

PASSIONATE

P L A N N I N G

WE'RE HERE TO HELP IMPROVE PEOPLES LIVES BY BRINGING TRUTH, UNDERSTANDING AND DISCIPLINE TO THE FINANCIAL CHOICES THEY MAKE EVERYDAY

New Year's resolutions Set and achieve your money goals in 2019

Whether you want to take a holiday, upgrade your car, grow your super, start investing, or be more organised with your money, you're more likely to achieve your goals if you have a plan. Here are some ways to set and achieve your money goals in 2019.

Ready, Aim, Fire at your financial target

If you're serious about reaching your money goals this year, set your target so you know where to aim. Work out what financial goals you want to achieve, then break them down into realistic steps. Categorise them as short, medium and long term and identify the costs involved to achieve each goal.

Consider your current financial position by taking into account your income, debts, savings, insurance, investments and superannuation.

Get SMART with goal setting by ensuring that your goals are specific, measurable, achievable, realistic and timely. Give yourself the time required to achieve each goal.

We can't have everything tomorrow, well, except the shorter term goals!. Stay motivated, stay focused and don't lose track of your goals. Use Pinterest or clip boards to keep your dreams alive.

Make a plan for your money

Prepare a budget for 2019 and use it to turn your plans into action. A budget will help you to map out your finances and work out where your money is going. Start

with the essential costs like rent or mortgage, food, bills, and transport, after allocating money for the debts you are trying to pay off. Decide what proportion you will allocate to savings, considering any goals you want to achieve and your timeframe for reaching them. Anything left over can be added to your savings.

It's important to be realistic when setting your budget. Look at your spending habits, and then you can see where you can cut back to help you achieve your goals.

Knock out your debt

If you want to get on top of your debt in 2019, break down what you owe into manageable chunks by prioritising what you can pay first.

Common ways to expedite debt reduction are to make extra repayments to your smallest debts, possibly the ones attracting higher interest rates first and then focus on longer term debts with higher rates. If you start small, by the time you get to your biggest debts you should have found some extra cashflow to allocate towards further debt reduction.

Home in on your savings

Having savings will help cover you in case of an emergency, and will also help you to reach your bigger money goals. Set up automatic, recurring payments/transfers to high-interest savings accounts that are easy to deposit in to, but hard to withdraw from. Work out how much you need to save each pay to reach your goal.

Take charge of your super

Bring your funds together

2019 could be the year you get on top of your super. If your super is spread out across multiple funds, the chances are that there are multiple sets of fees attached to each account you hold. Overtime, fees can impact your account balance. Your super is your nest egg, so consider the need to reduce unnecessary fees and contact your financial adviser to discuss your options.

Learn about super

Get up close and personal with your super in 2019. Check out your investment options, see how they've performed and review what, if any, life insurance your super accounts holds for you.

Invest in your future

If your debts are under control and you've built up some savings, 2019 could be the year to think about investing , to get your money working harder for you.

Boost your investment knowledge

Never invest in something you don't fully understand; take the time to read up on the types of investment options you're interested in.

You might also consider reading money or investing magazines, or following finance and investing experts on social media.

Invest for your time frame

It's best to choose an investment based on how long you are prepared to have your money tied up. Growth assets like shares and property historically have higher returns however can be more volatile in the short term.

Stay in your comfort zone

Regardless of how long you're prepared to wait for a return, if your investments keep you up at night, then they may not worth the risk. You need to feel comfortable that your investment choices fit your risk tolerance. If you are concerned, talk to your financial adviser.

Setting and achieving money goals will help you move towards financial freedom. By putting a good plan in place and committing to keeping your money on the right course, you can make 2019 your best year yet.

The Benefits of practicing money mindfulness

Mindfulness isn't often a word associated with money but being mindful is a skill and practice that holds many benefits when it comes to managing your finances in a more clear, intentional and purposeful way.

A mindful money practice requires you to pay full attention to your money on a moment-by-moment basis. In other words, it's about being present and aware of what you are thinking, feeling and doing with your money.

The mindfulness process begins with observing your inner experience with money: your thoughts and feelings about it.

What you're thinking

Creating a vision for your money and setting goals for the future is an important part of money management.

Mindfulness encourages you to stay present and focused on your actions towards these bigger visions, keep on track towards your goals, and make necessary adjustments along the way.

