

Six habits for savvy financial planning



No matter how much you earn, it's what you do with your money that makes the real difference. Follow these top six habits for savvy financial planning.

1. A good budget is your best friend.

By keeping track of your expenses and being committed to your budget, you are able to identify wasteful spending, says financial planner Charlene Irwin from Consolidated Financial Planning. After a couple of months of actively keeping your budget up to date, you are able to make the decision to utilise these funds in other ways.

2. Pay for your future first.

According to financial planner Nancy Butler, "Most people spend some money, pay their bills, and save what's left. And that's backwards: you should be saving for your financial goals first, paying your bills, and then consider spending the money you have leftover." This doesn't mean you should live on baked beans or not pay your bills, but it does mean that you should commit to putting away an amount every month that you can afford.

3. Don't let debt drown you.

Irwin suggests paying off the smaller amounts first so that you can utilise the funds previously used to pay off the next debt a little quicker. Once you have paid this amount off, take what you

were paying on it including the extra amount, and put it towards the next smallest debt and continue to do this until you have finished paying off all your debt.

4. Invest your earnings.

Once your debt is under control and you have freed up enough money, you now have the option to invest the funds and let your money grow. Irwin advises consulting with an expert on what type of investment you'd like to take out.

5. Have a game plan.

Having a specific goal in mind helps to keep you focused, says financial planner David Baylock, such as saving for a trip, or wanting to have six months' worth of income saved.

6. Plan for retirement now.

Financial planner Mirinda Laurens says that it's important to have a retirement fund, with a sizeable return on investment. It has to be above inflation and must grow, and your investment should never ever be touched.

Follow these habits to create long-term wealth, even on a small income.