



Freedom Stage 1

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Pinkewich

# Plan your financial freedom



## Freedom Stages

1. Plan your financial freedom
2. Mini emergency fund
3. Protect your income (with insurance)
4. The debt snowball
5. Emergency fund
6. Healthy housing
7. Wealth Creation
8. Generosity



Freedom Stages

## **Our influencers**

Watching the outcomes experienced by our friends, family & clients over decades as they experimented with different financial decisions

Dave Ramsey, the Bible and old school wisdom

Adrian's personal (hobby) study of books on financial disasters, asset bubbles, investment fraud and general doom & gloom as it unfolded over centuries.



Freedom Stage 1

## **PLAN Your Financial Freedom**

Realistic assessment of where you are at NOW

CLEARLY identified GOALS of where you  
want to be in the FUTURE

A BUDGET will set you FREE to achieve  
your goals



Freedom Stage 1

## Where are you now?

### Where are you at right now?

- **Assets:** List out all of your Assets... Bank Accounts. Cars. Boats & Marketable Lifestyle assets. Superannuation. Shares. Managed Funds. Investment Properties. The Family Home.
- **Liabilities:** List out everything you owe to everyone. Mortgages. Credit Cards. Bank Loans. Loan from family members. After pay. Taxation you owe. Guarantees you have made for others.

**Your financial net worth =  
What you OWN – What you OWE**



Freedom Stage 1

# PLAN Your Financial Freedom - GOALS

## What are you trying to achieve?

- Get out of debt
- Have money in the bank
- Not live pay cheque to pay cheque
- Not be afraid to check mail or email
- Retire by a certain age
- Retire with a specific income
- Lifestyle goals like travel, housing, boats
- Family generosity goals like private school education or help with a home deposit (or the whole home!)
- Maximising goals: minimise your tax (within the law). Have the most superannuation possible. Have the lowest fees possible
- Protection goals: protect what you have with insurance, estate planning, asset protection
- Be able to provide for family who are unable to provide for themselves
- Support charities
- Be allowed out of the house to go skiing



