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Budgeting and cash flow masterclass

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GENERAL ADVICE DISCLAIMER

Before we begin let’s quickly wrap the boring but important stuff: The advice shared by She’s on The Money is general in nature and does not consider your individual circumstances. She’s on The Money exists purely for educational purposes only and should not be relied upon to make an investment or financial decision. And of course, as always WE PROMISE: Victoria Devine is an Authorised Representative of Australia Pacific Funds Management Proprietary Limited ABN 34 132 463 257 - AFSL 339151.

Should you wish to seek professional advice from a financial adviser (or mortgage broker!) have a chat to the team at She’s on the Money (we hear they’re pretty good!).

CONNECT WITH

Your own Money Story

Your money story is foundational to how you think about money, how you react to money and how you communicate about money. Money Stories are made up of a combination of your beliefs and values about money.

You cant change your story, but you can reinvent it.

WHAT IS THE FIRST THING THAT CAME TO MIND WHEN THE TOPIC OF MONEY STORIES CAME UP?

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HOW TO
Create Wealth

SPEND LESS THAN YOU EARN

CONSISTENT LONG-TERM INVESTMENT

FAMILY CONVERSATIONS

Talk to your kids about money early

"Remaining silent around money gives the message that it is an unimportant topic and will set children up for failure. If you do not teach them about money, who will?"

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HOW TO
Set the Boundaries

- DO have open communication, but some details shall be kept.
- DON'T turn financial parenting into plain lectures, SHOW!
- DO explain about family savings, & include kids in family saving goals.
- DON'T gossip and badmouth about other family's finance behaviours – you never know their money stories.
- DO make sure children understand not all families have the same incomes
- DO set boundaries when it comes to money

INVESTMENT

How does it work?

"Something which is purchased with money, that is expected to produce income or profit".

BUY SOMETHING >> RECEIVE INCOME, **OR** VALUE INCREASES, OR BOTH

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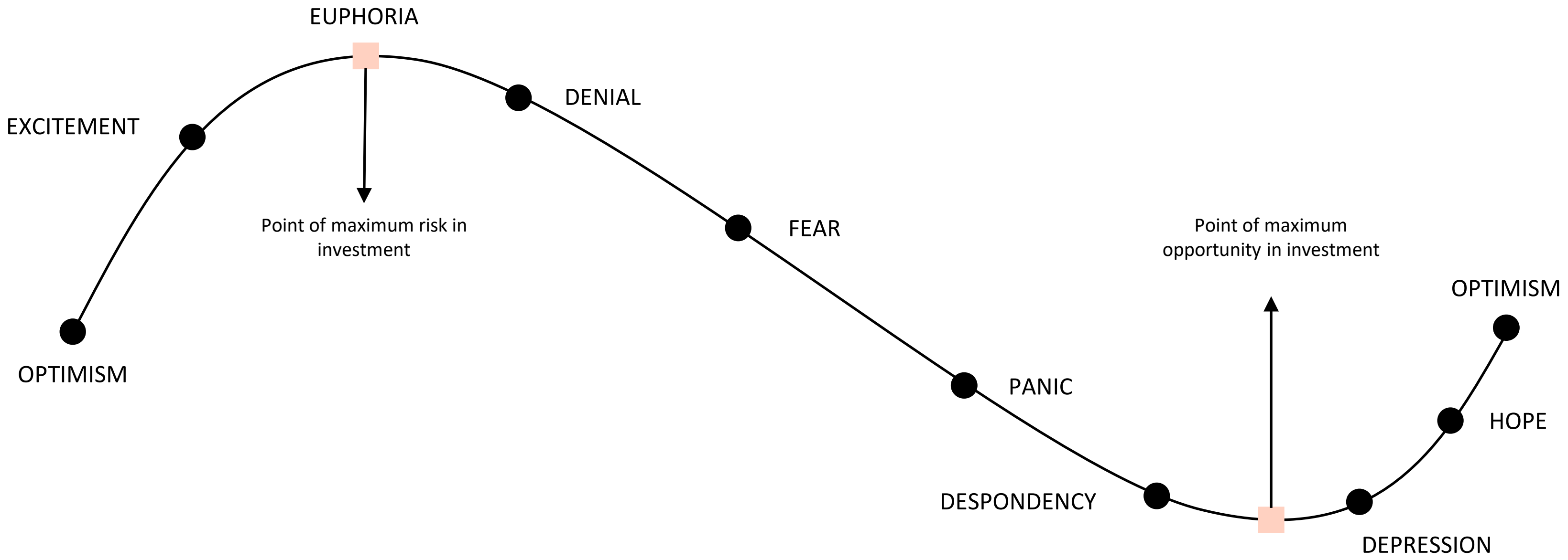
EMOTIONAL INVESTMENT

