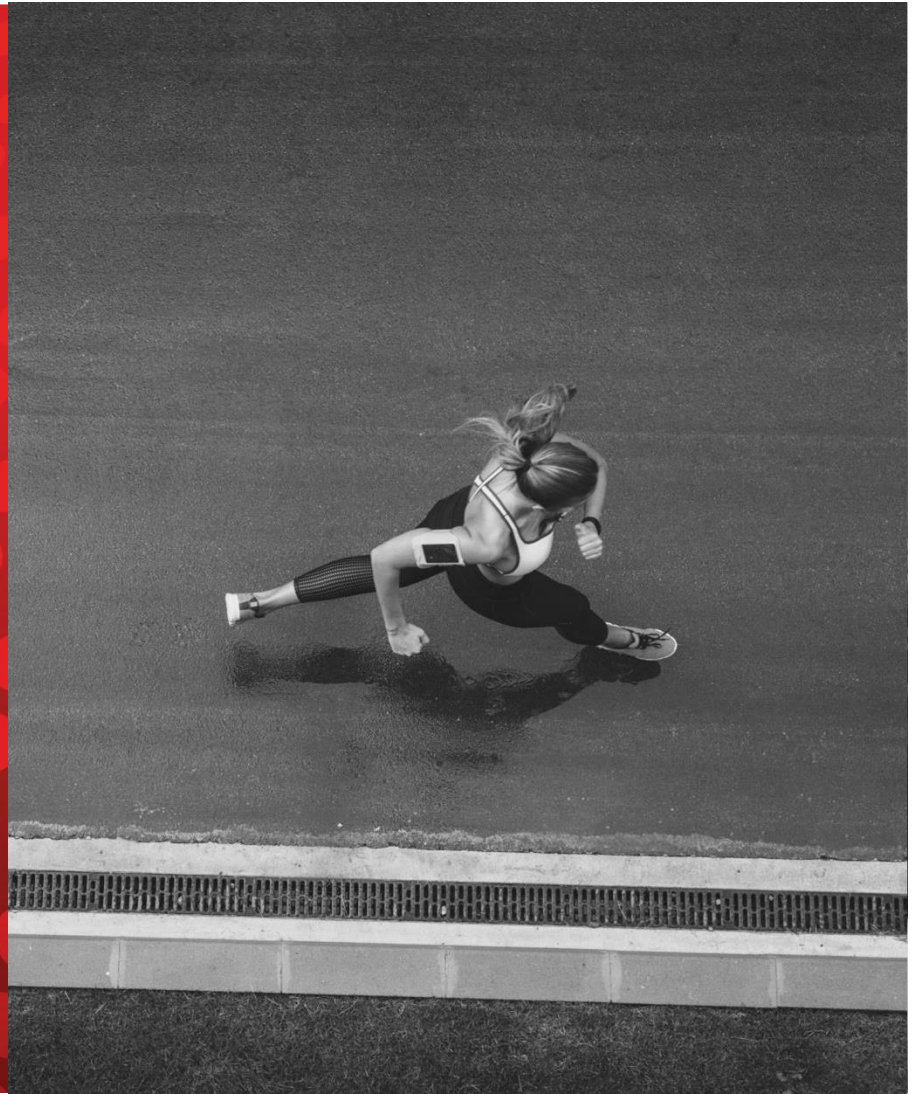


Building a fit financial future



Topics...



Managing debt

Are you managing your debt effectively?



Investment 101

Want a clearer picture of the world of investments?



Growing your Wealth

Are you looking to grow your wealth?



Building a better future

A few simple steps now can help you achieve a better lifestyle in retirement



Protecting your lifestyle

Understand the types of insurance available and why they're important.



