






Creating your surplus


SAVINGS TIPS

1. General Tips	<i>Am I doing this now?</i> (✓ X)	<i>Should I?</i> (✓ X)
1. Golden Rule ... if you save and invest 10% of what you earn you will be financially secure.		
2. Platinum Rule – you will only ever accumulate wealth by spending less than you earn.		
3. Automatic Payments - utilise B-Pay/direct debit/internet banking to arrange for the automatic payment of your bills each month/quarter – provides greater control and saves you time and, potentially, money (on late payments). (Australia Post offers a service called “billmanager” which allows you to either pay individual bills or combine the payment of bills into one regular scheduled payment - www.postbillpay.com.au .)		
4. Paying Bills – pay your bills one or two working days before they are due (and close to the end of the interest-free period if applicable) rather than when you receive them – use the extra time provided to earn interest in your bank account.		
5. Shopping – only buy items when you need them – don’t treat shopping as a hobby or leisure activity.		
6. Cash – pay with cash not credit cards.		
7. Bargain – as for discounts when buying items like whitegoods, furniture and electronic equipment; you will be surprised how many retailers are prepared to lower their prices to make the sale.		


<p>8. Stop Smoking – spending \$12 on a packet a day is foregoing around \$4 million in wealth opportunity over your working life. And you live longer to enjoy that wealth!</p>		
<p>9. Save Often – save little and save often. A weekly punt on Lotto, if invested sensibly, would have turned into a little under \$500,000 over the space of your working life. Saving is a sure winner.</p>		
<p>10. Superannuation is GOOD. Super is one of the best savings and investment options you have to build wealth. Consider putting more of your income into super.</p>		




2. Household	Am I doing this now? (✓ X)	Should I? (✓ X)
1. On-Line Shopping - shopping for groceries on line helps to control spending on “impulse” items.		
2. Buy Big - bulk items/economy size packs are usually cheaper than smaller items – meats can be divided into smaller quantities before freezing; cleaning products can be siphoned into smaller bottles/containers.		
3. Supermarket Discounts - most mark-downs at the supermarket occur between 9:00pm and 12:00am (midnight) – discounts include cooked chickens for \$2.00, bread for \$0.99 and stir fry vegetables for \$0.50.		
4. Buy Fresh - “loose” items, such as deli items like ham and cheese, are often cheaper than “packaged” items (eg. leg ham – \$24.15kg packaged v’s \$17.30kg by the slice).		
5. Lighting - fluorescent (or “energy efficient”) light tubes use a quarter of the electricity consumed by ordinary bulbs and last around eight times longer.		
6. Heating - you can save money on heating by ensuring doors and windows are closed, seals are maintained and you have the correct size heater for a room.		
7. Heating - you can make your heater and air-conditioning unit workloads easier by limiting the area that requires heating or cooling.		
8. Heating - if you're in the market for a new heater, consider a gas heater because they're cheaper to run and better for the environment.		


<p>9. Water - installing water-saving shower heads (at around \$30 each) can reduce your water usage and water rates, saving you hundreds of dollars.</p>		
<p>10. Water - a dripping tap can also cost hundreds of dollars in water usage – so get it fixed.</p>		
<p>11. Cleaning Products - forget about the fancy cleaning agents. A combination of the following items can clean just about any surface: generic dishwashing detergent, bi-carb soda, white vinegar, methylated spirits, bleach and olive oil.</p>		
<p>12. Hot Water System - one third of your energy is used for heating water so it makes sense to choose the right hot water system. Switch to a more affordable solar hot water system and you could save hundreds of dollars.</p>		
<p>13. Pest Control - termites damage one third of houses in Australia – and this is not covered by insurance. It pays to check regularly.</p>		
<p>14. Food and Regular Expenses – take a notebook with you for a two-week period and write down everything you spend. At the end of the two weeks take a closer look at the amounts and look for things you can cut back or cut out.</p>		
<p>15. Groceries – consider investing in a freezer. You can then buy in bulk, and reduce the time and money spent on extra trips to buy meat and other meals. To reduce impulse buying, don't do the grocery shopping while you're hungry.</p>		

