE YOU ELIGIBLE?

### GOVERNMENT ALLOWANCES

- **YOUTH ALLOWANCE** For full time students and apprentices who are aged 16 to 24 years.
- **ABSTUDY** If you're an indigenous person, aged 14 or over, and studying full time at school, TAFE or university or undertaking a new apprenticeship full time. Call 13 23 17 for more info.

### UNIVERSITY ASSISTANCE

- **STUDENT LOANS** Most universities offer financial assistance. Check out your university's website and find the relevant people to speak with.
- **SCHOLARSHIPS** The University of Western Sydney has a wide range of scholarships on offer for new students. For more info on UWS scholarships call 1800 897 669 or email [study@uws.edu.au](mailto:study@uws.edu.au). Applications close 16 January 2009. Visit [yourfuture.uws.edu.au/scholarships](http://yourfuture.uws.edu.au/scholarships).

### BANKS/CREDIT UNIONS

- **PERSONAL LOANS** Most personal loans have an interest rate of between 11 to 16 per cent per annum and can be paid off in a one to seven year period. Always understand the contract.