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FINANCIAL PLANNING NEWSLETTER



financial **snapshot**

Holiday budgeting tips

— *How to avoid a travel debt hangover*

We've all had the feeling. You step off the plane from Bangkok still buzzing, images from your holiday flitting through your mind—the Parthenon, Big Ben, the Eiffel Tower.

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Holiday budgeting tips continued

What a trip...you're not going to kiss the tarmac or anything but it's good to be home! You post the final selfie to Instagram on your mobile but as you flick back to the home screen you notice your banking app. A nagging thought disturbs your post-holiday reverie.

You haven't logged on since you left Australia. But it was all so slick. The days of sewing travellers' cheques into your pants and wiring FedEx cheques around the world are long gone.

Even the little Thai fishing village had a workable ATM that pumped out baht. And pretty much everywhere accepted your credit card. Luckily you extended the limit before you left, all it took was a few clicks. You also vaguely remember setting a daily budget...that didn't last long. But hey, you're not in Rome every day of the year.

Hang on though...you did hit it pretty hard in London's West End. And then there were the five days at the Airbnb near Lake Como. After all, if it's good enough for George and Amal, it's good enough for you. Come to think of it, the previous week scooting up and down the French Riviera wasn't cheap. And way back at the start of the trip those Sangrias in Barcelona kept on coming...

Slowly your heart sinks and you close the screen down, hastily shoving the phone back in your pocket. It can wait another hour at least, at least until you've got home and brewed a strong cup of coffee.

You've heard of jetlag, now brace yourself for debt-lag

We know how to avoid jetlag. Stay hydrated, get as much sleep as possible and go easy on the complimentary inflight beverages.

But what about debt-lag? You don't want to arrive back home with a spring in your step but a hole in your wallet.

And it doesn't have to be the trip of a lifetime. Even if it's just the annual family holiday down the coast, it's all too easy to let your spending get out of control.

Here are a few tips you might want to consider that could help you avoid a travel debt hangover.

Budgeting tips before you go...

- **Pre-pay the big-ticket items.** Look for good deals and pay in advance for flights, accommodation and tours. The more you can pay for before you go, the less you'll have to pay for at short notice with a potentially hefty local mark-up.
- **Do your homework on fees and charges.** You may want to give yourself a choice of how to pay—a debit card with lower fees, a pre-paid travel card so there are no surprises and a credit card for emergencies.
- **Work out your holiday budget.** Think about how much you're willing to spend—it could help to set a daily limit and an overall limit (and stick to it!). Sometimes your choices about where to travel and where to stay can have a knock-on effect. If you're based on a resort island or in a small hotel room with no kitchen facilities it could be difficult to source reasonably priced groceries and save money on food.

... budgeting tips while you're travelling...

- **Keep track of how much you're spending.** If you're good at budgeting, there's no reason to let things slide just because you're on holiday. And if you're not so good at budgeting, a holiday could be the ideal time to start getting into the right habits.
- **Use the right card.** Pre-loaded travel cards are getting more popular and mean you don't have to stress about the exchange rate. Credit cards are convenient but represent temptation. If you're going to use credit, make sure your card is appropriate for travelling. Some cards charge an international transaction fee as well as not giving you any control over your exchange rate.
- **Make smart choices.** Sometimes local merchants will give you the choice of paying in the local currency or Australian dollars. Converting to Aussie dollars could cost you more as you may not get a favourable exchange rate.

... and budgeting tips when you get back

- **Pay off your credit card as soon as you can.** Be wary of minimum repayments—this only drags out the debt for longer and increases the overall interest charges. If you can cut back in other areas you could potentially pay off your credit card debt earlier and avoid paying interest.

If you're looking at budgeting for a holiday, we can help you manage your money more effectively.

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12 ways to avoid waste this Christmas

Embrace the spirit of Christmas by giving back to the environment this festive season.

If ever there is a time for excess, Christmas is it. But it's important not to forget about the waste you create amidst all the good times, feasting, gifts and celebrations.

You've heard of the 12 days of Christmas, but here's 12 ways to avoid waste this Christmas.

1. Go solar

Turning your house into a light display come the festive season is a great way to spread Christmas cheer, but also to use a lot of electricity. Consider solar-powered Christmas lights instead – our long summer days are perfect to charge them so your house can shine at night.

2. Think green for the tree

Either invest in a top-quality fake tree which will last many years, or buy a real tree. If you do opt for a real tree, make sure you recycle it properly. Small trees can be cut up and recycled in your garden waste bin, while many councils schedule a special collection for larger Christmas trees.

3. Gifts that go the distance

Buying cheap gifts that only last a short time can be great for the family budget but not so good for the environment. Instead look for well-made gifts, which will last and offer good value for money. To further minimise your footprint, give experiences rather than physical gifts.

4. Add a personal touch

In a world where time is a priceless commodity, making – rather than buying – gifts can be a whole lot more meaningful and lead to less consumption. For another spin on this, give the gift of time – offer to do some free babysitting or to mow a friend's lawn.

5. Support exchanges

When buying physical gifts, many stores now offer gift receipts, which enable the recipient to exchange the present without revealing the price. Providing you don't get offended, it's a win-win - your gift doesn't end up in the landfill and your loved one gets something they truly want.

6. Watch the batteries

Remember your e-footprint and try to avoid buying gifts that need batteries. If you do buy something that's battery-operated, consider making rechargeable batteries and a charger part of the gift. Trust us, they'll thank you.

