

SAVING MONEY

WHAT IS SAVING? IT STARTS WITH A RIGHT ATTITUDE TO MONEY.

PUTTING MONEY AWAY NOW FOR LATER.

PUTTING AWAY MONEY IN SMALL AMOUNTS TO ACCUMULATE FOR LARGER PURCHASES. A MEANS TO ACHIEVE A GOAL WITHOUT BORROWING.

PUTTING MONEY AWAY REGULARLY TO COVER THE BILLS WHEN THEY COME.

THIS INCLUDES EXPECTED AND UNEXPECTED EXPENSES.

HOW DO YOU SAVE MONEY ?

THREE WAYS- EARN MORE AND KEEP MORE, SPEND LESS AND DO BOTH.

DON'T SPEND FIRST AND SAVE WHAT IS LEFT- IT WON'T HAPPEN.

THE SECRET OF SAVING- PART OF EVERYTHING YOU EARN IS YOURS TO KEEP.

PAY YOURSELF FIRST (Richest Man in Babylon)

When you receive your regular income, put away your savings amount into a separate account and spend the rest for living expenses etc. Decide first on the amount to put away in savings either by amount or percentage of income. **Be realistic** You don't want to put away too much and either have to go without things you need or be miserable because you can't have things you want.

Set up a regular transfer between your accounts for this so you don't have to think about it and can't forget to do it. It is known as PAINLESS EXTRACTION. It works on the basis that what you never have, you never miss. Of course it is there if you need it but defeats the purpose to draw it out.

BUDGETING- Don't Spend to Save- Save to Spend

How can I save when I have so many expenses ?

Expenses can be fixed or variable just like home loans. They can also be discretionary or compulsory for the standard of living we desire.

Examples of fixed essential expenses which we have no control over are rent or mortgage payments, car registration, rates and insurances, Examples of Variable essential expenses are groceries, electricity and phone bills. We can vary this by our level of usage (eg Air Conditioning in summer will put up your electricity bill) or choice of items such as grocery shopping.

We need to look at our spending into categories- Fixed essential, variable essential and luxury. Luxury covers wants that are not needs.. For those who see it as an onerous task, use the transfer of your savings to a separate account and live on the rest as a Claytons Budget-the budget you have when you are not having a budget.

On top of this I recommend you also consider putting enough away on a regular basis to cover your known regular bills. I used to do a bills calendar at the beginning of every year based on the last years expenses.

Each month it showed which bills were due and in pencil the amount paid the previous year and updated this with the correct amount when the bills came. This way I knew what to expect before they came. It covered rates, electricity, phone, car regos, insurances etc.

To do this you need to be able to cover the bills when they come in by putting enough money away each income period. Add up the total of bills for a year and divide by the number of months, fortnights or weeks (12, 26, or 52) depending on how often your income comes in, and put that aside each pay.

It pays to start this with a bit in reserve to cover any amounts early in the year when you haven't had the time to build up enough. The writer of The Barefoot Investor, Scott Page, calls this a MOJO ACCOUNT, where you have \$1000 away in case of emergencies. It also will help when you get an unexpected bill.

Don't forget giving as part of your budget." It is more blessed to give than to receive." No matter how badly off you think you are, there is always someone worse off than you.

Here's some perspective

“If you have food in your fridge, clothes on your back, a roof over your head and a place to sleep you are richer than 75% of the world.

If you have money in the bank, your wallet, and some spare change you are among the top 8% of the world's wealthy.

If you woke up this morning with more health than illness you are more blessed than the million people who will not survive this week.

If you have never experienced the danger of battle, the agony of imprisonment or torture, or the horrible pangs of starvation you are luckier than 500 million people alive and suffering.

If you can read this message you are more fortunate than 3 billion people in the world who cannot read it at all.” ~ Unknown

When you budget put away some money to indulge yourself- spend money on yourself without feeling guilty. Pamper yourself. You are worth it. You have worked hard for your money. You might as well enjoy it.

WAYS TO SAVE MONEY

KNOW YOUR ENTITLEMENTS

Pensioner Concession Cards

These entitle the holder to pensioner discounts available in many businesses and also on government bills including Rates, Car Registration on one car, Electricity, rail travel within Qld, Government approved medical prescriptions at pharmacies and more. Ask if a pensioner discount is available.

Low Income Health Care Cards

For those eligible through Centrelink who are not on a pension, these entitle the holder to discounts on government approved prescriptions at pharmacies.

