

Identity Property Buyers

NEWSLETTER #071



Paying Yourself First

It is amazing how easy it is to spend money these days. The opportunity to spend is everywhere and we are continuously bombarded with advertisements for some new gismo. Temptation is all around us and the cost of living is on the rise, so it is important to curb our spending and put our money to better use.

If you are looking to purchase a home for the first time, it is a well known fact that it will be difficult as prices are now quite high, which means saving for a deposit will take some time and effort.

On the other hand if you already own a home or investment property the ongoing mortgage repayments are now increasing which means your repayment are on the rise.

Costs Are Going Up!





So with all these increases in expenses, how do we get more out of the money we earn and ensure we meet our financial commitments?

Of course you need to budget, but don't switch off yet because it is not as much work as you think.

Traditional budgeting is where you analyse all your expenses on a monthly basis to determine what you have spent and where over the past month. Now some of these items are necessary expenses (gas, electricity, phone, food, insurance, mortgage repayments, vehicle expenses etc) and some of these expenses are discretionary (dining out, take away, concerts, pay tv, fancy clothing items, big screen TV's etc).

It's definitely an important step to understand what you are spending your money on so you can identify areas you can cut back on in the future.



Firstly go back a number of months and assign all your expenditure to either essential or discretionary so that you have a handle on the figures for both areas.

Then look at your essential spending to see if there are areas to shave costs and improve savings. For example if your mobile phone plan is more than \$15 a month then I suggest that the extra is a discretionary spend. Also if it has been longer than 12 months since your last mortgage rate review, call your bank or your broker and see if they can improve the situation. You may have to say you are considering leaving...

Next take a look at your discretionary spending and see what you should sensibly be cutting back on. Often you can trim quite a bit out of this without a massive impact on your lifestyle. For example you could trim back coffees to under 1 per day, cut back eating out to once per week or less, thrift out that expensive pair of shoes or handbag purchase. Streaming services are another area I see room for improvement as often people have 2 or 3 on the go at once, so trim it back to 1 per month.



With these areas for improvement identified, determine what your new discretionary monthly expenditure should be moving forward. Now rather than trying to keep a handle on how much you are spending throughout the month which can be next to impossible, try this technique.

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If you analyse everything you spend after the fact, the information is valuable but it doesn't stop you spending. So what you could be doing is paying your discretionary spending allowance on a weekly basis. Ideally you would sit this budgeted amount in a separate offset account (not credit card) and use this card/money every time you buy something discretionary. When the money runs out you wait until the next week before you buy anything else. That way you're not continuously looking through your account statements trying to figure out how much you spent and where it all went.

Usually the Thursday pay day works best, allowing your weekends to benefit from a top up of funds. This strategy is a massive time saving technique and will give you the opportunity to control your spending habits and boost your savings significantly.



Let our professionals at IDentity Property Buyers help you avoid all those costly mistakes and provide you with a fantastic experience and an exceptional end result....



Make contact today and schedule in a **Free, No Obligation** chat with one of our Buyers Agents & Property Strategists.

Don't get left behind when the market is moving, take control with your very next steps in a professional way today!

MAKE CONTACT

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