Freedom Stage 1

## **Budgeting for Financial Freedom**

This is the tool that helps you gain control of your money

A budget is PERMISSION to SPEND not a restriction on your freedom

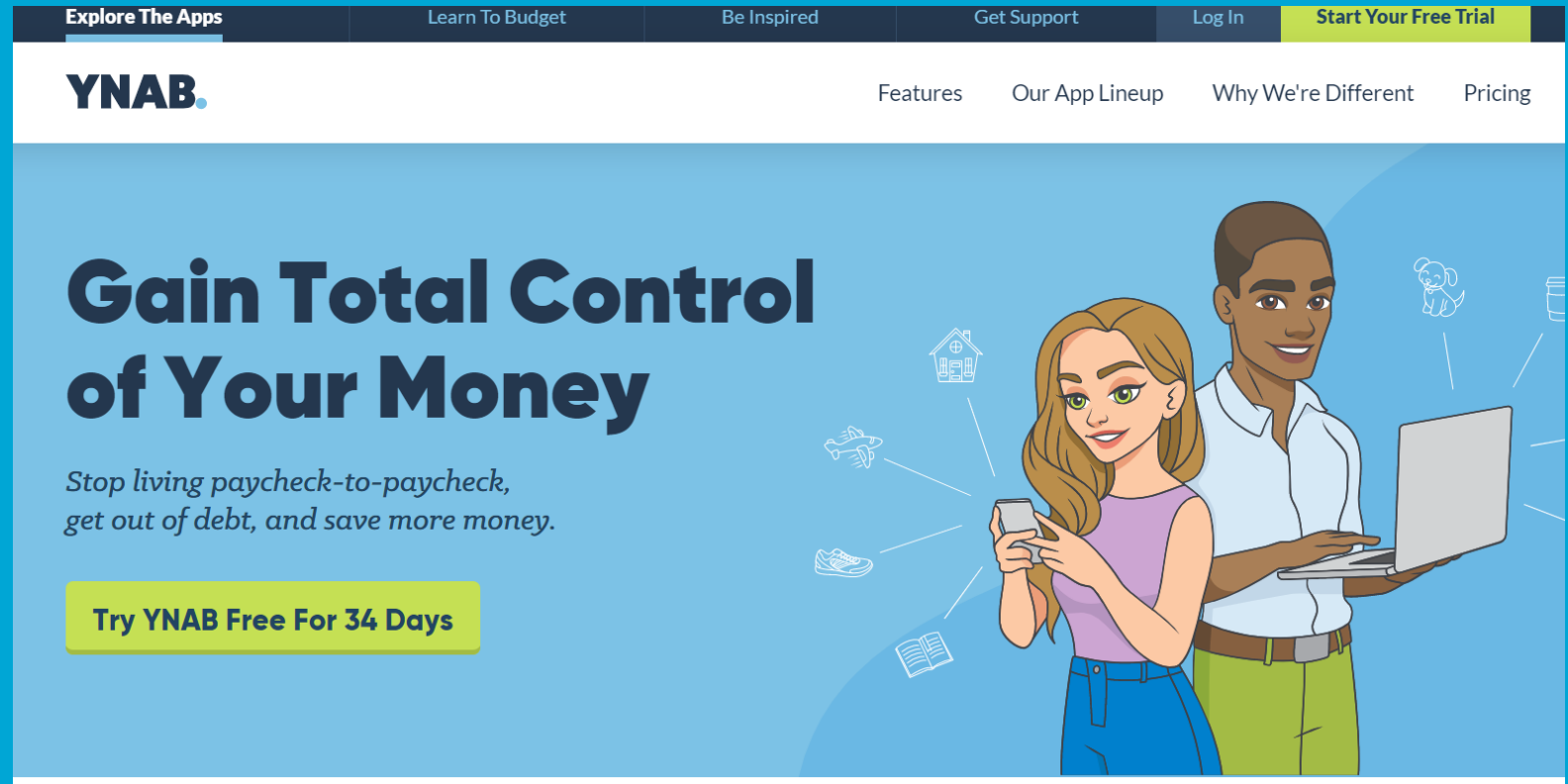
A successful budget is usually a combination of planning ahead, tracking actual vs budget and setting aside funds for major expenses in separate accounts (or envelopes!)



# YNAB

(You Need  
A Budget)

[younedabudget.com](https://younedabudget.com)



The screenshot shows the YNAB website homepage. At the top is a dark navigation bar with links: "Explore The Apps", "Learn To Budget", "Be Inspired", "Get Support", "Log In", and "Start Your Free Trial" (highlighted in yellow). Below this is a white header with the "YNAB." logo on the left and links for "Features", "Our App Lineup", "Why We're Different", and "Pricing" on the right. The main content area has a light blue background. On the left, the headline "Gain Total Control of Your Money" is displayed in large, bold, dark blue text. Below it, a sub-headline reads: "Stop living paycheck-to-paycheck, get out of debt, and save more money." A yellow button with the text "Try YNAB Free For 34 Days" is positioned below the sub-headline. On the right side of the main area is an illustration of a man and a woman. The woman is holding a smartphone, and the man is holding a laptop. Surrounding them are various line-art icons connected by lines, representing different aspects of budgeting: a house, a car, a shoe, a book, a dog, and a coffee cup.





# Pocketbook

Search via your  
App Store

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Set up your Safely Spend cycle

05

What cycle would you like to budget for?  
We recommend you align this with your pay cycle, starting on your pay day.

Weekly Fortnightly Monthly

Which day would you like your budget to start on?

