

TIMES ARE A'CHANGING

In many ways the last few decades have been the sunshine years of human existence in New Zealand. We have been free of major wars, depressions and World Rugby Cups, businesses have grown and flourished, the café lifestyle is an expected way of life, we have more toys, most of us travel or have travelled and some of us have even grown fat because food is plentiful.

Is that all changing? More recently we have seen huge increases in interest rates, petrol prices and now food prices, all attacking the very fabric of our lifestyles. Don't think this is just a New Zealand problem, it is happening in most other areas of the Western world. Suddenly, it seems, we have less money in our pockets and think more about how much we are paying for basic commodities. Some people are even digging up the lawn to put in a veggie garden! Horror of horrors, must we be like our fathers or grandfathers and get our hands dirty in order to survive?

There are many ways that people can 'cut back' to stretch the family budget. Let's look at what we did recently for a client, when they were faced with a massive 34% increase in loan repayments. Like many of us they had adjusted their lifestyle upwards to enjoy their spare cash, but recent realities caused a massive rethink.

	Monthly Savings
Restructure loans	\$376
Life Insurances	\$ 25
House/Contents Insurance	\$ 3
Reduce credit cards	\$150
Cancel Sky subscription	\$ 75
Establish Food/Clothing Budget	<u>\$210</u>
	\$851

The loan repayment increase would have been \$1,109 pm. The mortgage restructure shaved \$376 off this. These people couldn't avoid the impact of higher interest rates, food and petrol prices but they could reorganise their lifestyles to accommodate these increases. When looking at what they really spent on so-called 'unnecessary' items they were surprised. Like many clients the cancellation of the Sky subscription was highly resisted, because this was one of life's true pleasures! I wonder if this correlates with a decreasing birth rate and less participation in sport, be it playing or going along to watch. At the end of the day it is a question of what is really necessary or important and what is not.

This couple were lucky. There were areas they could cut back on. Some people will achieve even greater savings by examining their budget. For instance insurance payments can be unnecessarily high, because people often take what they are offered rather than shop around for what they need. It doesn't cost any more to talk to an experienced finance adviser or broker for both finances and insurances. These people have a wide spread of providers and experience to help you better. The final budget was reduced by cutting out bought lunches, better food choices, restricting coffee shop breaks and dining out. They still eat well, just differently. Petrol usage was also decreased by better food budgeting causing less trips to the shops.

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