



Saving for a better future

In this fact sheet, you will learn why it is important to budget and save, and find easy steps to get you started and helpful tips to consider when planning your goals.

Get started with an easy to use budget

Saving money can take time and getting started can seem really difficult. The upside to developing a savings habit is that it may help eliminate the stress of living from one pay day to the next and help you achieve longer-term savings goals.

The key to future financial security is working out how much you have to spend and how much you can save. Putting together a budget is the first step towards financial security.

So, how do you start budgeting?

- 1. Understand your current financial position**
How much do you earn? What are your annual expenses? How much personal spending money do you need? Identify a budget timeframe that will work for you - weekly, fortnightly or monthly budget?
- 2. Calculate your capacity to save**
Once you know your financial position, you can work out how much you can afford to save from your income after paying your expenses.
- 3. You may need to review your expenses**
If the total savings figure is not what you expected you may need to re-evaluate your expenses so you can reach your desired regular savings amount.
- 4. Start saving**
Set up a regular savings plan (e.g. a monthly direct debit) and start building your nest egg.
To learn more about how you can manage your finances, and to find a sample budget planner, visit the Australian Government web site www.understandingmoney.gov.au

The importance of saving

You may want to save for a short trip, a new car or your first home. A regular and flexible savings plan offers a variety of benefits that will provide you with a sense of success and satisfaction as you watch your progress towards your financial goal.

Short-term value

Helps reduce the stress of living from one pay day to the next. A short-term savings plan also creates a safety net to help you feel more secure about meeting your personal needs such as rent or mortgage payments, bills and living expenses.

Medium-term value

Establishes a positive financial track record. This is essential when applying for personal and home loans. A medium-term savings plan can make it easier for you to achieve previously unreachable goals such as a holiday or new car.

Long-term value

Long-term savings can build a nest egg to help supplement your superannuation (super) when you retire.

Once you have established the discipline needed to save successfully, you will find it easier to control your money and add to your savings.

Saving tips to take you even further

Most people would agree that we should at least save some money, but when is the right time to start? Below are some tips that could make your money work harder for you now.

- **Tip 1 - A high-interest earning account or a cash management account**

There are many different savings and investment products available.

Different to your everyday bank account, these type of accounts are a simple and effective way to start saving.

Compound interest means earning interest on interest and helps your savings to grow. If you start saving now and invest \$40 every month, at 3.5 per cent p.a. interest you would have \$25,646 in 30 years¹. That's through putting aside less than \$500 a year.

- **Tip 2 – Speak to your employer**

Your employer may also be able to help you save by transferring some of your after-tax salary straight into a separate savings account or even into your super account.

- **Tip 3 – Investing**

By investing your hard-earned savings, you are making your money work for you. Investigate the range of investment options available to you by speaking to a financial adviser.

IOOF's investments and savings products include:

- IOOF Portfolio Service Investments;
- Pursuit Core Investments;
- Pursuit Select Investments; and
- WealthBuilder.

Where to go for more information

If you have any questions about how to budget or save, please speak with your financial adviser. If you do not have a financial adviser, IOOF has a team of qualified, professional financial advisers who can help you start planning your financial future. To arrange an appointment, contact a Client Services Officer or visit the 'Seek Financial Advice' page at our web site www.ioof.com.au

IOOF has a dedicated Client Services team available to speak to you Monday to Friday between 8.30am – 6.00pm. Phone us on **1800 062 963** (for personal super members) or **1800 653 894** (for employer and corporate super members) or email clientservices@ioof.com.au

¹ Example assumes compound interest of 3.5% p.a. paid monthly (end of period) over 30 years with 360 monthly payments.

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