

## our 7 tips for financial security

Having enough money to enjoy your future might not be the first and last thing you think about each day. We get it. Day to day life with all its immediate costs can sometimes make forward planning seem impossible. Rest assured though, we believe it's possible for anyone at any stage to start taking the right steps.

### **1** practice finding balance

Living a successful, happy life is about finding balance between time with family and friends – and work and leisure. Striking a balance between your life today and your future is also important. We have to decide between what we spend today versus what we spend in the future. Finding the correct balance is an important first step toward achieving financial security.

### **2** become a goal setter, not a dreamer

Goal setting is a funny thing. It has a way of keeping you on the straight and narrow. Without it, we endlessly wander around hoping we will end up in a better place than where we started. and that we have plenty of time to sort it out.

+ **Be a goal setter. To start with, try writing down where you want to be in 10 years. How much will you need to grow each year to get there? Will you make it? Start a plan and work out the steps required to get there.**

### **3** it's not size that matters, it's how you do it

Often the act of saving and minimising debt is more valuable than the dollars going in to the bank. Once you've followed the above steps and know where you're heading, the habits formed when regularly growing savings or shrinking debts will set you up for a financially secure mindset. Things like saving for retirement won't happen overnight, so don't think you need to pour a bunch of resources into it if your living situation doesn't allow.

+ **The quickest way to work it out is that 50% should go on necessities; think mortgage payments, power bills, etc. 30% should go on the non essentials like new clothes and movie nights. That leaves 20% to work into your savings plan. If this doesn't suit however, any contribution is better than nothing.**

## 4 live within your means

Try not to put excess income towards upgrading your lifestyle, instead put that money towards reducing debt or topping up savings. It's really that simple, if the cost of your lifestyle is less than your income, you will always have leftovers to put towards your goals. We often see people who's living costs exceed what they can afford. Budgeting will help you keep this in check. A simple way to do this is drop all your transactions into a 'Needs' or 'Wants' list. Look through the wants. Are they all more valuable than your future goals?

## 5 realise that not all debt is created equal

Debt can often feel overwhelming. The one thing to remember is not all debt is created equal. In fact, there's a whole heap of debt out there that's beneficial when used correctly (meaning when your investment will outrun your lending costs).

High interest debt (like credit cards and personal loans) are not in that category. These guys will inflate everything you've already paid and see you forking out for fees and interest. Canstar says (Jan, 2017) about 63% of credit card spending ends up incurring interest, with an average interest rate of 19.24%. We recommend meeting your monthly payments and trying to wipe this debt as quickly as possible.

**+ Not sure how to get it under control? A Financial Advisor may be able to help structure things so you end up cutting through that debt at lightning speeds compared to chipping away at it yourself.**

## 6 don't believe everything you read

An onslaught of opinions can leave you feeling overwhelmed and will probably result in your investment kick off getting a big ol' biff in to the too hard basket. Don't torment yourself. The one key takeaway from all your reading/scrolling/searching/discussing is that there is no hard and fast rule for investing. Everyone's position and capabilities are different. Seek a financial advisor who understands the in's and out's on growing wealth and work closely with them so they develop an understanding of your position and goals.

## 7 learn about investing or seek advice

Expecting to be an expert in a field you're not immersed in daily can be a tough ask. Think of it like trying to build a house with no experience or plans. Going in blind won't always get you the result you're after. Or it might eventually, but could there have been a quicker way?

**+ Financial Advisors are your planning partner/sounding board/money mentor/investment climate guru all in one. Find one you like working with and who understands where you're headed and they will be worth their weight in gold, literally.**

**Want more advice? We're here to help! It all starts with a conversation.**

**Contact us at [info@pattersonwp.co.nz](mailto:info@pattersonwp.co.nz) or freephone 0800 00 27 38**

### Get in touch

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