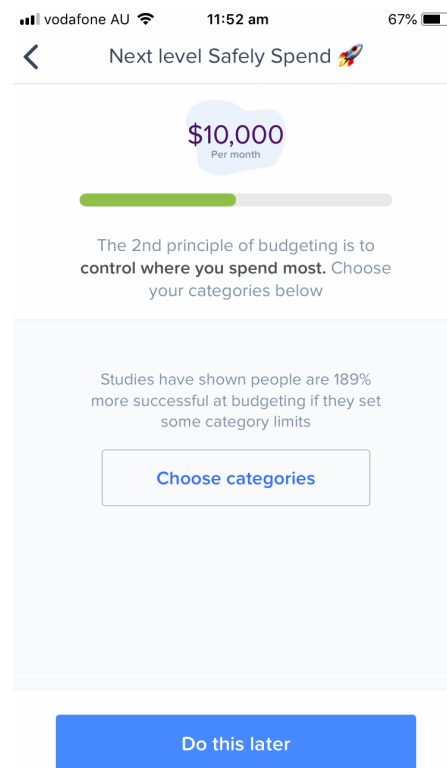
Saturday, 1 June 2019

Next



# Pocketbook

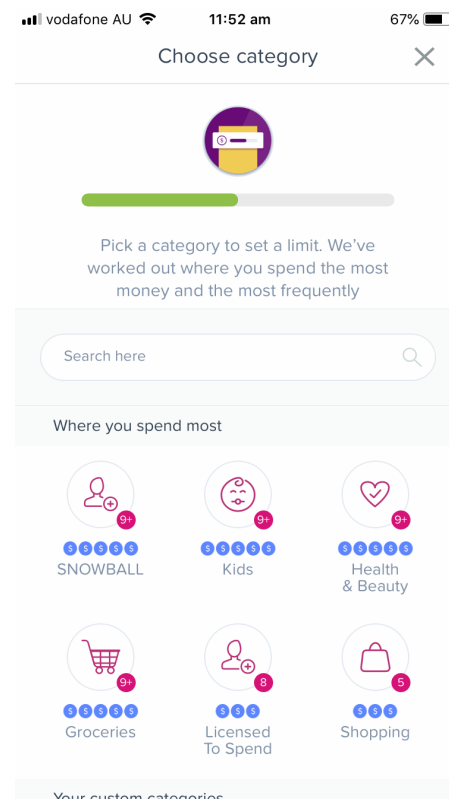
Search via your  
App Store





# Pocketbook

Search via your  
App Store





# Pocketbook






Search via your  
App Store

vodafone AU 11:55 am 66%

< Next level Safely Spend 🚀

The 2nd principle of budgeting is to **control where you spend most.** Choose your categories below

[Choose another category](#)

All other spending		\$4,440
⊖	 Rent	\$ 2500
⊖	 Charity	\$ 1000
⊖	 Fuel	\$ 560
⊖	 Groceries	\$ 1000
⊖	 Household Utilities	\$ 500

Done



# Xero

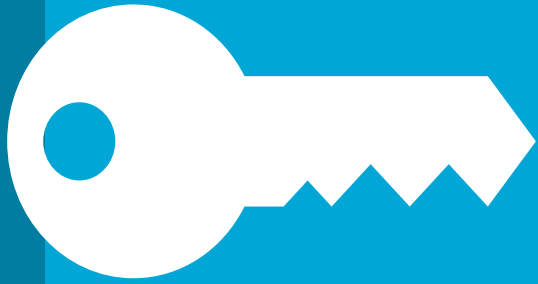
[www.xero.com.au](http://www.xero.com.au)

## Budget Manager

Select Budget	Start	Actuals	Period	
Overall Budget	Nov 2018	None	3 months	<button>Update</button>

### Overall Budget

	Nov-18	Dec-18	Jan-19	Total
<b>Income</b>				0
Interest Income (270)	0	0	0	0
Other Revenue (260)	0	0	0	0
Salary income (200)	0	0	0	0
<b>Total Income</b>	0	0	0	0
<b>Gross Profit</b>	0	0	0	0
<b>Less Operating Expenses</b>				0
Bank Revaluations (497)	0	0	0	0
Dry Cleaning & Alterations (469)	0	0	0	0
Food - Amway (411)	0	0	0	0
Food - Groceries (410)	0	0	0	0
Gifts - Birthdays & Other (471)	0	0	0	0
Gifts - Christmas (470)	0	0	0	0
Household - Cleaning (404)	0	0	0	0
Household - Electricity (401)	0	0	0	0
Household - Furniture & Other Assets (407)	0	0	0	0
Household - Gas (402)	0	0	0	0
Household - Maintenance (405)	0	0	0	0
Household - Rent (400)	0	0	0	0



