



# EVANS EDWARDS

FINANCIAL ADVISORS | WEALTH CREATORS



## Young and Broke? There's another way.

### 1. Do away with debts

If you're not great at sticking to a budget, you're not alone. The average level of household debt has more than doubled in the last 12 years and 55% of Australians owe money on their credit card. But if you accept this as the norm and carry on spending as if your debts don't matter, you're storing up trouble. When you have something important to spend on in the future – like your first property or getting married – those debts are going to really hold you back. So it's really important to tackle debts now by figuring out what you owe and committing to a schedule for paying them off.

### 2. Make budgeting easier

Budgets are much harder to stick to when all your spending comes from the same pot of money. If this is the way you operate – and most of us do – it takes lots of discipline stay on track with spending and saving. You can make the whole process much easier by having four separate accounts for your income, divided up roughly like this:

- 10% for yourself
- 10% for your short term goals
- 20% for future goals
- 60% for bills

Make sure the accounts for saving money don't come with a card to make it easier to keep from spending it when you're tempted. And remember that bills should include all loan repayments as well as other regular outgoings like rent, groceries and travel. These percentages are only recommendations and you may need to tweak yours to match current commitments.

### 3. Be ready for the unexpected

One of the more sizeable chunks in the budgeting plan is the money you channel towards long-term savings. Not only is this the money you'll be glad to have when planning to buy a home or start a family, it also doubles as your emergency cash stash for big unexpected bills. Without this money up your sleeve, paying to have your car fixed or to replace your fridge when it bites the dust will likely go on your credit card, and that just delays the process of getting yourself debt-free.

#### 4. Get motivated to start now

When you're young and especially when you have debts to pay off, getting into a better situation with money can seem impossible. House prices are going up and having to choose between saving and giving up smashed avo on toast, let alone cancelling your plans to travel and see the world, feels really unfair. But even a tiny amount of money – \$10 or \$20 a week – is going to have a big impact if you start saving right now.

The magic of compound interest is that it only takes a small amount, saved regularly over your lifetime to make a big impact on your wealth. It's not a way to turn your dollars into millions overnight, but it'll move you closer every day to where you want to be.

#### 5. Only gamble if you can afford it

A few words of wisdom about following fads that could make you rich overnight. You're probably hearing all sorts of stories in the media about cryptocurrency and people who've made \$1000 into a \$1 million by leaping on and off the Bitcoin bandwagon at just the right time. But Bitcoin – and lots of other get rich quick solutions – is no more likely to make you rich than heading to the casino or racecourse with your all your earnings for the week. Trying to make your fortune this way can be a bit of fun, but only if it's money you can afford to lose altogether.

Source: Money & Life.

**If you have any questions around your particular circumstances, give Shaun or Vicky a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon).**



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