



## ***How To Save Money: Simple Money Saving Tips***

***Are you spending more than you earn? Do you even know if you're spending more than you earn? It may be time to work out a budget. Making small changes to your life can yield big results. So, how can you take your monetary bull by the horns and start saving those precious pennies?***

### **Make a Budget**

The first step to any money-saving plan is to understand how much you have to spend, and where your money is going. Tally up all of your income, including your wage or salary, bank interest, overseas income and dividends you might receive.

Step two is to work out your costs. Create a spreadsheet and add in columns and amounts that you spend. Look for recurring payments, subscriptions, utility bills and your rent or mortgage. There might be hidden costs you've forgotten about. Work out if there are costs that you incur that you can cut out straight away.

If you're spending more than you earn, think about ways you can cut back. Keep track of them. Think about what your essential items are, and then work out how you can cut the non-essentials. Keep a constant tally of your expenses to track your spending.

You may need to adjust your budget in times of change, for example if you're renovating, or if you have a baby.

### **Plan to Save**

Aim for a 50 / 30 / 20 expenditure plan. This assumes that you'll spend 50% of your income on rent, mortgage and other essential costs, 30% on food, dining out, clothing and sundry costs, and 20% on saving. When you know your income and your costs, you'll know how much money makes up the 20% of your income. These percentages are not set in stone and you can adjust them as your needs arise.

### **Track your Spending**

Often it's your small purchases that add up, rather than the bigger buys. Keep an eye on your bank statement, or use an expense tracking app. You'll be able to see at a glance when you're spending and how much you've spent.

A smart way to save money is to set up an automatic payment system into a nominated savings bank account, rather than transferring an amount each month. You won't have to rely on remembering or your resolve to set aside some money to save. Automatic processes can make life easier and your savings account grow.

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## Manage your Debts

Bills don't pay themselves. If you do have a debt, such as a credit card or mortgage, prioritise these costs. Especially bills with high interest as the debt will grow if you don't pay them off. Debts never go away, they just get bigger.

Steer clear of 'take now pay later' schemes. These services have become more popular and are filled with temptation. However, these payment schemes are a slippery slope and you might end up paying more than you intended when the joy of the items has long worn off.

Some of the common schemes are:

- Afterpay
- Oxipay
- Openpay
- zipPay
- Certegy Ezi-Pay

Remember, they are nothing more than a marketing ploy, enticing you to easily part with your money while offering instant gratification. If you take up lots of these little offers, they will add up very fast.

## Open a Savings Account

Open a savings account where you can set up an automatic transfer. Look for a higher interest account that rewards you for accumulating your cash. Savings accounts also have the added benefit of warding off the temptation to spend, especially if you don't set up a linked debit card and restrict access.

## Look for Alternative Providers

Now that you've got the little expenses under control, it might also pay to consolidate your larger expenses. If you have a mortgage, it might pay to shop around for a lower rate, or even approach your bank to lower your interest rate.

You might be able to save on your utility provider. There might be some great deals on electricity, gas, phone and internet you can grab. Your insurance is another big cost that can slowly creep up. If you're happy with your suppliers, give them the opportunity of matching their competitors. Saving 10% could equate to thousands a year.

You might be able to pay your bigger bills on a monthly or fortnightly basis, such as insurance and rates. It might be easier than finding a large lump sum once a year.

## Control your Impulses

Shopping with a loaded credit card feels like free money – until it's time to pay it off. Purchasing items on your credit card comes down to will power, and sometimes that won't be enough to stave off the spending.

If you see something you want, wait a day and then reassess. Chances are you'll be over your impulse and decided you don't really need the item. If you still want the item, but deep down know that it is still an impulse purchase, work out how many hours you'd have to work to buy it. Often, that alone will put things into perspective.

***If your debts are affecting your life negatively, consider re-structuring or consolidating so that your debt is more manageable. Sometimes we need a little help to achieve financial freedom, and there are Professionals who can help. An ITP The Income Tax Professional can help get your budget in place. Speak to a Professional today.***

*ITP The Income Tax Professionals are more than tax agents. They have been helping Australian individuals and businesses with their business accounting and advice for 50 years and offer a wealth of knowledge. Speak to a Professional today and see how your business can be more profitable.*



**THE INCOME TAX  
PROFESSIONALS**