<p>16. Alcohol and Cigarettes – buy your wine by the case – so when you go out to dinner or visit friends you can take a bottle from home (which works out much cheaper than popping into a bottle shop and buying single bottles).</p>		
<p>17. Pay TV – when did you last review the viewing habits of the family? Are you paying for a TV package that may be costing extra than is being used?</p>		
<p>18. Laundry/Dry-Cleaning – pay for your dry-cleaning upfront and save 10%. Buy washable clothes, especially now that many silks and other delicate materials can be tossed into the washer. Dry-cleaning costs can double or even triple the purchase price of clothing.</p>		
<p>19. Whitegoods Replacement – when shopping for whitegoods, watch for “grand openings” of new stores as well as beginning and end of season sales. Discounts of 50% or more off retail prices may be found for many appliances.</p>		


<p>3. Mortgage</p>	<p>Am I doing this now? (✓ X)</p>	<p>Should I? (✓ X)</p>
<p>1. Saving on your Mortgage - there are three major ways to save on your mortgage:</p> <ul style="list-style-type: none"> ~ increasing your repayments ~ increasing the frequency of your repayments ~ placing your savings into a mortgage offset account 		
<p>2. Frequency - increase the frequency of your mortgage repayments – interest is usually calculated on a daily basis (and charged monthly).</p>		


<p>3. Other Debt - consolidate high-interest debt such as personal loans and credit cards with your home mortgage, where you will pay 7% interest compared to 19% per annum.</p>		
<p>4. Offset Account - utilise an interest offset account where applicable.</p>		
<p>5. Drawdowns - monitor any drawdowns made using a line of credit – if possible retain a zero balance and only withdraw funds when absolutely necessary (as utilising this facility is cheaper than using your credit card).</p>		
<p>6. Refinance - if appropriate, refinance your mortgage at the end of the honeymoon period (consider rolling over to another honeymoon period) – can save thousands in interest repayments – beware of “break”/early discharge costs.</p>		
<p>7. Personal Loan – personal loans are generally subject to higher interest rates than mortgages. If possible, ask about consolidating your personal loans with your home loan, or otherwise, direct additional repayments to the higher interest personal loan first.</p>		


4. Credit Cards	Am I doing this now? (✓ X)	Should I? (✓ X)
<p>1. Special Offers - there are often discounts/benefits linked to different credit cards - or promotional discounts that you can take advantage of that arrive with your credit card statement each month (eg. AMEX offers 15% off at Harvey Norman, Domayne, Gowings and Viviens Jewellers). <i>(Credit card reward schemes - like frequent flyer points - have been seriously devalued of late, requiring you to spend much more to get any benefit, which makes promotional discounts a lot more attractive by comparison.)</i></p>		

<p>2. Credit Limit - reduce the credit limit on your credit card, especially if you find that you are often unable to repay the full amount owing each month, or are inclined to spend more than you have.</p>		
<p>3. Monthly Payments - repay your total outstanding credit card balance each month.</p>		
<p>4. Lower Interest Rate Costs - consolidate your credit card debt into your mortgage to reduce the interest you pay. Also, think about reducing your credit card limit to reduce overspending.</p>		

5. Telephones & On-line Services	Am I doing this now? (✓ X)	Should I? (✓ X)
<p>1. Consolidate Services - discounts or rewards may apply if you use the one provider for home phone, mobile, internet/broadband, pay-TV, etc (eg. having Optus TV and Optus home phone entitles you to 100 free local calls per month through its "yes" rewards program).</p>		


<p>2. Capped Plans - depending on how much you are spending each month on calls, capped mobile plans with bonus credits may provide a cheaper alternative (eg. Virgin Post Paid Cap 49 Plan will provide you with a \$250 bonus credit each month at a minimum cost of \$49).</p>		
<p>3. Pre-Paid - using a pre-paid mobile can enable you to control your spending.</p>		
<p>4. Land Lines - if you and your family don't make many phone calls, and you do not require dial-up internet access, disconnect your home phone (land line) – this can save you up to \$35 per month (\$420pa).</p>		
<p>5. Long Distance - choosing the right long distance carrier and discount plan can cut monthly bills by 20% or more.</p>		

