

YOUR ROAD MAP TO FINANCIAL FREEDOM

INFORMATION BROCHURE



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RESCUE
POSITIVE SOLUTIONS



Your Road Map to Financial Freedom

Debt Rescue is committed to helping Aussies get out of debt and stay there! It's one thing to offer a range of services to help people get out of debt, but it's another to help them avoid debt altogether!

We want to help people develop the financial skills and knowledge which will help them manage their money long term and stay out of debt for good.

This Road Map to Financial Freedom is a step-by-step guide to help you set up your financial structure, plan your budget and manage your finances into the future.

WHAT CAUSES DEBT?

Many people believe they will only ever be caught out by debt through bad investment decisions, but a number of everyday scenarios can see Aussies fall into financial difficulties.

Lack of financial knowledge

Credit Cards, Personal Loans, Store Credit and Cash Loans are all readily available in Australia. People often come to rely on these cards and loans to pay their regular bills without a plan in place to repay them off. Thus beginning a vicious spending cycle which leads to bad debt.

Lack of Insurance

Aussies tend to live by a 'that won't happen to me' attitude and avoid investing in income protection or life insurance. When unexpected accidents or illness strike they are left without their main source of income and hefty medical bills to pay.

Unexpected Life Events

Sometimes, life just doesn't go as planned. You might lose your job or break up with your partner, leaving you to manage your bills with less income.

Debt doesn't discriminate. Whether you earn \$10,000 a year or \$100,000, the key to financial freedom lies in proper Money Management.



THE IMPACT OF FINANCIAL STRESS

Debt has a way of impacting every aspect of our lives. It can cause tension in relationships, lead to anxiety and depression and effect the way we do our jobs which could lead to a demotion or job loss.

Debt is a very real problem and it needs to be dealt with sooner rather than later. The longer debt is left to grow out of control, the harder it is to get your finances and your life back on track again.

DEBT MANAGEMENT

Small debt can be managed with proper budgeting and money management which will give you the good spending skills you need for life.

However if your debts are larger and seem out of control, you may need to look at options such as a formal Debt Agreement or even Bankruptcy.

There are options available to you at every stage of debt, but the sooner you act, the easier it will be to get your debt back under control.

If you haven't already spoken to a Debt Rescue Case Manager about your situation, please feel free to call us for a free consultation on 1800 00 3328.

If you have already entered a Debt Agreement with Debt Rescue, use this Road Map in conjunction with your Debt Agreement repayments to gain control of your finances once again.



**KNOW WHERE YOU
ARE GOING**

1



2

**PLAN HOW TO GET
THERE**

PACK YOUR BAGS

3



4

HIT THE ROAD

ASK FOR DIRECTIONS

5



1

Know Where You Are Going

The road to financial freedom is long and winding. With the right skills and tools you could cruise leisurely down this road, wind in hair. But you also might hit a few road blocks along the way.

Before you take off on your journey you need to understand where you are going by setting some goals.

The overall goal would be to manage your money to avoid debt and financial stress. But you can set some more specific goals to keep you motivated.

Things like saving for a holiday, a car or even a house deposit are all great financial goals and will help to keep you on track and accountable for your spending.

Write your financial goals in the back of this work book by noting what you want to work towards and how much you need to save.

You can also set rewards along the way to motivate you to keep going. For example, once you save half your goal amount, spoil yourself with a night out with friends or family.



2

Plan How To Get There

Before you can take off, you need to know which direction to go in.

What does your financial position look like? What are your debts, your expenses, your income? Do you have enough money for those unexpected emergency stops? Let's find out!

Using the budget planner in the back of this guide, you need to go through your finances to determine your financial position.

SET YOUR BUDGET FREQUENCY

Your budget frequency should be the same as your main source of income. For example, if you are paid fortnightly, but you also receive a weekly benefit from Centrelink, your budget frequency should be fortnightly as this will make it easier to calculate regular repayments and plan your budget.

