

Boost your WEALTH WELLBEING

Make over your financial health with our expert guide to beating debt, nixing stress and future-proofing your savings, writes Jaymie Hooper

You may be clocking 10,000 steps a day and meditating every night, but if you've been sweating on your end-of-year tax return so you can finally pay off your credit-card bill, you may not be as fit as you first thought.

"Money is one of the leading causes of stress and it can affect your overall health and wellbeing," explains Stevie-Jade Turner from Specialist Financial Solutions. "When you're not financially well, you're more prone to depression, anxiety and physical injury, and are more likely to take sick days, which reduces your productivity," she adds.

Financial wellbeing also depends on how well you'd cope if you suddenly lost your income or were hit with a big expense. "To be financially well means you know your numbers, you spend within your means and you feel confident enough to open bills without being afraid," explains wealth coach Lisa Barber.

If you're one of the 2.1 million Aussies experiencing financial stress, it's time to give your financial wellbeing a leg-up. Just follow these three simple rules and by this time next year, you'll be putting that tax refund to better use.



RULE #1 KNOWLEDGE IS POWER

The more control you have over your everyday savings and expenses, the better off you'll be long term.

Track your spending: "A lot of people assume they're good with money but if they actually looked at their statements, they'd realise they spend a lot more than they think," notes Turner. "You need to make more conscious decisions. Make use of apps that tell you when bills are coming up so you can see any discretionary funds you have, then decide if you want to buy those new shoes or not."

Look for quick fixes: One of the first things you should do to improve your financial health is to eliminate unnecessary fees and find opportunities to save. "Maybe that's having a coffee every second day instead of every day or closing accounts you don't use but are

being charged a fee for," Turner tips. "It's about being proactive — if you have a mortgage, call the bank and ask what the competitive interest rate is and more often than not they'll reduce it. It's a small win, but it's money in your pocket, not theirs."

Manage debt: If you rely on your credit card to cover bills because you spend your pay before they're due, it's time to break the cycle. "At the end of the day, this kind of behaviour will only snowball," warns Turner. "You may look back in two years' time and realise you have \$40,000 in credit-card debt; if you notice you're beginning to fall short, readjust your lifestyle and spend within your means."



RULE #2 SMALL CHANGES = BIG GAINS

Whether it's saving for a holiday, a home or retirement, reaching your financial goals won't happen overnight. For long-term financial wellbeing, you need to set up strategies today for a stronger tomorrow.

Know your priorities: Although all budgets require some form of sacrifice, they also need to be sustainable. "Treat your budget with kindness," says Turner.

"Don't stress about whether you'll be judged for eating out or getting your hair done too often. What you should focus on is cutting things you won't miss."

Build your good debt: "Most people don't realise there's both good and bad debt," notes Barber. "A mortgage on your own home is a bad debt because it's not tax deductible, but borrowing money to invest is good debt because you can claim the interest and cost of borrowing." In short, debt caused by a growth-generating asset is positive, but remember that it takes time to make a profit.

Maximise your super: Thanks to compound interest, making small contributions to your super now can have a sizeable pay-off further down the track. "Contributing \$50 a week now is much better than putting down lump sums in 30 years," says Turner.

**2.1
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Australians are currently
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financial stress

Source: UNSW





RULE #3 EVERYONE NEEDS A SAFETY NET

Not knowing how you'll make ends meet is one of the biggest contributors to financial stress, but having a safety net will allow you to face unexpected hurdles – like losing your job – head-on.

Build a cash reserve: "An emergency fund not only gives you the ability to pay for things that come up unexpectedly, it also makes you feel more secure," explains Turner. To build up your cash reserve, she suggests opening a savings account that penalises you for frequent withdrawals so you're less likely to dip in and out. To build up your reserve, work out how much you'll need to cover four months' worth of household expenses and put 10 per cent of each pay towards it.

Consider income protection: "You need to protect your most valuable asset, and that's your job," Barber notes. Income insurance can help if you're out of work or injured and unable to pay off debt.

Get support: When it comes to dealing with financial hardship, remember you're not alone. "A lot of financial advisers offer pro-bono services," tips Turner, adding: "Centrelink's Financial Information Service will help you understand what payments are available to you and how to get the most out of them."

Can I claim that?

Susan Franks, senior tax advocate from Chartered Accountants Australia and New Zealand, explains how to maximise your tax return with these lesser-known deductibles

1 SUN PROTECTION

"If you're required to work in the sun – like a teacher on playground duty or a tradesman – you can claim sunblock and sunglasses as a tax deduction. If they're used for non-work-related purposes you can't."

2 HANDBAGS AND SACHELS

"You can claim a deduction on a handbag, briefcase or satchel if you use it to carry work-related items like laptops, tablets, work papers or diaries. The amount of the deduction will depend on the extent you use the bag for work purposes. You won't be able to make a claim if the bag is predominantly used to carry personal items like your lunch or beauty products."

3 YOUR TAX RETURN

"Putting together your tax return is a job that most people dread and sometimes legitimate tax deductions can be overlooked, so why not pay an accountant to do it? The icing on the cake is that the cost of preparing your tax return is totally tax deductible."

4 OFFICE EQUIPMENT

"If you run a small business and need a new printer or computer, buy it before June 30 and you may be eligible for a deduction of the whole cost so long as it's used for business purposes only. Also, if you work from home and have a dedicated work space, then you may be able to claim some of the costs of occupying your home or use a set deduction of 52 cents for each hour you work from home."

5 YOUR PHONE BILL

"If you use your private phone for work purposes, document the phone calls and keep your bills. At tax time, add up the cost of these work phone calls and claim them in your tax return if your work has not reimbursed you for them."

