



Five ways to help prepare your finances for a recession

If you think storms may lie ahead, it makes sense to prepare your craft for choppy waters. With Australia facing continued economic uncertainty, it may be time to take stock of your finances and get in the right shape.

However, if you're worried about the threat of redundancy, your investments or your retirement plans being disrupted, here are five things you can do to secure your financial lifeboat.

1. REVISE YOUR BUDGET

A realistic budget helps you get a clearer view of what you can and can't afford. If you don't have one already, you can create a view of your total income and expenses, on a weekly, fortnightly, monthly or yearly basis.

2. DECIDE WHAT MATTERS MOST TO YOU

Reassessing your budget helps you decide what's essential and what you can put on hold, or perhaps ditch altogether to lessen the strain on your household finances.

Essentials might include your mortgage or rent, utilities or car insurance if you need to keep running a vehicle. Remember that even if something is essential, you might still be able to make a saving on it.

Look for a better deal on comparison sites like Finder, which can help you find potentially preferable offers on everything from car insurance to shopping.

Low interest rates are likely to remain for some time, so this might be a good time to approach a mortgage broker to see if there's an alternative that's right for you.

3. PAY DOWN AND CONSOLIDATE DEBT

Debt consolidation is one way to take control of your finances and potentially pay off your debts sooner.

This means combining or consolidating your debts into one loan with, ideally, a lower overall interest rate. Assuming you can cover your repayments, the lower interest rate means you'll pay less interest and pay off your debt sooner, as long as you continue to make the same repayments on the original debt. Otherwise the consolidated debt is spread out over the life of the bigger loan.

This approach might also help you simplify your finances by reducing multiple repayments for credit cards, store cards and a car loan for example, into one monthly payment.

Fees and conditions may apply. Check your existing loan terms to see if any early termination fees apply. If you're applying for a new loan, confirm the application fee costs and eligibility criteria.

Getting help with debt

If you're finding it hard to keep up with your repayments, help is available. Call your providers as soon as you can to let them know you're experiencing financial hardship. They can assess your situation and see if alternative payment plans may be able to assist you during difficult times.

Avoid payday lenders

Payday loans, also known as short-term loans, provide fast cash so they may seem like a quick fix for money troubles. However, you could end up paying back more than you borrowed in higher fees and interest. These loans don't tend to address the root cause of debt problems and can potentially trigger borrowers to spiral into deeper debt distress.

4. DO THE HUSTLE

While you sort through your budget, you might do the same for your house. Garages or spare rooms can be a treasure trove, from forgotten kids' games to clothes you'd only ever need if you get invited to a 90s theme party.

You might be able to turn these into ready cash on eBay, Gumtree or by taking a stall at your local market. If you'd rather trade your skills than your Friends boxset, you might be able to earn extra income via sites like hipages or Airtasker.

5. KEEP YOUR EYES ON THE HORIZON

It's easy to get discouraged when many forms of media concentrate on negative or shocking news. As with most investment and super strategies, it helps to look long term rather than thinking only of the next few weeks or months.

Source: AMP

We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.

