



Smart Tips to Manage Your Finances During the Pandemic

Covid-19 has affected more than people's health. It has changed the way we go about our everyday lives, how we interact in public and how we do business. It's affected personal and business finances not only in Australia, but throughout the world. Some people have never been busier, with a rise in job hours not to mention working from home while teaching children, while the sad truth is that others are clinging to their employment by their fingertips. Others might have lost their employment, and with restrictions still in place, do not have a clear path forward.

If you're struggling, or looking for ways to protect yourself financially because of this uncertain future, here are some tips to review your spending, handle your debt and apply for support.

Support for Individuals

Both Federal and State governments are providing employment schemes for those individuals who have suffered and offer numerous support options. This includes wage assistance through JobKeeper and JobSeeker, early access to super, home-builder schemes, and rental and relief schemes.

Early Access To Super

Individuals can access up to \$10,000 of super until 31 December 2020. You'll need to check your eligibility, know your financial options, your current

super balance and how this will impact your future retirement super savings. Money you take out of your super now will impact what you'll be able to access later on. A conversation with an ITP consultant will help you decide what to do and if accessing your super should be an option for you.

JobKeeper

The JobKeeper payment scheme is now in its second generation. The payment options have dropped. Employers (including sole traders) can now access:

- \$1,200 a fortnight until 3 January 2021 to pay eligible employees (or \$750 a fortnight if they worked less than 20 hours a week)
- \$1,000 a fortnight from 4 January to 28 March 2021 to pay eligible employees (or \$650 a fortnight if they worked less than 20 hours a week)

JobSeeker

Those on JobSeeker will receive a fortnightly \$250 coronavirus supplement until 31 December. You'll be eligible if you already receive:

- JobSeeker Payment
- Partner Allowance
- Widow Allowance
- Sickness Allowance
- Youth Allowance
- Austudy
- ABSTUDY Living Allowance

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- Parenting Payment
- Farm Household Allowance
- Special Benefit

During this period, JobSeeker recipients will also be able to earn up to \$300 a fortnight before it reduces their payments.

Age Pension Drawdown Rates

If you have an account-based pension or similar product, or receive a drawdown from your super, different rates will apply for 2019-20 and 2020-21. The government is temporarily reducing the superannuation minimum drawdown rates by 50 percent for account-based pensions. Make sure your pension suits your needs. A friendly chat with an ITP consultant can help you work out if this is a viable option for you.

Home Builder Grant

The Federal Government has released a grant of \$25,000 to eligible owner-occupiers, including first-home buyers to build a new home or substantially renovate an existing home. There is an eligibility criteria option that must be satisfied.

State Based Help

Various States around Australia are offering and continue to offer grants and schemes for individuals and businesses. It's best to check in with your various State-based web sites for more information. An ITP consultant will also help you organise your financials if applying.

Living On A Reduced Income

If your income has been reduced, look for immediate ways to reduce your spending. Sort through your bank statement and assess where your money is going. If you have subscriptions that can be cancelled, or source your staples from a cheaper supplier, then change straight away.

Comparing and switching to cheaper home loans, credit cards, car and home insurances and utilities can save you some serious money. If you're in the position of having savings, look at ways to fast-track

your loans or to put your money into a high bearing long-term bank account.

Home Loan

It might pay to refinance your home loan. Interest rates have dropped and now might be the perfect time to seek a lower interest bearing loan. Even small changes could save \$100 a month or more in repayments that will add up over the life of the loan. Putting extra savings into a mortgage offset account will offer you a savings benefit of extra repayments / redraw – but you'll need to be in total control of your money.

Be aware of honeymoon periods offering holiday payments on mortgages or credit cards. The interest will still build up despite the respite and could be higher than before. Holiday-payment schemes might also be noted on your credit history and affect your ability to borrow in the future.

Utilities

Compare your utilities suppliers for your electricity, gas, internet and phone. Utility companies offer great on boarding policies to get your business. It's worth a call around to check plans. Internet suppliers are another avenue for reducing your bill. You might be able to get comparable speeds for a cheaper price and find a plan that suits your needs. Look at your call and data usage for your phone. New companies offer great deals for comparative supply. If you're at home most of the day, consider using your wifi, and save on your data plan.

Insurances

If you've got car or home insurance, there might be a good, comparable plan you can get as a new customer. Sometimes, sticking with the same supplier year after year is more expensive than changing. Be aware if your circumstances have changed and notify your insurance company. There's no use in paying for extra insurance if you don't need it.

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Protect Yourself

Protecting yourself financially can also be considered saving. If you've got a mortgage and a family, there is a real threat of losing everything if you lose your job. More so, in this current uncertain environment. Make sure your income is protected with income protection insurance and life insurance. It may sound like an unnecessary step – until you need it.

Investing

It might sound counterintuitive, but investing will help you generate more wealth later on. While times are tough, savvy investors can take advantage of the situation. If you have investments, or would like to start, there is no time like the present to take that step – only do it with professional guidance to reduce your risk. You'll need to see if you have the cash available to make your investment, to see if you could afford more and implement ways to diversify and reduce your risk and make yourself recession-proof. ITP financial advisors are available for a friendly chat to see if this is a good step forward for you to secure your future. Phone 1300 136 729 today.

Scams

These are the times when scammers try to cash in on people's misfortune. Desperate times make desperate people and scammers prey on those, using fear to extort and coerce. Beware of scammers impersonating any of the government agencies offering payment schemes to individuals and businesses. In particular those cold-calling for early access to your super.

Scammers will pretend to be from real and well-known banks, travel agents, insurance providers or telecommunication companies and often will put pressure on you while on the phone stating fines or legal repercussions if you don't pay. Other scams include emails and texts that have clickable links, or ask for your personal financial information. The safest way to deal with scammers is to simply

hang up, or email the relevant institution that was represented and verify their communications. Do not make any payments up front. If you've received a communication about an outstanding tax matter, a phone call to your local ITP branch will have you sorted out quickly. Our consultants are aware of both new and old scams and can advise if you've been targeted.

Get Financial Support

Taking control of your money is the first step to gaining financial control over your spending. You need to understand what you owe and by how much. Include credit cards, loan repayments, unpaid bills, fines and any other money you owe.

Work out what you can afford to pay to reduce your debt. The best way to do this is by starting a budget. List all of the money you have coming in for the month and all of your outgoing money. Compare the totals and find savings where you can. Prioritise your debts. Pay rent and your mortgage, council rates, utility costs, and car repayments off first before you spend the cash on other unnecessary items you could do without.

Build a savings buffer. If you have any surplus, find a way to save the money. This is to provide a financial safety net that might be needed for a rainy day.

If you have no idea where to start, an ITP Accountant can help put together your budget and help you manage your money. You don't have to go it alone. They can explain your options and develop a plan that will suit you no matter how large or small.

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