

## IS YOUR SHIP SINKING?

- Allistar Walker

As a business owner, who is involved in mortgage planning, insurance broking and KiwiSaver plans, the evidence is overwhelming that many people have no written plan for their future or clearly defined objectives. Furthermore, many are finding it difficult to make ends meet.

*“...you need to understand the costs to sail your ship...”*

Most budget advisers in Auckland are booked 2-3 weeks in advance. This is a turnaround from 12 months ago, when, if you were in trouble with the household finances, you could see a budget adviser within days. It is not only the weather that has been dark and cold recently but also our spending power that is taking a hammering. People are not spending; so many businesses are finding turnover well down. Some are cutting hours worked or laying staff off. The cycle of depression worsens as households have less and less money to spend. This makes budgeting all important and if you don't get those skills, you too could be history, so to speak. We have found that once people go through the exercise of having a future plan, they feel empowered and in control. Why wouldn't you want to be? Lyndon B Johnson (ex President USA) said *'Yesterday is not ours to recover, but tomorrow is ours to win or to lose'*.

In recent times we have all benefited from a growing and healthy economy. Wages and salaries have been good and many people have not felt the need to budget because there has always been plenty left over. Right? Well what have we all done with that surplus loot then? We spent it right? Tempted by incessant advertising of bargains, increased property values we spent to the hilt, as if there was no tomorrow. That activity in itself helped bring about the situation that we have today.

Underlying the stresses is the lack of personal planning and positive direction in our lives. I mean, if you haven't written down where you wish to go and by when, you have no concrete plan. You will drift in the wind and like anything drifting, will be battered back and forth by whatever force is operating at the time.

*“...people ... having a future plan.... In control.”*

### Where do I cut costs then?

Here are some tips that we notice when doing personal 'life plans' for people.

- Plan a weekly or fortnightly food menu and grocery shop only once a week or fortnight. Do it on a full stomach.
- Forget grocery items that have no nutritional value – wastes money.
- Check amount you spend on takeaways and ciggies each month – give them both up.
- Forget Lotto and raffle tickets. Your chances of dying are better!
- Examine your bank fees. Are you using your cards too much or at another banks machine?
- What about that booze bill and Sky TV.
- Examine your life insurances, house and car insurances. Could these be cheaper?

- Examine your mortgage, loan and H/P repayments. Could these be reorganised?
- Use lights and heaters sparingly. What about the mobile bill?

These are just a few things. Above all understand the costs to sail your ship effectively, like a business, a household that fails to understand costs to keep the ship afloat, is a household doomed to eventual failure. If you don't understand it, how the hell do you expect your kids to set their path to a successful life. You are the example – Quite simply your success will be their success; your failure will be their failure.

Have a look at your past expenditure patterns and see where money is 'leaking'. Remember, it is better in your pocket than in that of someone else and there are plenty out there who want to relieve you of a little bit. Create your plan, track it as you go along – be prepared to revise it.

Our business has so often been able to save people with their financial expenses (loans, insurances etc) just by reorganising this area for them. We also provide people with budgeting and planning tools as this is an integral part of your financial future and makes sure the ship stays afloat. Don't let inertia, phobia, disgust, denial or simple neglect keep you from a successful life:

- Know what you are currently spending
- Have a spending plan you can live with.

References:

[www.sorted.org.nz](http://www.sorted.org.nz), [www.insurancehelp.co.nz](http://www.insurancehelp.co.nz),

'Budget wise, Dollar Rich' – Nadilo and Lendal,

Citizens Advice Bureau, [www.cab.org.nz](http://www.cab.org.nz), [www.salvationarmy.org.nz](http://www.salvationarmy.org.nz).

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