<p>6. Cars & Transport</p>	<p>Am I doing this now? (✓ X)</p>	<p>Should I? (✓ X)</p>
<p>1. Fuel Economy - simple ways to reduce fuel consumption include:</p> <ul style="list-style-type: none"> ~ drive smoothly – avoiding rapid acceleration and hard braking can reduce consumption by up to 40% ~ moderate your speed – driving at 90km per hour on multi-lane roads rather than 110km per hour can reduce fuel consumption by 10% or more ~ check tyre pressure – low tyre pressures increase fuel consumption by 3% ~ minimise air conditioning – air conditioning increases fuel consumption by up to 11% 		
<p>2. Cheaper Fuel - purchase petrol mid-week (usually on Tuesdays), it can be up to 10 cents per litre cheaper.</p>		

3. Servicing - it is usually cheaper to have your car serviced at a service station/garage that is not aligned with a dealership-group - ensure that this will not affect any warranties.		
4. Replacement Parts - generic replacement parts are cheaper than dealership-branded - ensure that this will not affect any warranties.		
5. Purchase Finance – make sure your finance is lined up before you visit a car dealer, as many quote higher loan rates than you would find by shopping around yourself.		
6. Repairs – car dealers charge 30% to 70% more for car parts than do auto shops. Unless the part is only available through the dealer, try to obtain it through a wrecker. Phoning around will save you unnecessary cost.		
7. Maintenance – choose low maintenance cars. Check with the motoring organisation in your state for the latest test result.		
8. Petrol and oil – buy your petrol with supermarket discount dockets.		
9. Public transport – buy periodic travel passes eg. quarterly tickets.		


7. Insurance	<i>Am I doing this now? (✓ X)</i>	<i>Should I? (✓ X)</i>
1. Consolidate your Policies - multiple policies through one provider can entitle you to discounts or rewards (eg. NRMA offers a 10% discount if you have three types policies with them – or 12.5% for four).		
2. Annual Payments - pay insurance premiums on an annual basis rather than monthly – most insurance companies will charge you a premium to make monthly payments (\$10+ per month).		


<p>3. Landlords Insurance – this insurance can cover for fixtures and fittings (not normally covered by just building insurance) as well as loss of rent.</p>		
<p>4. Life Insurance – take out insurance via your super fund (ask your HR Department).</p>		
<p>5. Private Health – ensure your private health cover is appropriate for your needs and that you are making use of any added benefits you may be paying for, such as dental cover.</p>		


8. Work Related Expenses	Am I doing this now? (✓ X)	Should I? (✓ X)
<p>1. Weekly Passes - paying for weekly, monthly, etc travel passes is usually a lot cheaper than paying per ride/trip (eg. catching a bus from Chatswood to the city – paying per trip would cost \$3.60 compared to \$2.79 if you purchased a red travel-ten [\$27.90 for the pass of ten rides] – a 22.5% saving).</p>		
<p>2. Lunches – if you buy your lunch each day, you're probably spending about \$50 a week. Spend half this much, by taking leftovers from home or making sandwiches, and you'll save around \$1,300 a year.</p>		
<p>3. Coffees/Snacks – buy your coffee where they'll give you a loyalty card and get every 8th or 10th coffee free.</p>		


9. Council Rates & Utilities	Am I doing this now? (✓ X)	Should I? (✓ X)
<p>1. Council Rates - some local councils offer discounts when you pay your rates annually in advance – if your council does not, pay your rates quarterly as they fall due and invest the balance of your payment in a high-yielding bank account where you can earn some interest.</p>		

10. School Costs & Childcare	Am I doing this now? (✓ X)	Should I? (✓ X)
<p>1. Annual Fees - investigate whether your child's school will offer a discount if you pay school fees upfront on an annual basis.</p>		
<p>2. School Books - purchase books/stationary and shoes during the "sales".</p>		

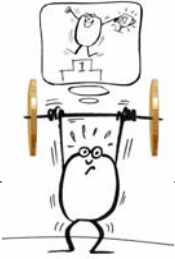
3. Uniforms - purchase school clothing (uniforms, hats, etc) and text books through the school's second-hand clothing pool.		
4. HECS - discounts and bonuses apply to upfront and lump sum (\$500 or more) HECS/PELS payments – 20% discount payments made <u>before</u> graduation, 10% bonus for payments made <u>after</u> graduation.		
5. HECS – if you plan to make voluntary payments on your HECS debt, make sure you pay before 1 June each year, as this is the date when the outstanding debt is adjusted for inflation.		
6. Student Accounts – let your bank or credit union know that you are a student. Many will waive monthly account keeping fees or point you in the direction of a low-fee student account.		
7. Tertiary Students – check out the Youth Allowance and Austudy schemes for eligibility for grants of up to \$6,000 per annum.		