# Secrets to successful budgeting:

- Zero based budgeting – Budget for every cent!
- Start with your income
- List all your expenses
- Subtract your expenses from income
- Track your expenses
- Be Flexible





## Example budget

Fred and Wilma are married with 2 children aged 10 and 6.

Fred works full time with a weekly take-home (net) pay of \$2,000 per week

Wilma works part time with a monthly take-home salary of \$2,000

The cost of their “four walls”:

- Housing: Rent of \$625 per week

- Utilities: Water, gas, electricity total \$500 per month

- Food: \$250 per week for groceries

- Transportation: \$70 per week petrol x 2 cars (no budget for maintenance)

They attend a local church and tithe 10% of their net income

Their children have school fees and other activities totaling \$3,300 a quarter

They pay insurance premiums (health, contents and life insurance) of \$500 per month

Personal expenses including phone, clothing, hair and beauty, gym memberships and subscriptions total \$550 for each of them per month

Both Fred and Wilma grab a cheap lunch once per week with their co-workers and have dinner out together twice per month, totaling \$500 per month

Debt repayments are as follows:

Fred’s car:	\$300 per month
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Wilma’s car:	\$550 per month
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Fred’s credit card:	\$200 per month
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Wilma’s credit card:	\$290 per month
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Joint personal loan:	\$400 per month
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## Example budget

		Per month
Salary - Fred	\$2,000.00net weekly	\$8,000.00
Salary - Wilma	\$2,000.00per month	\$2,000.00
<b>Total income</b>		<b>\$10,000.00</b>
Tithe	10%	\$1,000.00
Rent	\$625.00per week	\$2,500.00
Utilities	\$500.00per month	\$500.00
Groceries	\$250.00per week	\$1,000.00
Petrol for 2 cars	\$70.00per week	\$560.00
<b>Four walls and tithe</b>		<b>\$5,560.00</b>
Kids school and activities	\$3,300.00per quarter	\$1,100.00
Insurance	\$500.00per month	\$500.00
Personal expenses	\$550.00each per month	\$1,100.00
Eating out	\$500.00per month	\$500.00
<b>Total expenses</b>		<b>\$8,760.00</b>
Fred's car	\$300.00per month	\$300.00
Wilma's car	\$550.00per month	\$550.00
Fred's credit card	\$200.00per month	\$200.00
Wilma's credit card	\$290.00per month	\$290.00
Joint personal loan	\$400.00per month	\$400.00
<b>Total debt payments</b>		<b>\$1,740.00</b>
<b>Total expenses including debt repayments</b>		<b>\$10,500.00</b>
<b>OVER BUDGET! Need to remove \$500 of expenses</b>		<b>-\$500.00</b>
<b>ZERO-BASED - every dollar has an assignment</b>		<b>\$0.00</b>





## Licensed to spend:

How can couples reduce financial tension when budgeting?

- Know that financial issues place a strain on relationships
- Agree to a regular personal amount as a discretionary spend
- Set it aside in cash or a separate “licensed to spend” bank account so it can build up
- No arguments or judgements about what the other person buys
- Unbudgeted items from this source only



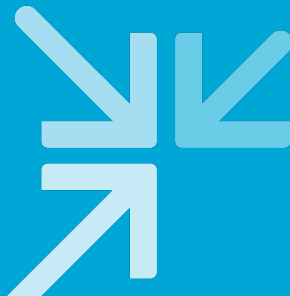


## Your action steps:

Work out your financial net worth

Set your goals

Budget to achieve your goals – start with your current for now





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