Women and finance

Top money issues for women



Protecting your assets

Basic estate planning steps to help protect your assets



End of Financial Year

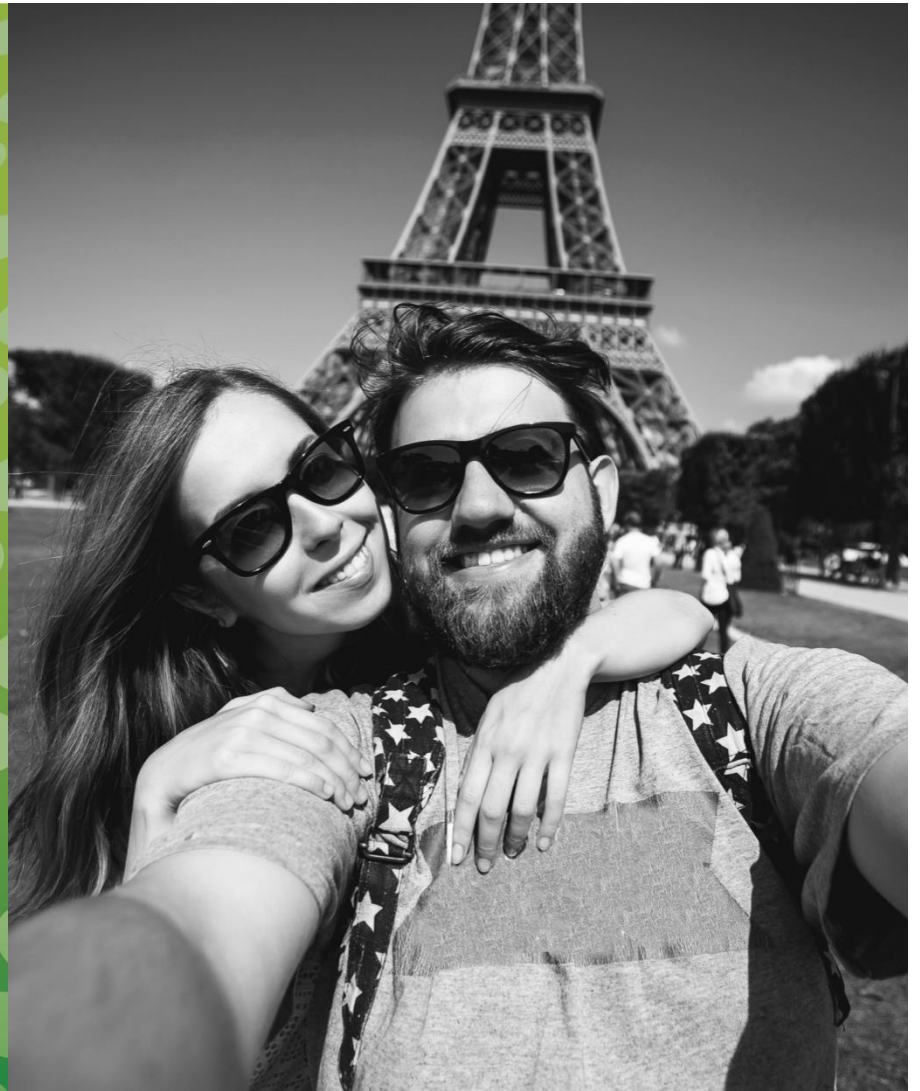
Make the most of incentives before time runs out!



Budget and Legislative update

Discover what's in store for tax, super and investments

Managing your debt



Important Notice

Any advice in this presentation has been prepared without taking into account your objectives, financial situation and needs. You should consider whether it is appropriate having regard to your personal circumstances before making any financial decisions.

If you are considering acquiring a financial product you should obtain the relevant product disclosure statement before making any decision.

Any information about taxation in this presentation is factual information or general advice only and does not consider the application or interpretation of any taxation laws to your personal circumstances. If you require taxation advice you should seek advice from a registered tax agent or a registered tax (financial) adviser.



Managing your
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Borrowing considerations



WORK OUT IF YOU CAN AFFORD TO BORROW

- What are you borrowing for?
- Is borrowing your best option?
- Can you afford the repayments?



IS NOW THE RIGHT TIME TO BORROW?

