

7 MILLENNIAL MONEY SAVVY TIPS



You may be forgiven for thinking of the millennial generation as financially frivolous given all the headlines on 'smashed avocado' – spending money on café breakfasts. Contrary to popular belief, this generation can teach parents and older generations a few money savvy tips.

Follow these tips and the banks will love you

If your finances just aren't what they should be, follow these **7 money savvy tips** BEFORE you plan to buy a home.

1. Reduce your reliance on credit cards

In some cases, responsible use of credit cards can allow us to be rewarded with some of the finer things in life. BUT, on the other hand, unhealthy credit usage can lead to debt and poor credit ratings.

If you already have a (or some!) credit card(s)...

- STOP using your credit cards
- Pay off the highest interest rate card first
- Make consistent, full payments on time (this will help with the next point)
- Contact us. We can help you shop around for a lower interest rate, balance transfer credit card or consolidate your debts.

Finally, if you can't afford it, don't buy it. Don't be tempted back into bad credit usage habits.

2. Do your research before you spend

Aussies love a good sale – think Boxing Day bargains, Black Friday (which is growing in popularity in Australia) and EOFY sales. The fear of missing out on a bargain drives up impulse buying.

Put the brakes on your spending

- Is your purchase a want or a need?
- Shop with a plan. Make a shopping list of items you need – if it's not on the list, do you really need to buy it?

- If you need to spend, compare prices, **DO YOUR RESEARCH** – especially on big ticket items
- Give it 24 hours – wait overnight before you purchase
- OR..... spend like a millennial – on experiences, not things

3. Cut back on discretionary spending to save

Back to the 'smashed avocado' debate of frivolous spending – reigning in on your discretionary spending can reap BIG rewards.

For example, calculate just how much you could save if you cut back on one brunch and a few coffees a week.

Say you cut back on one \$25 brunch and three coffees a week – that could save you approximately \$2,080 a year. That's the cost of a good holiday! There's no reason you can't afford a holiday, a new television or house furnishings.

4. Use new technology to manage your finances

Almost one in three millennials use online tools to track their spending¹. Most banks offer online tools linked to your savings and transaction accounts to help manage your expenses.

There are other apps and online tools readily available such as Pocketbook and TrackMy Spend, that, once linked to your accounts, automatically total your spend by category. Some even have 'safely spend' limits and alerts. There is no excuse for not knowing where your money goes!

5. Own your money situation

Millennials are increasingly taking control and responsibility over their finances. They are possessive of their data and more eager to be involved in their finances than past generations².

Take the lead from this generation and make time in your life for your finances.

Drop some time in your diary each month to do a quick check of your account transactions, fees and charges.

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Make sure your debt is reducing and your savings/offset account is increasing because if it isn't, then you are not getting ahead financially.

6. Create a side-hustle to accumulate additional wealth

The basic law of getting ahead financially states "you either have to make more money or spend less". You don't have to do one without the other – DO BOTH - and you'll get even further ahead.

A recent Aussie survey³ indicates that millennials are joining the FIRE moment – Financially Independent Retire Early – and creating side-hustles to accumulate wealth.

Do you have skills or interests that could earn you extra income?

7. Spend on experiences, not on 'things'

For those of us who are a little older, when you think back to your childhood, you are more likely to remember those family weekends away camping or balmy beachy holidays than the bike you got for your birthday.

Instead of impulse spending or online shopping, reward your improved money management techniques with an experience.

Some strategists quote 75% of millennials prefer to spend money on desirable experiences, education or a 'shared' good rather than on material possessions⁴.

Think like a millennial and focus on experiences rather than spending on material goods that will date, be replaced or depreciate over time.... instead spend on experiences you will remember for a lifetime.

If you are looking to set up a financial budget, refinancing or have plans to buy a home, contact us first so we can help you become financially savvy. We will help you achieve a good credit report and put you in the right position before going to the lenders.

1. *How Millennials Manage Money, Facts on spending habits of young Australians*
2. *Australian Broker, Millennials shaping future of lending*
3. *Forbes Under 30 Network, 15 easy side hustles millennials can start this weekend.*
4. *SMH/Macquarie equity, How Millennials will shift Australia's spending habits*

Expert
Lending

YOUR LENDING EXPERTS

Orion Springfield Central
Shop 1.34 1 Main Street
Springfield Central QLD 4300
T: 1300 887 748 F: 07 3103 4045

E: admin@expertlending.com.au

www.expertlending.com.au

ABN: 31 328 323 415 ACN: 129 515 340
Australian Credit Licence Number: 382959