How you feel about money matters



What really drives investment markets?

Greed, Fear, Herd Mentality

COMPOUND INTEREST
Eighth wonder of the world

IT'S POWER IS IN THE YOU'RE TIME INVESTED

EXPONENTIAL GROWTH

YOUR INTEREST EARNS INTEREST

REFLECTION

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COMPOUND INTEREST

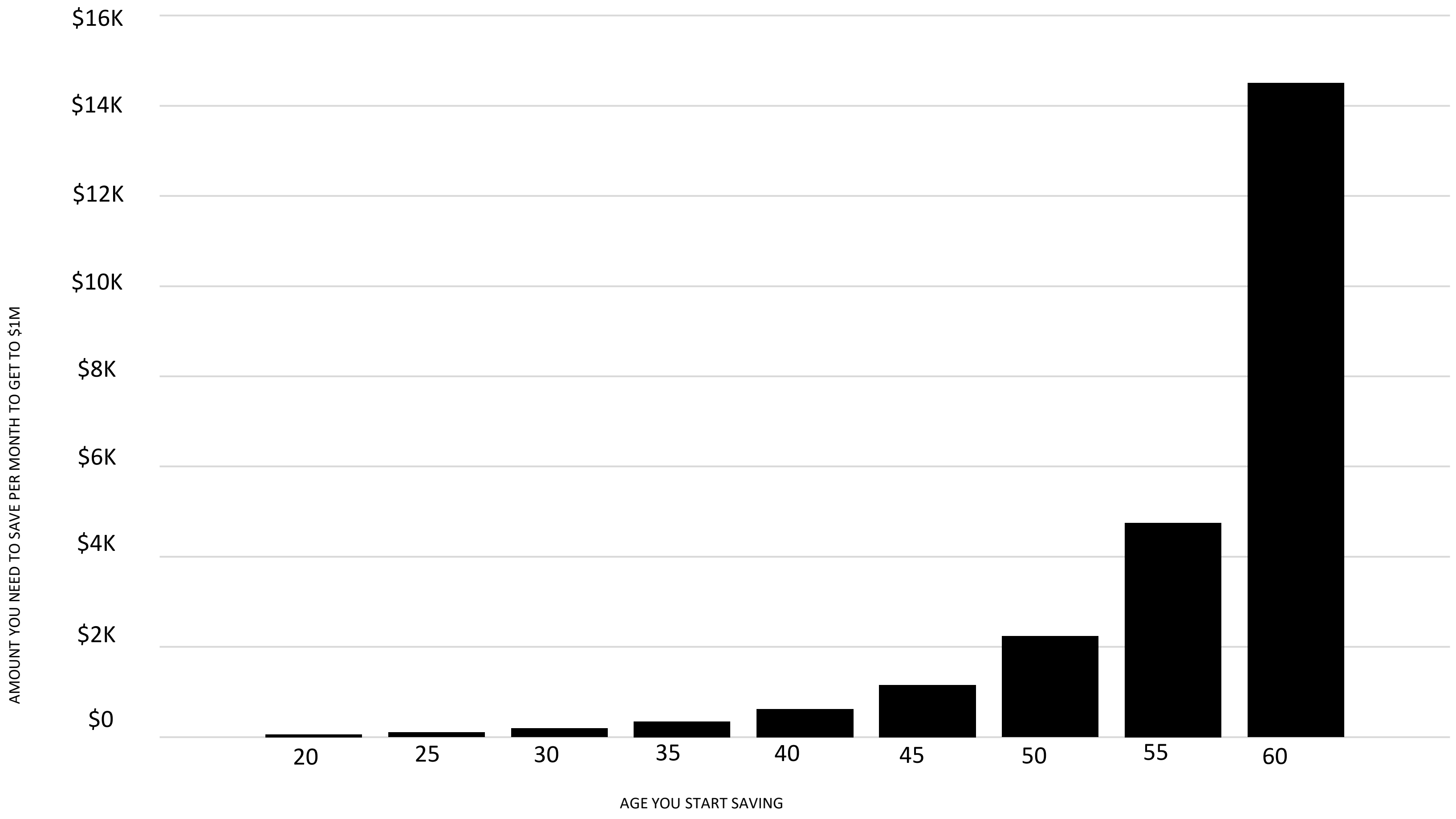
Why it's wizardry

MONTHLY INVESTMENT	AFTER 30 YEARS	AFTER 40 YEARS	AFTER 50 YEARS
$100	$135,687	$304,372	$660,647
$500	$678,433	$1.52 million	$3.3 million
$1000	$1.35 million	$3 million	$6.6 million

*ASSUMES AN INTEREST RATE OF 7.5%

START YOUNG, START NOW

From little things, big things grow



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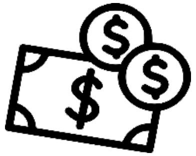
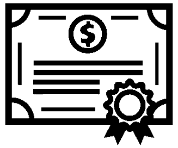
ASSET CLASSES

There's more than just shares



CASH



FIXED INTEREST

PROPERTY

SHARES

INVESTMENT TERMINOLOGY

What ARE we talking about

VOLATILITY How much the price of your asset varies

CAPITAL The initial cost of your investment

LIQUIDITY How quickly you can sell an asset and convert it back to cash

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INVESTMENT ASSET - CASH

ASSET SECURITY IS HIGH

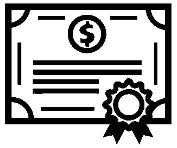
Great asset to hold when you need easy access to your capital quickly

PROS	CONS
Low risk associated with holding	No growth on capital
Low volatility in the asset	Income derived is taxed
Produces regular low income	Lower returns compared to shares
Asset is highly liquid	

INVESTMENT ASSET – FIXED INTEREST

ASSET SECURITY IS HIGH

Consistency in returns over a specified period of time



PROS	CONS
Regular income at set interest rates	No access for term of bond
Total repayment of your initial investment	Risk of loss of capital
Low volatility	
Higher return than cash	

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INVESTMENT ASSET - PROPERTY

ASSET SECURITY IS MEDIUM

Regular income produced from rent, and an asset you can physically touch

PROS

Capital growth over the long-term

Ability to leverage at high levels

Asset produced regular income (rent)