INCOME

Amount

Write the amount you receive of each source of income.

Frequency

Take note of how frequently you are paid each source of income. For example, you might be paid your wages each week, and your teenager pays you rent every fortnight.

Budgeted Income

You need to make sure each source of income is consistent with your Budget Frequency. So

if your budget frequency is fortnightly and one of your sources of income is weekly, you need to multiply your weekly wage by 52 and divide that amount by 26. This will give you a fortnightly figure

EXPENSES

On the budget planner, we have separated the budget into Discretionary Expenses - expenses which could easily be cut back to save money, and Essential Expenses - expenses which you need to ensure are paid to live day-to-day.

To make it easy for you, we have listed as many expenses as we can think of. If you aren't sure how much you need to pay or how often your bills are due, check your statements and your online banking for some more information.

Repayment Amount

List the repayment amount for each expense. If the amount varies each time it is due, list the average. For example, if your power bill is between \$420 and \$480, write \$450.

Repayment Frequency

This is the frequency your expense is due. For example, weekly, fortnightly, monthly, bi-monthly, quarterly or annually.

Next Due

This is the date your expense is due to be paid next. This will help you to ensure you have enough money to pay your expenses when you first start your budget.

For example: After calculating your Budgeted Amount (see below) you find you need to set aside \$25 each week to afford your monthly water bill. But your water bill is due in two weeks time, giving you half the amount of time to get the money together.

For the first two weeks of your budget, you need to set aside \$50 each week to afford your water bill. Once it has been paid, you will only need to save \$25 each week to afford the same bill on its next due date.

Budgeted Amount

This is the amount you need to set aside each payday to ensure you are able to afford this debt. To find this amount, you need to divide the repayment amount to fit in line with your budget frequency.

For example: I have a quarterly power bill of \$340 and I am paid fortnightly. So I take \$340 and multiply it by four as it is quarterly and due 4 times a year. This gives me a total of \$1360. I am paid fortnightly and there are 26 fortnights in a year, so I divide \$1360 by 26 which gives me \$52.30. So my Budgeted Amount to afford my power bill each quarter is \$52.30 each fortnight.

TOTALS

Once you have completed the budget planner as best you can, you need to find the totals of each of your budgeted amount columns and put them into the Totals Table. Subtract the combined expenses from your income total.

I have more income than expenses

Great! You are able to afford your expenses. Any additional money is a surplus and can be transferred into your savings account to be contributed towards your financial goals!

I have more expenses than income

This means you might not have enough money available to pay your expenses when they fall due. If this is the case for you, you will need to look over your budget and see where you can cut back on your expenses. See the next page of this booklet for a list of savings tips and ideas.

You will need to continue to work on your budget until you reach a surplus.



Savings Tips

SAVE ON FOOD

- Avoid eating out by planning your meals in advance. This way, you can write a grocery list and cook your meals at home. Sopping with a list will stop you from making unnecessary impulse purchases. You can also save your leftovers for lunch the next day.
- Read the weekly specials before you plan your meals. You will be able to see which cuts of meat and other ingredients are on special, reducing your grocery spend even further.
- Convenience stores are generally more expensive than shopping at the supermarket. Whereas fruit and veg shops or the local farmers market are cheaper still for fresh produce. Shop around for the cheapest item.
- Try to buy fruit and vegetables in season. Out of season produce is often imported and therefore is marked up to cover costs.
- Invest in a freezer so you can buy more food in bulk and have your freezer with you.
- Try store brands to see if you can save.
- If you do go out to a restaurant, look online for vouchers or coupons and set a budget for the meal to avoid overspending

