Finance Advice

Improve your personal finances now with our Top 10 Financial Tips

Learn to balance your budget

1. Use cash instead of credit
When you use a credit card and don't pay off the balance each month, your purchases cost you more. Use cash or only buy what you can afford to pay off when your bill arrives.

2. Be credit savvy
Consumers need to read the fine print, pay on time and limit the amount of credit they have. Missing a payment can cause rates to be revoked, so it's important to be organised and pay your bill on time.

3. Create a realistic budget
Keep a spending journal for at least two weeks prior to creating a budget to establish realistic numbers. A comprehensive budget will not only tell you where the money is going, it can show you where you can cut back and allow you to save for your short-term and long-term goals.

4. Know the difference between luxuries and necessities
If you don't have to have it in order to survive, then it is a want. If the item doesn't fit comfortably into your budget, you need to set it aside until your budget can afford it.

5. Don't bet on the next bonus
Unless the money is in your account, don't spend it. Focusing on your present financial state will help you reach your financial goals in a more realistic fashion. Don't plan your budget around what might happen in the future.

6. Keep control of your money
You earned it, so you should know how it is being spent. A divorce, serious illness, or death can place married individuals at risk. When you know the details of your family's finances, investments, debts and retirement savings, you are more likely to avoid financial strain.

7. Think before acting
Make wise buying decisions. Spending decisions are processed 95% by emotions and just 5% by the numbers. Before you sign on the dotted line, examine your budget. Remember to allow yourself the room needed for financial emergencies like illness, auto repairs.

8. Identify different types of debt
A typical family will have four types of debt — mortgage, car loan, retail and credit card. Each one of these will have a different interest rate attached. A common mistake is to have €10,000 on deposit at 3.5% and a credit card debt of €10,000 at 17%. The obvious thing to do in this instance is to pay off the card and pocket the interest saved.

9. Examine your options
When you select a shorter repayment term on a home, eg a 15-year mortgage, it can help you save money and build wealth. Before you buy, balance what you can afford with the healthiest option available.

10. Save, save, save
Spending is a habit and saving is also a habit. This simple act will change your attitude towards money and the security it will provide. When you are actively saving, you'll also spend less on frivolous items.

Next month, we'll examine how you can save up to €3000 per year by looking at household energy consumption

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