- Job security
- Family situation
- Health



KNOW WHO AND WHAT YOU'RE DEALING WITH

- Compare products
- Interest rates, fees and charges
- Don't be pressured into buying &/or borrowing



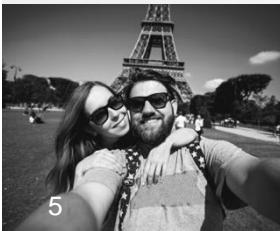
MAKING REPAYMENTS

- Keep up with your repayments – DON'T fall behind
- Make more than the minimum repayment if possible



PAY OFF YOUR HOME LOAN FASTER

- Increase the frequency of repayments eg; weekly/fortnightly
- Pay more than the minimum repayment amount
- Periodic lump-sum repayments eg; bonus



Managing your
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Agenda



Personal debt & credit cards



Key considerations



Mortgages & home loans



Summary



Investment loans



Questions

Personal debt & credit cards



Good debt / Bad debt

Good debt



Leverage into investments
Can provide tax benefits
Can produce income
Interest rate fluctuations
Market fluctuations

- Buying a home
- Education
- Investment
- Business
- Real Estate

Bad debt



Short-term solution
Debt recycling
Long-term debt trap
False sense of security
Paying for things no longer needed

- Credit Card
- Cash advances
- Consumer debt
- Payday loans
- Vehicle



Managing your
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Credit Cards



16,580,989 credit cards in Australia (Feb2018)



Credit card debt in 2018 = **\$33 billion**



\$3,181 average credit card balance



\$25,326,778,282 spent on credit card purchases each month

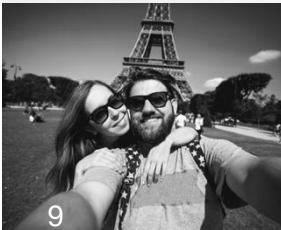


\$5.5 billion current total interest payments p.a.



27 years: average time to pay off credit card debt

Source: <https://www.moneysmart.gov.au/borrowing-and-credit/credit-cards/credit-card-debt-clock>



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Credit Cards

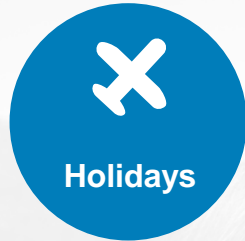
5 reasons why people get into credit card debt:



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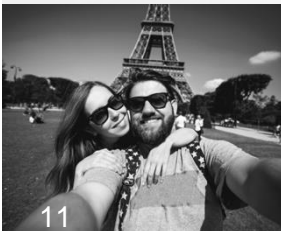


Personal lending



Key considerations

- Fixed and variable rate loans
- Secured or unsecured loans
- Interest rates
- Dealer finance v Bank/Credit union



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Leasing



Vehicles

Salary packaging
Novated leasing
Tax effective



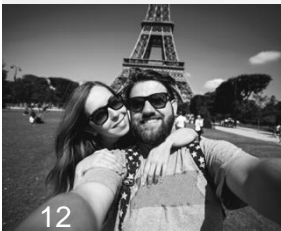
Equipment

Laptops
Small business
equipment
Tax benefits



Household goods

Whitegoods
Laptops/Computers
Rent, try, buy



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Mortgages & Home Loans



Mortgage loans



Home Loans

Home purchase
Refinance
Upsize or downsize



Investment Loans

Property
Shares
Managed Funds
ETFs



Small Business

Using equity to
purchase
Funding business
expenses



Debt Consolidation

Credit Card(s)
Personal Loans
Family debt
Small business debt



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Mortgage loans

PRINCIPAL & INTEREST



- Repays the principal & interest
- Can be fixed or variable rate
- Most common loan facility
- Can be used in a split loan facility
- Generally very flexible if wanting to make a change

INTEREST ONLY



- No principal repayment
- Only paying the interest component
- Generally a fixed term
- Can be inflexible if wanting to make a change

FIXED RATE

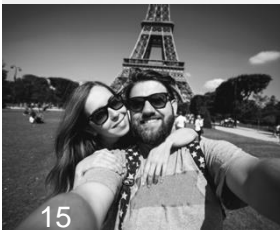


- Interest rate is locked in
- Generally for a set/fixed term
- Can be inflexible if wanting to make a change

VARIABLE RATE



- Can be a principal & interest or interest only facility
- Rates can & will vary both up and down
- Usually quite flexible if wanting to make a change



Managing your
debt

Investment loans



Borrowing to invest



IS BORROWING TO INVEST RIGHT FOR YOU?