Seniors Cards and Seniors Business Cards

Seniors business cards are for those over 60 and Seniors Cards are for those over 65. Seniors Cards offer more benefits than Seniors Business Cards. You just need to ask at businesses if they offer Seniors Discounts.

Here are some local seniors discounts I know of-

Drakes and IGA Supermarkets- On Wednesdays on spending more than \$30, a discount of five percent on the total of your purchases applies. If you have purchased petrol in the past fortnight and show your receipt at Drakes, and show your receipt, they will take the amount of 4 cents per litre off your bill. This applies even if you have already saved 4 cents a litre at time of purchase.

Red Rooster-On non-specials a discount for seniors applies. (10 percent?)

McDonalds- Free tea or coffee with any purchase.

Glenmore Tavern has a seniors menu option at cheaper prices.

Frenchville Sports Club- Mondays. 20percent discount at the Bistro and Café.

FOODBANK- 16 ROBISON ST PARK AVENUE, THURSDAY AND FRIDAY

Available to **EVERYONE**- not just seniors- For \$50-00 you get a variety of foods worth more than two or three times that amount.

Membership and Loyalty Cards

Membership of Clubs such as The Frenchville Club, Rocky Sports Club etc gets you discounts on food and drinks. Membership fees minimal.

Loyalty cards such as Woolworths Everyday Rewards. Fly Buys at Coles, Racq Cards entitle you to discounts.

Woolworths everyday Reward cards make offers to you but also entitle you to 4 cents a litre off our petrol at Woolworths garages.

RACQ cards get you 4 cents a litre of your petrol at Lakes Creek Service Station (Frys) and also at Puma Stations anywhere. Racq membership has other benefits . Check them out.

Buying in Bulk

Buying in larger quantities often saves money. Check out the price per 100 grams or per litre etc to compare. When you see something you need that is non-perishable on special, buy more of it without going overboard.

Used versus New

People think nothing of buying a used house or car but often would not buy other items second hand. Other items such as furniture, electrical goods etc and even clothing can save you a lot of money. The downside is that you get no warranty on used items and you don't know the history of its use. These days OP SHOPS and EBAY and LOCAL SALES SITES are very popular. Garage Sales also are a way to buy cheaply and also to sell off your unwanted goods. Buyer Beware always applies. If it seems too good to be true, it probably is.

Used Cars

Cars depreciate as soon as they are driven off the showroom floor. Except for recently when used car prices have risen, generally they are a depreciating asset. They depreciate the most in the early years. You can save a significant amount by purchasing low kilometre late model cars. Buyer Beware always applies . Get the car checked out before purchase.

USE OF CREDIT CARDS

Be careful how you use your credit card. It is a good servant but a bad master. It makes spending easy when you don't have cash on you. Only buy what you need anyway. Don't be tempted to spend on things you won't use.

Some places add a charge to use it so they can cover their fees. These include The Frenchville Club and Aldi. It is legal for them to do this.

Pay your card account in full each month to avoid paying interest.

INTEREST FREE PURCHASES

There is no such thing as a free lunch. Many interest free purchase offers have an application fee and a monthly fee (interest by another name).

The price paid on an interest free deal is often more than you could get if you ask for a discount for cash or using your credit card.

CAR MAINTENANCE

-if you save now you will pay later

Avoid the trap of false economy. It doesn't pay to defer servicing of your car. Regular servicing picks things up before they become expensive. Find a good mechanic and stay with them. They know what to look for based on the level of wear and tear from previous services. Don't be penny-wise and pound-foolish.

Tyres- Check pressures regularly to minimise wear. Sometimes tyre places offer four tyres for the price of three. It doesn't hurt to shop around.

BORROWING MONEY

Don't borrow for depreciating items. They are already losing value and you are paying more through payment of interest. You lose twice.

ECONOMISING

If you need to cut back on spending, where it is easiest to do this?

Luxuries- Things you don't really need. Dining Out and Takeaways are obvious examples. Cheaper to eat at home . Can still eat well. Look at your grocery trolley- How many things could you do without or buy something cheaper ?

BUT Don't forget that last paragraph on budgeting-

When you budget put away some money to indulge yourself- spend money on yourself without feeling guilty. Pamper yourself. You are worth it. You have worked hard for your money. You might as well enjoy it.

Alan Watts 8/10/21 For Financial Discussion Group.