11. Pets	Am I doing this now? (✓ X)	Should I? (✓ X)
1. On Line Savings - discount flea, heartworm and other pet medications (including Frontline, Advantix and Sentine) can be purchased online at www.pricelesspets.com.au – some savings of 50%+ compared to pet shop or veterinary prices.		
2. Bulk - purchase pet food in bulk.		

12. Sport & Recreation	Am I doing this now? (✓ X)	Should I? (✓ X)
<p>1. Sports Equipment - purchase sporting equipment second-hand – most equipment sold in the “trading post” (or similar publication) has hardly been used and usually sells for a fraction of the original purchase price.</p>		
<p>2. Cinemas – are you a regular moviegoer? Whilst it does mean an initial outlay – purchasing movie vouchers in bulk can save you money.</p>		

13. Taxation	Am I doing this now? (✓ X)	Should I? (✓ X)
<p>1. Laptops - if available through your employer, purchasing laptops and palm pilots/electronic diaries through a salary packaging arrangement means that you are purchasing the items with pre-tax money – an automatic saving of up to 50%.</p>		
<p>2. Medical Expenses - many people forget that they can claim a tax offset (Medical Expenses Tax Offset) of 20 cents in the dollar for net medical expenses over \$1,500 (2004/05 tax year).</p>		
<p>3. Private Hospital Cover - individuals and families on higher incomes can be stung with a Medicare Levy Surcharge liability if they do not have private patient hospital cover.</p>		
<p>4. Family Benefits - tax benefits for families can include:</p> <ul style="list-style-type: none"> ~ Family Tax Benefit Part B – based on “secondary earner’s” income ~ Baby Bonus – may be applicable if you had a baby after 30 June 2001 (whether or not you already have other children) 		

<p>5. Deductions - other deductible expenses include professional memberships/ subscriptions, self-education costs (courses, stationary, computer expenses, travel, etc) and donations.</p>		
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<p>14. Other</p>	<p><i>Am I doing this now? (✓ X)</i></p>	<p><i>Should I? (✓ X)</i></p>
<p>1. Council Libraries - local libraries allow you to borrow books, magazines, videos and DVDs – saving you money.</p>		
<p>2. On Line Books - there are a number of cheap online discount book-stores that offer a large range of authors and titles (eg. www.scb.com.au).</p>		
<p>3. On Line Vitamins - vitamin and supplement purchases can also be made online, saving between 10% and 60% for major retail brands such as Nature's Own, Sandra Cabot, Blackmores, etc (eg. www.healthonline.com.au).</p>		
<p>4. Interest Free Loans - beware of interest-free loans offered through retail outlets and department stores, interest rates that apply if you are unable to repay the loan in full by the due date are usually around 24% per annum.</p>		
<p>5. Computer Games – often computer games are slashed in price a few months after release. Also, check out games first by downloading or obtaining the free CD demo (from a computer magazine) – this way you can avoid disappointment of a poor \$100 purchase.</p>		

<p>6. Home Printers - home laser printers are now much more affordable. Individual cartridges cost slightly more – but can last five times longer. Also check to see if your printer offers a “tone saver” option, or set the default of print jobs from your computer to “draft”.</p>		
<p>7. Restaurants – if you like drinking wine when dining out – choose BYO restaurants to save on wine costs.</p>		
<p>8. Takeaways – here's a hint. Keeping packaged juices and muesli bars in the glovebox can offer a much less expensive and convenient way of satisfying the cravings of drivers and children rather than pulling into takeaway restaurants.</p>		
<p>9. Gifts – a simple way to double the value of your Christmas gift. Buying vouchers will allow the receiver to take advantage of the value of post-Christmas sales.</p>		
<p>10. Short Holiday – go on holidays during “off-peak” or “shoulder” periods – ie. while the children are at school.</p>		
<p>11. Annual Holiday – plan holidays well in advance to take advantage of frequent flier points and lower fares. Be aware of stand-by hotel offerings. Know when the packages are released for the places you want to visit.</p>		