- Sufficient equity or enough saved for a deposit
- Can afford the repayments
- Can afford or cover other associated expenses



WHAT DOES GEARING MEAN?

- Negative gearing – investment expenses are greater than the income generated
- Positive gearing – investment income is greater than the expenses



WHAT ARE THE BENEFITS?

- Faster wealth creation
- Greater diversification
- Unlocking equity
- Tax effectiveness



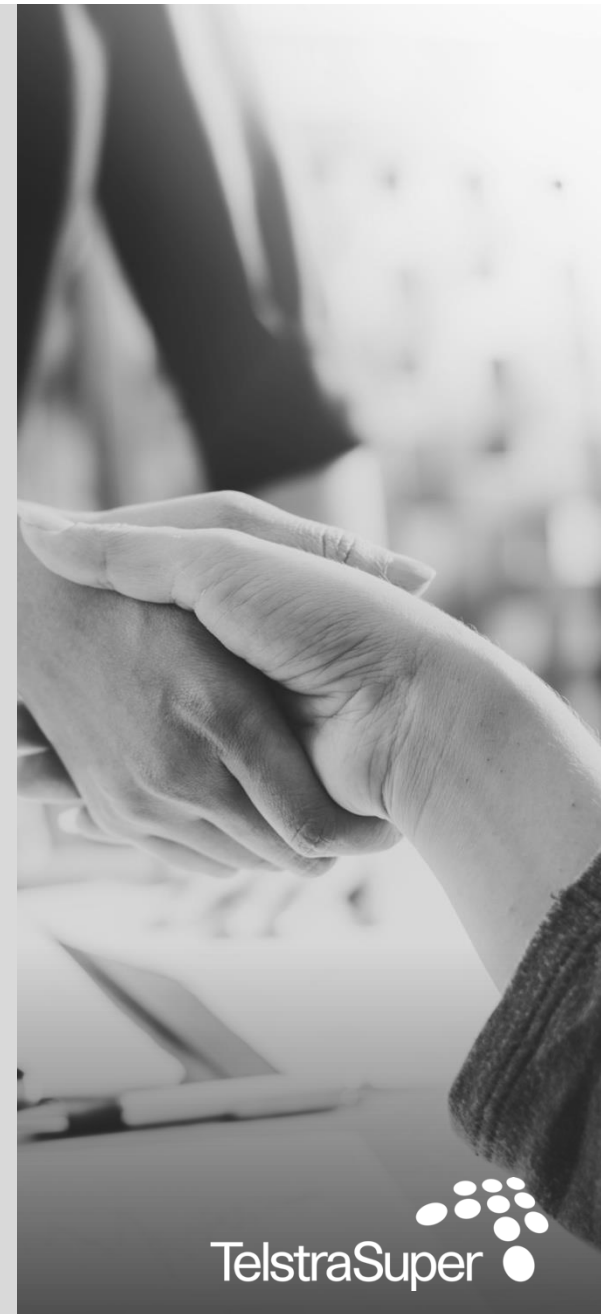
WHAT ARE THE RISKS?

- Increased losses if market falls
- Changes to tax laws may impact your tax position
- Illiquidity
- Margin calls



CAN I AFFORD THE REPAYMENTS?

- How much can you afford to borrow?
- Do I have surplus cash flow?
- What will the regular repayments be?



Borrowing to invest



Managing your debt



Gearing

Negative Gearing



Investment income is **less** than interest and expenses

- Interest and costs can be tax deductible
- Can reduce the overall tax payable on other income

Positive Gearing



Investment income is **greater** than interest and expenses

- Less tax-effective than negative gearing
- Interest and costs can be tax deductible against investment income.
- Income generated will be subject to income tax.

