



Smart MONEY HACKS

EVERYDAY HABITS TO SAVE “DOLLARS” THAT AMOUNT TO “THOUSANDS” OVER 12 MONTHS

Developing good saving habits are an important part of life that can support you towards the home ownership journey but it can be tough to know where to start. Here's some small changes you can implement as part of your everyday routine that quickly add up in the long-term.

1 TRACK WHERE YOU ARE SPENDING YOUR MONEY

It's easy to lose track of how much money you're spending, what it's being spent on and the proportion of your income that makes it into your savings account.

Setting up a method to track your spending should be the first step in improving your saving habits. You can use apps, spreadsheets or keep a list of your expenditure and review this regularly. Most banks provide tracking tools and apps that categorise and provide insights into your spending habits. Your spending will consist of both fixed and variable expenses.

Fixed expenses are less likely to change from month to month and include your rent, utilities, insurances and any other debt payments. Variable expenses include items such as food, clothing, entertainment, fitness and travel.

Monitor your spending and categorise it by type of expense to develop a greater understanding of where your money is going and identify areas where you can cut back.

This research provides a strong foundation that can inform your weekly or monthly budgets and help you create one that is challenging but still realistic.

2 AUTOMATE YOUR SAVINGS

Avoid the temptation to spend by automating your savings. You can do this by setting up a regular direct debit to your savings account. You can also set up a bank account or app to round-up each of your transactions to the nearest dollar with the change being deposited into your savings account. This is a pain-free method of building your savings, which will build up quicker than you think!

3 PLAN AHEAD

Make sure to allocate time each week to plan out your meals before going grocery shopping. Being well-organised will make a surprisingly big difference to your grocery bill as you spend less on groceries you don't need. Having a meal plan also makes it far less likely that you will buy your lunch at work or get take-away for dinner regularly which can become very expensive when you add it up.

4 BUY ONLY WHAT YOU NEED

If you find yourself spending money on unnecessary items, start a habit of taking some time to think before you buy and only buy what you need.

It's not a
**BARGAIN IF
YOU DON'T
NEED IT**

SAVING FOR A HOUSE DEPOSIT

To save for a house deposit, you first need to understand the total amount you will need to save in order to have the ability to get an approval from a lender to purchase your ideal property, typically you will need a 20 per cent deposit. When setting saving goals, be realistic about your household situation and the timeframe you set yourself to save up this amount. There are other options to assist you achieve home ownership sooner, such as purchasing a home with First Home Guarantee (FHG) or Lenders Mortgage Insurance (LMI).



Case Study

HOW LENDERS MORTGAGE INSURANCE CAN HELP YOU PURCHASE A HOME SOONER

Jenny and Tom have found a home they want to buy for \$700,000. Typically, they would need a 20 per cent deposit (\$140,000) to secure a loan from their lender. By the lender taking out Lenders Mortgage Insurance (LMI), their lender is prepared to provide a loan up to 95 per cent of the value of the home (\$665,000 if the home is valued at \$700,000). This means that Jenny and Tom can secure a home loan sooner with a 5 per cent deposit (\$35,000) and stop paying rent. Their lender passes on its LMI premium cost to Jenny and Tom by way of a fee.

LMI only protects the lender if Jenny and Tom default on their loan repayments.

Saving for a \$35,000 deposit instead of a \$140,000 deposit is more achievable in a shorter timeframe. Lenders Mortgage Insurance (LMI) enables you to buy a home without having a 20% deposit which is typically required by lenders.

Lenders Mortgage Insurance (LMI) may help you to:

- Buy a home sooner and stop paying rent
- Build financial wellbeing and security
- Avoid possible property price increases in Australia by buying sooner.

RECOMMENDATIONS TO PROVIDE GUIDANCE ON AND ENHANCE YOUR SAVING HABITS:

- *The Barefoot Investor* – Scott Pape
- *Lilyrnbudgets* – TikTok

To access these recommendations, scan our QR code.