7. Avoid throwing out the unwanted gifts

If you receive a gift you don't like, consider whether you can upcycle it, or use it for another purpose. If that's not possible, donate it to charity or consider re-gifting it, rather than throwing it out. Re-gifting may have a bad reputation but you can't argue with its environmental credentials.

8. Wrapping it up

Instead of opting for store-bought wrapping paper, make your own, use your kids' drawings or dress up newspaper with festive ribbon. And when you're done, consider recycling your wrapping or consider reusing it – you can refresh it by covering with a towel and ironing out the creases on low heat.

9. Fresh is best

Avoid unnecessary food waste by buying your food as fresh as possible so that it lasts longer and you throw less away. You can also reduce your food miles and carbon footprint by buying it locally.

10. Go flavor over tradition

Buy food you like and will eat. It may seem like simple advice but as Christmas is associated with many traditional dishes, who hasn't served up a plum pudding when everyone would have rather had a pavlova? Or if you and your guests aren't big turkey fans, avoid the food waste and go for chicken instead. The only rule of Christmas should be to enjoy!

11. Make the most of leftovers

There are numerous blogposts and articles dedicated to creative ways to use up Christmas leftovers. And when you reach the point that you just can't consume any more ham or turkey, instead of throwing it away, freeze the rest and use it when the memory of Christmas has faded a bit.

12. Clever catering

When catering for a crowd, it can be tempting to opt for disposable plates and cutlery to save time on cleaning up. But for the environment's sake, use crockery and get everyone to pitch in with the washing up instead. And remember to recycle your glass bottles that were once full of Christmas cheer!

Merry Christmas!

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How to spend more mindfully this Christmas

It's the morning after the night before.

You wake up on Boxing Day and stumble into the lounge room to face what looks like...Armageddon.

There's wrapping paper strewn all over the floor, every surface is covered with toys and knick-knacks that seemed like a good idea at the time and the recycling bin is already choc-a-block full of packaging.

Your head a little fuzzy from the second bottle of Tassie sparkling, you stumble over to the kitchen and open the fridge. Things don't get any better. The second pavlova with today's use-by date has hardly been touched, the fridge shelves can barely accommodate the leftover meats and you're not sure how you're going to get through all that extra seafood. Half of this will have to go.

Switching on the kettle, you check your phone only to find an unwelcome automated email from the bank. Apparently all that last-minute shopping maxed out your credit card and repayments are due to start shortly.

A nice cool shower will help shake the Tassie sparkling out of your system. But you have a sinking suspicion the rest of your Christmas hangover will take a little longer to recover from.

You're not sure that Christmas was meant to be this way...

How to cut costs this Christmas

If this sounds familiar and your memories of last Christmas are clouded by nagging feelings of guilt over the waste and excess—not to mention the lingering credit card bill—you're not alone.

Last Christmas Australians planned to spend an average of \$955 over the festive season. We were left with an average credit card debt of \$1,666. And almost one in five of us failed to pay off our Christmas debt in six months.ⁱ

So it's not surprising that more than three out of four Australians are looking cutting costs this Christmas.

- 51% will set a spending limit
- 17% are doing Kris Kringle
- 17% are making or baking gifts
- 13% will regift their unwanted presents
- 15% say they won't buy presents at allⁱⁱ

OK, so going the full Grinch could be a little extreme. But this Christmas could be time to do things a little differently. It's not about being a Scrooge, it's about being more aware of the impact of your choices on the environment and your hip pocket. While giving (and receiving) gifts and enjoying a special meal with friends and family are wonderful parts of Christmas, there are ways of doing it more mindfully this year... and waking up with less of a financial hangover.

Smart budgeting tips for Christmas

- Choose thoughtful but modest gifts such as handmade items, home-cooked meals or plants for the garden.
- Go for experiences rather than stuff to reduce waste—massage vouchers, wine tours or a visit to the zoo. It doesn't have to be super expensive, a picnic in the park or a family day out to the beach can provide wonderful Christmas memories without needing to break the bank.
- Take advantage of sale periods and stockpile gifts to help your money go further and spread the cost of Christmas throughout the year.

- Try leaving the credit card at home and only spend what you have by using cash or a debit card.

'Tis the season to be mindful—helping others this Christmas

Being more mindful isn't just about how you spend your money. It's also about how you spend your time.

Now, you don't want to feel guilty over Christmas and New Year. After all, it's important to celebrate the year that's gone with friends and family. But it is worth taking a moment to think about less fortunate people in your community.

Not everyone has a network of family and friends to enjoy the festive season, or the money to help things go with a swing.

So if you have time, why not think about helping others.

- You could volunteer at a food shelter—check out Volunteering Australia, Meals on Wheels or The Smith Family.
- You could spend time at a retirement village helping senior Australians by reading or accompanying them on walks.
- You could donate items of food to the less fortunate—Foodbank agencies feed 652,000 Australians every month, including 216,000 children.ⁱⁱⁱ

And you never know, by helping others you could help yourself come closer to the true meaning of Christmas.

i <https://www.moneysmart.gov.au/managing-your-money/budgeting/spending/australias-christmas-spending>

ii <https://www.finder.com.au/press-release-oct-2018-how-14-million-aussies-will-save-on-gifts>

iii <https://www.foodbank.org.au/hunger-in-australia/the-facts/>