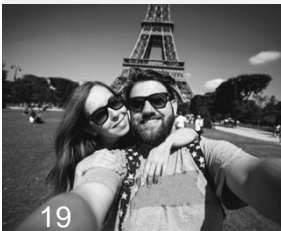


Shares

Property

ETFs

Managed Funds



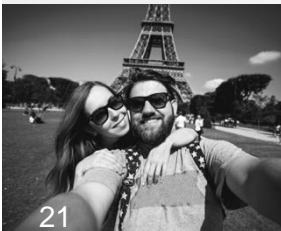
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Key considerations



Debt traps



Managing your debt



Credit Card tips

Introductory offer periods

Get a head start during the introductory period

Pay off as much as you can each month

Set up automatic payments

Balance transfer credit card

Remember repayment allocation rules

Don't use for purchases or assume you'll get interest-free days

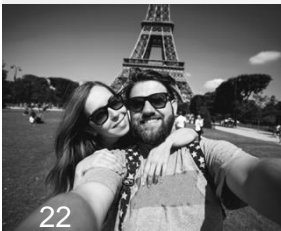
Have a plan for emergencies

Considerations:

- Weigh up your options at the end of the introductory period

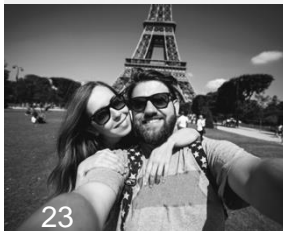
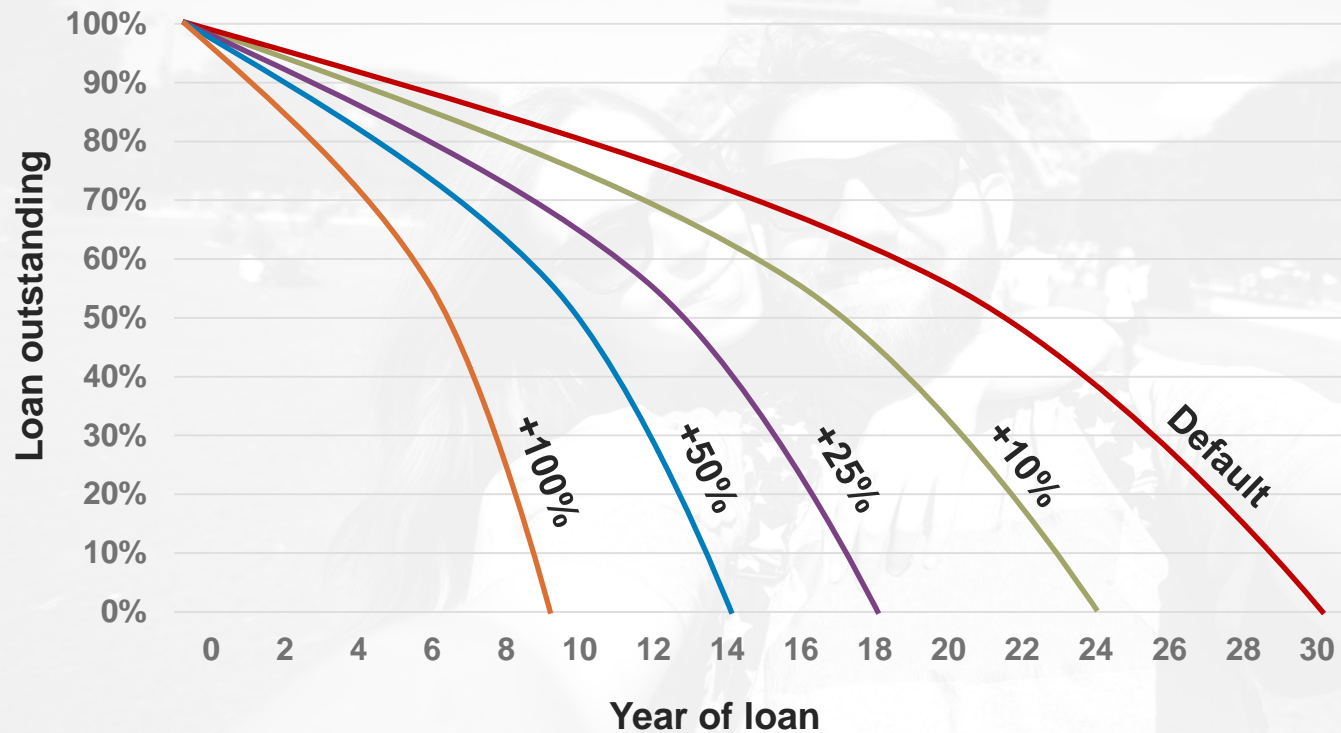
Considerations:

- Compare balance transfer credit card offers



Debt tips

The effect of paying more than the minimum (default) off a home loan:

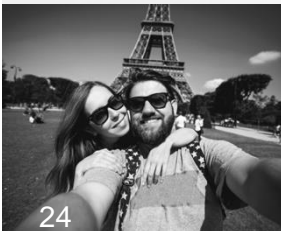


Managing your
debt



Debt tips

SOME GOLDEN RULES FOR MANAGING DEBT:



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Summary



Keep on track

1

UNDERSTAND YOUR DEBT

How much do you owe?
What interest rate are you paying?
What options/flexibility do you have?

2

ELIMINATE BAD OR UNNECESSARY DEBT

Can you afford to make additional repayments?
See how much you'll save by repaying your debts faster.

3

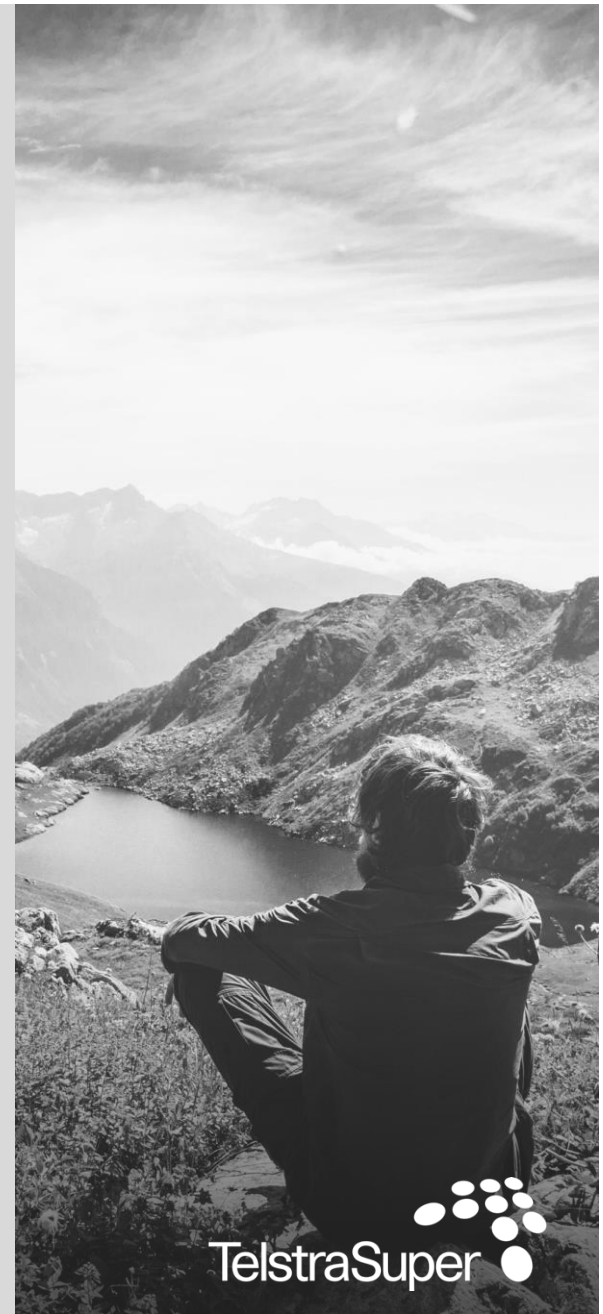
BORROW WISELY

What are you borrowing for?
Is it the right time to borrow?
Do you have other options?

4

SEEK ADVICE

Navigate the financial advice process with confidence.



Useful tools

▶ TrackMySPEND app

▶ Australian Investors Association:
www.investors.asn.au/education/


▶ Finder:
www.finder.com.au/how-to-manage-your-debt

▶ ASIC Moneysmart:
www.moneysmart.gov.au/

▶ ATO app

Thank you



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Next topic...



Investment 101

Want a clearer picture of the world of investments?