

Flex your finances

It's a great time to set fresh money goals, but you also need discipline to reach them, writes **Anthony Keane**

A FLEXIBLE approach to money and goal setting will help Australians improve their personal finances this year.

Volatility in shares and property, tax law changes and a federal election in 2019 mean people will need to focus on their own actions rather than reaching specific wealth targets.

It's pointless declaring you will increase your wealth by a certain figure because markets might plunge and wipe out your gains. However, clear written goals about how much money you will deposit regularly can be acted upon, measured and changed when needed.

Financial strategist Theo Marinis said people who did not set money goals risked financial failure because Australians tended to "kick the can down the road" and delay their money decisions.

"The secret is to set yourself realistic targets, small targets," he said.

This could be depositing \$50 a week into super, a separate bank account or a home loan to prevent every spare dollar from being spent on lifestyle.

"Put it on autopilot and you don't think about it," Mr Marinis said. "We can still get by with a little extra taken out of our pay packets."

He said people who found themselves ahead of target after three months could consider lifting their target. "But don't make it too tough so that it's unsustainable and you give up."

Beyond Bank Australia's general manager of customer experience, Nick May, said setting goals was vital to give people something to aim for, and should be split between small and long-term goals.

"Sit down with someone you trust and form a plan to help you reach the long-term goals that may take many years to achieve," he said. "Also factor in the shorter-term targets, like a new TV, a family trip or special celebration, because they're just as important."

Mr May said while a structured budget and financial plan could provide peace of mind, people needed flexibility to cope with unexpected problems, such as accidents, sickness or unemployment.

"Even if you just build up a small savings account for emergencies – a 'get me out of jail' account – you're already making a good decision," he said. "Give yourself some room in your budget as it is inevitable that unforeseen expenses will happen."

"On the flip side, if you have a week where you save some extra money, tuck it away – don't spend it just because it was left over."

Australian Dance Theatre Youth Ensemble member Aspen Palmer sees flexibility as important for both her dancing and her money.

"Most genres of dance demand flexibility and I think that it widens the range of movement possible when you have the flexibility to be kind of malleable," she said.

"Being flexible with finances is important because you never know when a random expense will occur.

"At times, unexpected financial burdens can come out of nowhere and being flexible with my money allows me to finance these situations.

"I like to set myself a savings goal every two months so I have something to work towards."

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