Informing
YOU

For financial success, try to avoid these traps

Many aspects of financial success are about putting good habits in place early and avoiding traps that can damage your dollar value. Here are our top five traps to avoid.

1. Make minimum repayments

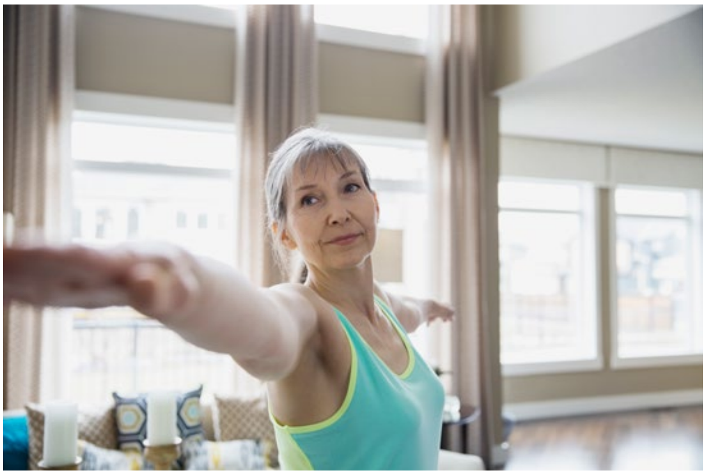
Whether we're talking about high-interest debt such as credit cards or longer-term investment debt such as mortgages, making the minimum repayment is good, but not always great. On credit card debt you can end up paying interest of 20% or more, potentially adding thousands of dollars annually to your repayments. Even small increases in your regular mortgage repayments can cut years off the loan and save tens of thousands of dollars in interest along the way.

2. Leak money to businesses

Many businesses are now moving to a subscription or regular repayment model, whether it is for software, TV services or holiday packages, because it seems cheaper and causes less financial pain in the short term. Those businesses become wealthy over time and you do not. Being aware of these regular outgoings, living a leaner lifestyle and plugging these financial leaks can be the equivalent of adding several percentage points to your investment interest.

3. Spend your redraw/equity

Paying extra into your mortgage is an exceptionally good habit. Constantly redrawing the available funds, or borrowing on the equity for non-investment purposes, is not. Keeping all of your savings within your mortgage, or in an offset account, will likely save a considerable amount of interest over time. But be sure to set yourself a budget or savings goal to reap the full benefit of your discipline.



4. Lack familiarity with your finances

We are all guilty at some stage of being less familiar than we should be with the investment mix of our super fund, or the interest rate on our mortgage. But checking in with your finances on a regular basis – monthly, bi-annually or yearly – is a simple way to check things are moving in the right direction and to take action if they are not. This process should always involve all stakeholders, particularly both members of a couple.

5. Prioritise spending rather than investing

All great plans begin with a goal. Wealth planning usually begins with a retirement lifestyle goal. A strategy is then set to achieve that goal – perhaps the diversified investment of $100 every week for the next 20 years – and that becomes the absolute priority. Households often prioritise and plan for holidays, new cars, furniture updates and wide-screen TVs. The fact that a plan is in place means they will likely have those things. But such purchases should only be allowed after the real priority has been taken care of.

Speak to us for more information

If you would like to know more, talk to your Count financial adviser. They can give you more detailed information on the best approach for your situation.

24772-05-CT/0218