Physical Asset

CONS

Asset is highly illiquid

Value not known till sale of property

Regular unexpected expenses

Transaction costs are high

Income upon dependent on demand

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INVESTMENT ASSET - SHARES

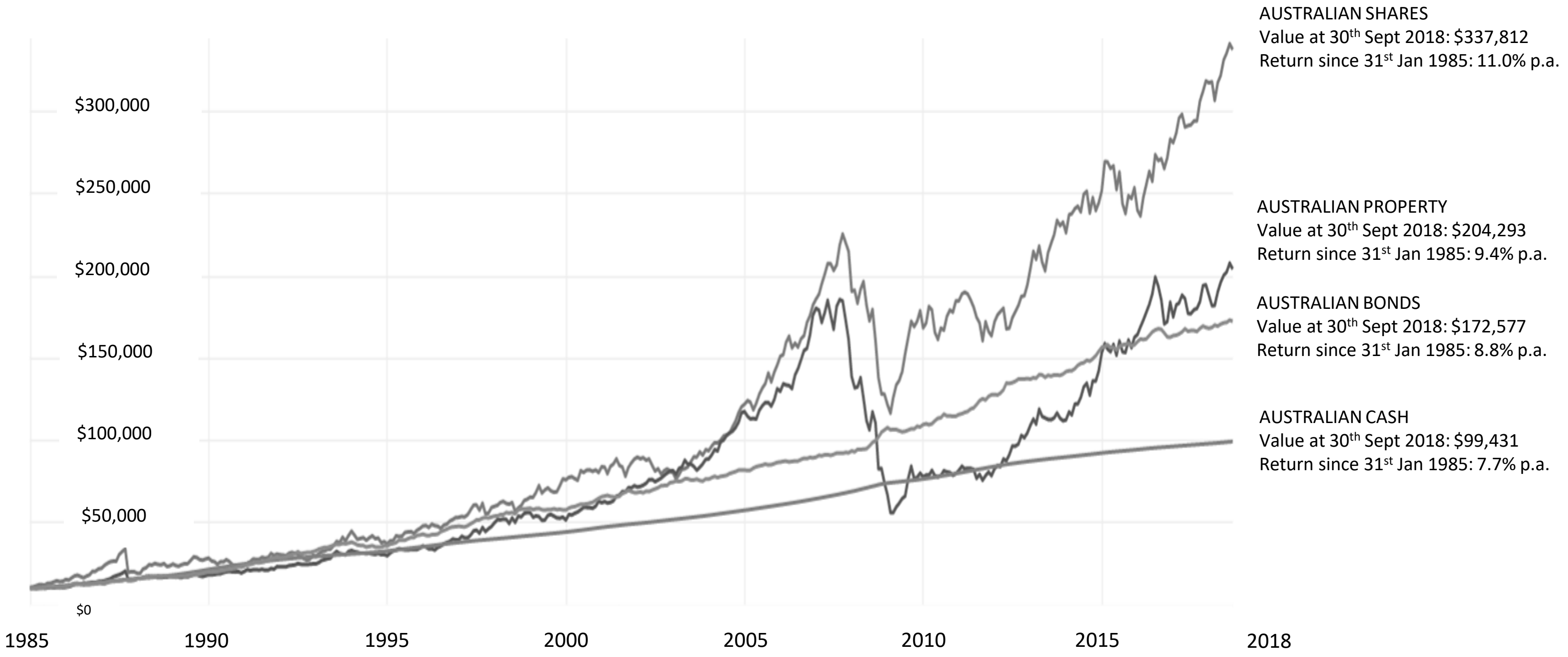
ASSET SECURITY IS MEDIUM

You're a small shareholder of the company you're invested in

PROS	CONS
Liquidity is high	High volatility with shares
Your capital grows	Risk of capital loss
Value of shares are always known	Information overload
Can produce both income and growth	

LONG TERM INVESTORS ARE WINNERS

31st January 1985 – 30th September 2018



Data from Vanguard Investments Australia, 2018

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SUPERANNUATION

Not an investment. A tax structure.

YOUR MONEY
YOUR CHOICE

Base is 9.5% of your salary

Can contribute an extra $25,000 per year before tax

Can't withdraw before retirement, but you have full transactional authority

TAX EFFECTIVE INVESTMENT VEHICLE

Superannuation only taxed at 15%

ABILITY TO INVEST IN (ALMOST) ANYTHING!

Everything we've covered, cash, fixed interest, shares, property!

SUPERANNUATION

options you have in super funds

LOW FEES SO YOU'RE SAVING MONEY

INSURANCE

PERFORMANCE

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SUPERANNUATION
risk exposure

Investment options

Most super funds let you choose from a range of investment options.
Options usually include:

- growth
- balanced
- conservative
- cash
- ethical
- MySuper

Some funds will let you choose the weighting of different asset types or direct investments.

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SUPERANNUATION

First Home Super Saver Scheme

The First Home Super Saver (FHSS) scheme enables you to use voluntary contributions from your superannuation to put towards your deposit, helping you to buy your first home sooner.

WHAT'S STOPPING YOU

From starting now

YOU'RE NOT SPENDING LESS THAN YOU'RE EARNING

YOU'RE NOT CONSISTENTLY INVESTING FOR THE LONG-TERM

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CASH IS QUEEN

Make cash flow a priority

"The importance of cash flow and why your money isn't working as hard for you as you do for it."

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YOUR ACTION PLAN

Home work

- IDENTIFY YOUR VALUES AND SET GOALS BASED ON THESE
- COMPLETE A COMPREHENSIVE BUDGET
- AUTOMATE YOUR CASHFLOW AND SPENDING
- START INVESTING TODAY

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