



10 STEPS TO BOLSTERING YOUR FAMILY FINANCES

COVID-19

While many employees are now working from home or in “lockdown”, managing the household finances has never been more important. Research suggests that 1 in 5 working Australians are financial stressed.¹ Given recent developments with COVID 19 almost every Australia household has felt some impact or will over the coming months.

Managing your finances well takes time, effort and focus but the reward is worthwhile. This holds true regardless of the environment we are in. We all live life at such a frantic pace that for many finding the time and discipline to take control of finances gets prioritised out. Unfortunately, it takes a significant crisis such as COVID 19 where we are forced to slow down that we gain a renewed appreciation of its importance.

Many families and households have been impacted by COVID 19 and the flow on impacts. The uncertainty around employment security and income has led to a significant increase in the level of financial stress. It is important during these difficult times to focus on what you can control. It is also important to review what is important to you and encourage conversations within your household as other family members may be coping differently.

The urgency of required action and stress levels is very different for those who have had employment put on hold/ceased versus those that have the ability to continue to work in a different capacity. Several of the principals or steps below are very relevant to both groups. We all need to adjust to the new normal and for those that have put away for the rainy day it may be time to utilise some of this cushion. Below are some practical steps to follow.



UNDERSTAND HOW YOUR EMPLOYER/ INDUSTRY MIGHT BE IMPACTED BY COVID 19

Take the time to talk to your employer and understand how they are impacted and responding. What are their plans for this period? What are the options they are considering? Is your organisation or role an essential service? Is it already a business impacted by mandated restrictions?



UNDERSTAND YOUR CURRENT POSITION : RAINY DAY FUNDS & COMMITMENTS

Write down an approximate of all your assets, liabilities and work entitlements. Work entitlements could include annual or long service leave that has been accrued. Consider how this aligns with your plans and what is important to you and your employment situation over the next 6 months. If your employment income has not been impacted take the opportunity to put a little aside into the rainy day fund now. Also consider where you keep that rainy day fund, is it working hard for you and reducing other commitments such as interest on your loans? Also identify what assets you might be able to sell if required? A second car or a boat.



UNDERSTAND YOUR OPTIONS TO GET REPLACEMENT INCOME OR ADDITIONAL WORK

Take the time to update your resume and understand where there might be job opportunities in the short term to replace or top up. What industries are less likely to be impacted in the next 3 – 6 months where you might have relevant skills.



UNDERSTAND YOUR ELIGIBILITY FOR GOVERNMENT SUPPORT

If applicable, understand what you might be eligible for even if it is for the short term.

¹ AMP 2018 Financial Wellness Report



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UNDERSTAND YOUR SPENDING

Gather your last 3 months of bank statements and any other bills that you pay then complete a budget. This will help you understand where you currently spend and who you are paying. If you need help in doing this, seek it out.



CATEGORISE YOUR SPENDING INTO NEEDS VERSUS WANTS

Review the bigger items and act. Identify areas of spending that you can stop, adjust or defer. Your first action is to identify 3 areas to focus on and get a result. Then move onto the next 3. The current restrictions may be keeping some of your normal spending down, so also take this into account and where you can continue to save it is worth maintaining.



REVIEW YOUR LENDING AND ASK FOR A BETTER DEAL NOW

For many Australians mortgage or rental costs are one of the largest expenses. There is no better time to contact your bank and ask for a better rate on your existing loan. Contact us for a 5 Step tool to guide you through the conversations. If your employment has been impacted by COVID 19 contact the bank about its hardship support. If you qualify, many are supporting deferral or in some cases a move to interest only payments for a period.



CONSIDER FAMILY SUPPORT

For those who do have family who may be able to support don't be too proud to at least let them know that you have or might be impacted. The support can be both emotional and financial. Also, you may be in a position to assist some of your extended family.



CONSIDER ACCESSING SUPERANNUATION

Under conditions of hardship there is some options to accessing some of your super to assist through this transition period. For many this should be a last resort as it is not ideal to be withdrawing when the market has had such large falls. Seek advice so you understand the pros and cons before going down this path.



HAVE A CONVERSATION AS A HOUSEHOLD AND SEEK ADVICE

Financial stress is real and you need to use all the support that is available. First step is to involve your family in working out your plan. There are also a number of free resources available including Moneysmart.com.au which also has a list of financial counselling services. If appropriate you can also work through this with your accountant or financial adviser.



FOR ASSISTANCE SPEAK TO THE FINANCIAL ADVICE MATTERS TEAM
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