

Money Mechanics

Strategic Financial Advice



Your Cash Matters!

Having a handle on your cash flow can give you empowerment over your day to day life and puts you in control of your money rather than it being in control of you. **Cash flow management and planning is one of the key foundations to your overall financial planning strategies now and into the longer term.** How much you need to live on today is often not reflective of what you will need once you reach retirement from the workforce as you will have time on your side which may result in the desire to spend more funds on travel and lifestyle.

We suggest the following steps to get your cash flow in order and we always say: 'be patient with yourself, team up with a buddy for accountability, and implement a system that works for you that is automated!'

YOUR CASH SYSTEM

We suggest a Three Account Structure to give you transparency and control over your day-to-day cash needs.

■ Account 1 Your Working Account

This account should be used for your day-to-day expenses such as food, lunches, coffee and entertainment expenses. The discipline here is once the funds are used you do not spend any more money on these items. *This should be your standard working account with ATM access.*

■ Account 2 Your Bills Account

Use this account to plan for your regular annual expense and bills. Again each fortnight you should work out an amount to go into this account. The process here is if you are going for a haircut, or clothes shopping transfer the money across from the Bills Account to your Working Account, try to limit impulse buying and have a plan / purpose in mind when you go shopping. *This account should ideally should be an offset account if you have mortgage debt and you should have NO ATM access on this account.*

■ Account 3 Your Longer Term Savings

The idea behind this account is to save for regular lifestyle things. The fun stuff like regular holidays etc. *This again if you have a mortgage should be offset account number 2 for the travel savings and NO ATM Access.* Check out www.ingdirect.com.au, www.rams.com.au, www.rabodirect.com.au and www.ubank.com.au for High Interest Savings Account (HISA) to compare for your savings.

What Goes Where?

Your Working Account

Your Total Each Pay
= \$ _____

Your Bills Account

Your Total Each Pay
= \$ _____

Your Lifestyle Savings / Worth Living

Your Total Each Pay
= \$ _____

Debt Reduction / Future Savings

Your Total Each Pay
= \$ _____

FURTHER RESOURCES

Check out some great online tools for budget and cash flow planning and debt management:

<https://www.moneysmart.gov.au/tools-and-resources/calculators-and-apps>

Podcast Episode:

<https://omny.fm/shows/moneymechanics/unpacking-cash-flow-and-budgeting-with-ara-jensen>



The Principles of Time Management

1. Create a daily to do list
2. List goals and set priorities (A, B, C...)
3. Do A's first
4. Handle each piece of paper / email only once
5. Do it now!
6. What is the best use of my time right now?

Your Notes and Action Items:



Check out the following smart phone apps which can help set up and track your cash flow:



www.moneysoft.com.au



HomeBudget Lite



www.raizinvest.com.au



www.pocketsmith.com

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