HOW TO PLAN FOR INTEREST RATE HIKES!

If you have read our article on rising interest rates then you would already know that the national median home loan is just under $600k. With a 2% interest rate rise on a mortgage of that size you will need to find a whopping $659.11 per month on top of your existing mortgage repayments to cover this increase.

That's $152.10 PER WEEK! After tax.

Now before you start freaking out, it may take two years for rates to increase that much, so we don't have to stress yet! However, we do need to plan.

I bet you think the first thing I'm going to do is use that 'B' word (Budget!)

The reality is, it's really hard to write about saving and getting ahead without it, but let's see what else we can come up with.

Having run a business for a while now, there are really only two ways to improve your cashflow position.

1. Cut costs
2. Increase income

Ways to cut costs…

We recommend you make small adjustments each month and you'll be ready before you know it. You'll be surprised what you can achieve with a little bit of discipline and willpower.

How many of these can you implement to improve your financial position?

WHAT CAN YOU DO?	THINK ABOUT IT...	POTENTIAL MONTHLY SAVING $	ACTIONS TO TAKE
☑ Refinance to a better loan	Lenders save the best rates for new clients. Some even offer cash backs when you refinance.	$$?	☑ Book in for a finance review
☑ Consolidate your debt	If you have a few credit cards with high interest rates, it may be time to consolidate these. Sometimes we can save our clients several hundreds of dollars each month. If you can repay all your credit cards over the next 2 years you may easily have enough to cover your interest rate rises.	Eg $250+pm	That would do it! ☑ Book in TODAY for a chat about consolidating your debt.
☑ Increase your income	• Are you due for a pay rise in the next 2 years? • Can you work additional hours/ overtime? • Are you likely to go from part time to full time employment in the next 2 years? If you manage to negotiate a 2.5% pay rise, for the average wage (all employees) that would be $137.5 pm increase per month (before tax).	$96	If you have the potential for future pay increases, make sure you put the additional cash straight into. • Savings • Repaying the credit card • Your mortgage • Your offset account
☑ Working from home	If you are not doing the daily commute that you used to, what are you doing with those additional savings? • Petrol/transport savings • Nespresso at home instead of coffee runs • Less visits to the shops at lunch time	$50	Calculate your weekly savings by working from home – perhaps you won't need that pay rise? LOL
☑ Sell some stuff	Facebook marketplace and local Buy Swap Sell groups are a great way to get rid of the clutter and items you no longer use/wear. As the saying goes, 'someone's junk is someone else's treasure'! Pick one thing a week or month to sell online.	$50	Go on... do a cleanup at home. See what you can find. Even if you give it away, you'll feel a lot better.
☑ Make a shopping list	There has been a lot of research done to prove that if you go shopping with a list of food you need and stick to it, not only will you waste less food, but you will not buy unnecessary items you don't need. Remember to look for your regular items on sale.	$80	Less soft drink, junk food, snacks. When was the last time you analysed your grocery bill???

☑ Check your pantry and freezer	I would expect most of us could stretch out a few more meals each week by using what we already have in our cupboards and fridge.	$10	Remember to check the 'use by' date before eating! *hehehe*
☑ Help your teenage kids find a job (and adults children for some of you)	When kids have their own money, they will respect it more. This should save you.	$??	This could easily be $10 -$20 pw or more for a family with teenagers.
☑ Download the find cheap petrol near me app	It all adds up. But don't drive for half an hour to save $0.10 per litre... LOL	$14	Google online for your state's best fuel price app. Some are. Petrol Spy, GasBuddy, MotorMouth, Simples Fuel
☑ Utility check	Shop around for the cheapest energy providers in your area	$15	A good time to remember to do this is when your renewal is due, or perhaps schedule in your diary at the beginning of each financial year/ new year.
☑ Drop one or two online subscriptions	Do you really need Foxtel, Netflix, Stan, Prime, Binge, Apple TV + Disney channels + + + + ?	$14	Do you really need more than one or two? Monitor your usage. It all adds up.
☑ General insurance review	As your renewals come up – look around for a better deal	$10	Potentially more savings here, but let's be conservative.
☑ Risk insurance	If: • Your wealth has increased • Your kids have left home and are gainfully employed do you need such high levels of insurance?	$??	☑ Book in for an insurance review with your insurance broker. This is a tough one as most people are under insured. DO NOT make this decision without professional advice.
☑ House contents insurance	Are you over insured?	$??	We don't want you to under insure so make a list of your property items and see how much it will cost to replace. Then get some quotes.

☑ Shop online	You will always find specials and great deals online. **Remember** – only buy it if you need it – not just because it's on sale!	$??	Reduce your online purchases if it's your go to comfort zone. OR if you avoid online shopping, start to use it for your weekly groceries to manage your weekly spend. Setting up a weekly grocery delivery will save those cheeky chocolate specials jumping into your basket...
☑ Beauty treatments	Stretch them out a little. Reducing 2 treatments a year could save a few hundred $$'s over the year.	$20	
☑ Buy one less coffee a day	An obvious one. Sometime hard. Swap every second purchased coffee for a hand made one...	$20	One less paid coffee a week doesn't sound a lot, but again – it helps.
☑ Reduce your alcohol intake	One less bottle of wine/carton of beer a week/month will not only be a great saving but also great for the waistline.	$50	Now we are out of home schooling and lock downs, our alcohol intake should have naturally reduced. LOL.
☑ Other		$??	
Total potential savings pm		$679,00	Wow – we made it!

Most of these are not about restricting your lifestyle to the extreme. It's just good money management and financial discipline.

1 *https://au.jobted.com/salary. The average weekly earnings for all employees in Australia is AU$1,305 (or $67,860pa). The average weekly earnings for full time workers is $1,737 (seasonally adjusted).*

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