It also requires you to become clear on what your money beliefs are, the expectations you have of yourself and others with money, how you define success and ultimately what wealth means to you personally. It helps you to:

- Clarify what you are aiming for, and what it's going to take for you to get there.
- Define how much is enough and what are you grateful for.

Being aware of all these things helps you to better understand the role of money in your life and how you can begin to use it in ways that best support you.

What you're feeling

Your emotions are influential when it comes to money. Fear, greed, shame, anxiety, jealousy, loneliness, excitement are all emotions that can influence your money decisions and drive good and bad habits when it comes to your finances.

To practice mindfulness with your money requires you

to take notice of these emotions, sensations and urges as they are occurring. It's as simple as stopping to reflect each time you receive, spend or use money and checking to see how you are feeling.

It's in this pause that you can often discover just how much these feelings and emotions are impacting your decisions and behaviour, and ultimately your wealth!

What you're doing

Your habits, actions and behaviours with money will predict your experience and reality with it. If you spend without thinking, leave bills unopened, ignore your bank or credit card statements, delay saving, or procrastinate managing your finances then your money is more likely to control you and cause stress.

Adopting a mindfulness practice is about bringing awareness to these habits and behaviours and choosing to continue those actions that support (rather than detract) from your future wealth.

Aligning thoughts, feelings and actions

One of the simplest ways to introduce mindfulness and awareness to your money practice is to focus on your breath. This simple act of taking a moment to pause can have a dramatic impact on your money!

How? It creates a moment of pause and awareness – and, a chance for your emotional brain to catch up with your thinking brain or logic. It's in this pause that you have the power to respond (rather than react) with more control and awareness.

Over time, as you practice mindfulness, it becomes second nature. Bringing your attention to the way you earn money, spend money and use money in your day to day life is one of the simplest ways to start creating a more conscious and healthy relationship with it.

Recent legislative changes

It has been relatively quiet in Federal Parliament concerning many of the proposed superannuation, investment and taxation measures that were released in the 2018 Federal Budget.

Despite this, over the last few months, several proposals regarding small and medium businesses, primary producers and farmers, consumers, aged care and education have moved through the Federal Parliamentary process and become enshrined in law.

Small and medium businesses

Running a small to medium business can be a tough, but rewarding, experience. Allowing you to pursue your passions and give back to the community in your own way, whilst also providing financially for yourself and your family. In light of this, here are a few legislative changes that may help you to maintain, preserve and grow your business now and into the future:

- **Corporate tax rate.** The corporate tax rate for base rate entities (i.e. derive no more than 80% of income in passive forms and have an aggregated turnover of less than \$50 million) will be:
 - 27.5% for the 2018-19 and 2019-20 financial years (unchanged timeframe);
 - 26% for the 2020-21 financial year (timeframe brought forward); and,
 - 25% for the 2021-22 financial year and later financial years (timeframe brought forward).
- **Small business income tax offset.** The small business income tax offset for unincorporated

small businesses (i.e. have an aggregated turnover of less than \$5 million) will be:

- 8% for the 2018-19 and 2019-20 financial years (timeframe unchanged);
- 13% for the 2020-21 financial year (timeframe brought forward); and
- 16% for the 2021-22 financial year and later income years (timeframe brought forward).

Consumers

With the festive season having come to a close, you have probably now taken stock of the presents that you received over this period. Importantly, a gift card may number among them. Recent estimates put gift card expiry losses at \$70 million per annum. In light of this, here is a legislative change to help avoid the disappointment and financial loss that you may have experienced in the past when a gift card expired:

- **Gift cards.** Gift cards must have a minimum three-year expiry period, information about the expiry must be displayed prominently on the card, and certain post-supply fees are banned. This applies to gift cards supplied on or after 1 November 2019.

If you would like to discuss any of these legislative changes and their relevance to your financial situation, goals and objectives, please do not hesitate to contact us.

As your adviser, I am here to help. By tailoring specific advice, creating a financial plan and investment strategy, I can help you meet your life goals – not just your financial goals.

LEVEL 1, 12 – 16 PRESIDENT AVE, CARINGBAH NSW 2229
P. 02 8525 3939 E. twray@tbwealthsolutions.com.au

www.tbwealthsolutions.com.au

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