SAVE ON BILLS

- Don't use expensive heaters in winter. Instead, rug up with blankets and clothing.
- Shop for new insurance every few years. Insurance companies will offer lower rates to new subscribers.
- Consider installing solar panels and look for discounts and community programs to help you pay for it.
- Get an Energy Efficiency test done at your home to discover areas you can save power, water and money!
- Avoid upgrading your phone at the end of each plan. Keeping your phone a bit longer will allow you to get a Sim Only plan which are much cheaper.
- If you are buying new appliances pay attention to energy costs and usage.
- Increase the excess in your insurance policies to reduce the premium you pay. Just make sure you have enough in your savings account to cover the excess should you need it.
- Use the suggested providers on your health insurance.
- Renting? Save money by moving to a cheaper neighbourhood or try to find a roommate to share in the costs.
- Set up direct debits to automate your bill payments to avoid late fees•
- Cancel your gym membership and workout at home or go jogging.

SAVE ON ENTERTAINMENT

- Go to the library to find books and movies instead of buying them.
- Consider renting games that you will only play once instead of buying them.
- Attend free local concerts.
- Go hiking. Take advantage of the local walking tracks and parks. Stay active and find something fun to do.
- Plan a night in with friends instead of going out.
- Play a board game.
- Find ways to monetize the things you love to do. This way you can make money off of your hobbies.
- Volunteer. It can be a lot of fun to volunteer at a local community center, help out with the elderly or walk dogs from your local shelter. This is also a great way to meet people.
- Take a community class to learn a skill that can help you save money. You may want to take cooking classes, basic sewing or basic auto repair classes.
- Attend free classes and seminars put on at your local library. This is a great way to learn new skills which could help you get a promotion or give you ideas on fresh new ways to make money.

SAVE ON SHOPPING

- Only purchase things that are on sale, especially big-ticket items.
- Take advantage of any employee discounts that you can.
- Use customer loyalty cards to save money and earn points on additional purchases.
- Shop the sales and clearance racks whenever you are clothes shopping.
- Avoid buyers remorse by waiting 24 hours on any purchase over \$100.
- Don't use a credit card. Only spend money you know you have by following your budget.
- Try to have one day a week where you consciously don't spend any money. As you get good at this, try 2 or 3 days a week.
- Consider buying secondhand items from eBay, Gumtree or off Facebook Buy/Swap/Sell pages in your local area.
- Don't shop when you are stressed or upset
- Plan for your big purchases and set aside money until you can pay for it in cash. Things like a television, a new computer and new furniture all fit under this category.
- Sometimes you shouldn't sacrifice on quality to save a few dollars. Make sure you buy good quality appliances and furniture so they last longer.

3

Pack Your Bags

Now you know where you are going and you have a map to get there. But before you head off, you need to get organised. You need to make sure you have everything you need to make it to your destination.



INSURANCE

Aussies tend to live on a “She’ll be right” attitude and regard things like warranties and insurance as an optional extra or a complete waste of money.

At risk of sounding like a bad daytime TV ad, if something ever did happen to you, like losing your job or sustaining an injury, how long would you be able to live before you ran out of money?

In addition to setting aside an emergency reserve of cash to live off (read more about this in the Bank Accounts section) you should consider getting some kind of insurance in place to make sure you are covered if anything goes wrong.

A few options to consider are:

- Mortgage Insurance
- Income Protection Insurance
- Life Insurance
- TPD insurance
- Critical illness Insurance

You don’t need all of these policies in place, but make sure you are sufficiently covered in case of an emergency.

Insurance through your Super

Some Superannuation funds include payments towards a Life Insurance Policy. Make sure you don’t already have a policy in place before you sign up for a new one.

BANK ACCOUNTS

By structuring your bank accounts properly, you can automate your budget. This way, you will know all your bills will be paid on time and you can avoid late fees and penalties. You should have 4 bank accounts:

Bills Account

This account is the main hub of your budget. The Bills Account is the account where all your income is paid. All your debt and bill repayments will be set up as direct debits from this account and you will pay yourself a wage into your living accounts from here.

