

A day off for your money

For a lot of people, money is one of the biggest stress points in life. Living from pay day to pay with never quite enough is no fun and, worse still, it takes a lot of time, effort and energy: living on the financial edge has a big impact on many other areas of life.

People who struggle to make ends meet are too busy keeping their heads above the water to ever be able to make a plan to improve their situations. And so they lurch from crisis to crisis spending years and decades unable to ever get ahead.

The stress that this causes makes life tough: relationships fail, work performance suffers and families and health are neglected. For some, money stress can be the start of a downward spiral that engulfs pretty much every part of life.

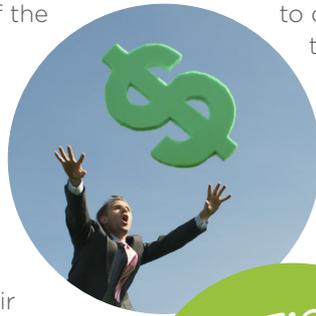
Sometimes, to break the spiral you just have to stop: take a day off and dedicate that day to sorting a plan for your money. This is a bit like taking a step backwards so that you can take some steps forward. The day off may lose you a day's pay but that may be necessary to get ahead: taking control of your finances is too difficult to do late at night or squeezed in between all of your other commitments.

A day off to sort your money might be just the circuit-breaker you need.

Keep your money strategy day simple: there are really only a couple of things that you have to do to wrest back control. The first thing that you have to look at is income and expenditure – you must have a surplus or you will not get move forward. That means that you have to either reduce expenditure or increase income (maybe both!)

Go to www.sorted.org.nz and use the budget calculator. You should set up a system so that you can easily see where your money is going and this includes monitoring those little expenditures that you make with cash. It is only when you know where your money is going that you can decide whether or not you are getting good value for the expenditure.

You may have to be ruthless when it comes



TIP

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to cost cutting and make some changes to the way that you live. That means enrolling the support of your partner and your children – less spending means lifestyle changes and they will need to know why that is important.

Don't forget the income side of the equation: upskilling does take time but the right training and education will mean more money. It won't be a quick fix but it could eventually break the vicious spiral that you are in.

When you are sure that you will have surplus, the second thing is to have a look at your debts. Whether these are the mortgage, credit cards or hire purchase it is important

to prioritise and apply every cent that you have to debt reduction. The financial death spiral is faster and deeper with debt and if you have money stress the chances are that it is caused or at least exacerbated by debt.

If you can, consolidate high interest debt onto low interest facilities (e.g. use your mortgage to pay off hire purchase or credit card) and then resolve to never take on such debt again (cut up the credit card or store card).

Accelerate debt repayment by putting all of your surplus to debt repayment. Getting control of debt may take time (perhaps a year or two) but, as long as you do not take on more debt, time and application of your surplus will bring it to heel.

If your day off sees you with a budget surplus and a plan to take control of debt it will be well worthwhile. Set a date in your diary to do it again a year later and to measure progress. There is no quick fix but good money management is so important that getting out of the daily drivel for a day might be the best investment you ever made.

- Martin Hawes is an Authorised Financial Adviser and a disclosure statement is available on request and free of charge, or can be found at www.martinhawes.com. This article is of a general nature and is not personalised financial advice.



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