Requirements

This account doesn't require a card. It simply holds your cash before it is sorted according to your budget. Ask your bank for no card account options. You might find these accounts come with lower fees or higher interest rates.

Living Account

Your living account will help you pay for everyday expenses like groceries and petrol. You will have calculated an amount to transfer into this account each pay cycle to ensure you aren't left short.

Requirements

You will need a card attached to this account. As money will be coming and going, you won't have much time to earn any interest on the funds in here.

Savings Account

Any money left in your budget after paying your bills can be put in your savings account. Your savings account will also hold money for emergencies. You should aim to contribute emergency savings first with the leftover money used towards your financial goals.

Requirements

The money in this account will slowly accumulate over time. Look for an account with a great interest rate.

4

Hit The Road

It's time to put all your work into action! By now you have an excellent understanding of your financial position, you have set some financial goals and you have a budget to help you achieve those goals. You're ready to get going.

Set up your Bank Accounts

Set up your new bank accounts and make sure your employer has your new details.

Set up direct debits

To ensure you always pay your bills and debts on time, set up direct debits from your expense account. Use the budgeted amounts you have calculated in your budget.

Remember to consider when the bill is next due. If you don't have time to save up as per your budget, prioritise the payment. It may take a few weeks or even months to get into the swing of things. Don't give up!

Review

Don't just set and forget your budget. For the first few weeks, you will have to make a few adjustments to make sure you can afford all your bills. Once you get the hang of it, check in each pay day to see how you are going or if you need to make any adjustments.

Celebrate the little things

You've made it to payday with money in the bank and all your bills are paid. You've done it! your budget is working and your life is about to get a whole lot easier! It feels good to have control of your money so breathe in the success. Be proud of yourself! You deserve it.



5

Ask For Directions

Don't just set and forget your budget. Make sure you take some time out every few weeks to check in with your progress, review your budget and make any adjustments. If you do get lost, don't be afraid to ask for help!

Talk to your creditors

Your creditors are always available to help. If you get stuck and you know you won't be able to afford an upcoming bill, call your creditor and let them know. Every service provider has a hardship arrangement available to help

Talk to friends and family

You don't have to tell them the exact details about your financial situation, but you can let your friends and family know you are keeping an eye on your finances and aiming to achieve some goals. They may want to join you on the road to financial freedom

Talk to a financial counsellor

Financial Counsellors exist to help people manage their money correctly. They may be able to identify areas of your budget with room for improvement or suggest schemes and assistance you might not know about. You can talk to a Free Financial Counsellor Service by calling 1800 007 007.

Talk to us!

Have your circumstances changed? Don't suffer in silence, give us a call on 1800 00 3328. We're here to help!





Bills Account

Account	Amount
Credit Card	
Personal Loan	
Car Loan	
Mortgage	
Rates	
Body Corporate	
Rent	
Electricity	
Telephone	
Internet	
Car Registration	
School Fees	
Child Care	
Child Support	
Home & Contents Insurance	
Motor Vehicle Insurance	
Life, Income Protection	
Health Insurance	
Ambulance	
ANNUAL TOTAL	\$
AMOUNT PER PAY PERIOD	\$



Living Account

Account	Amount
Food & groceries	
Restaurants & Takeaway	
Video, Movies & Pay TV	
Alcohol & Cigarettes	
Memberships	
Papers & Magazines	
Schooling Related Expenses	
Health Care	
Sports & Music Lessons	
Personal Needs	
Hobbies	
Clothing, hairdressers, etc	
Presents	
Lotto, Raffles & Charities	
Household Maintenance	
Motor Vehicle Maintenance	
Petrol	
Public Transport	
Other	
ANNUAL TOTAL	\$
AMOUNT PER PAY PERIOD	\$



Savings Account

Account	Amount
Holiday	
Emergency Reserve	
Investment	
Other	
ANNUAL TOTAL	\$
AMOUNT PER PAY PERIOD	\$

