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Eight painless ways for battlers to get ahead financially

John Collett

It's hard for many people to meet day-to day-expenses, let alone see their way clear to putting their finances on a better footing.

With wage growth near record lows and skyrocketing housing costs, it's not surprising financial stress is prevalent.

There are simple way to get our personal finances back on track

About one in three Australians say are uncomfortable with their financial position, a survey of more than 2000 people by comparison site Canstar suggests. About one in three say they save nothing, with a further one in four saving less than 10 per cent of their after-tax income.

It adds to the picture of pessimism drawn by another survey, this time by Roy Morgan, showing that only 31 per cent of respondents think 2018 will be "better" than 2017, while 39 per cent say 2018 will be "the same" and 30 per cent say 2018 will be "worse".

Of concern is that 31 per cent is the lowest figure ever recorded for Australians expecting next year to be "better" and these latest results from mid-November have the lowest net positive rating since 1990. Financial position and job security are believed to play a big part in their responses.

Money has asked leading financial planners for simple ways that everyday Australians feeling the pinch can improve their financial position.

Set goals and budget

Setting a budget is boring and doesn't quite have the excitement (and the risk) of picking a couple of tech stocks that do so well that you will never have to work again.

But a written budget provides the best way to see a course for the long term as well as the short term and watch your expenses, while putting spare cash towards paying off debt and saving for specific purposes.

Jonathan Philpot, a partner at HLB Mann Judd Wealth Management NSW, says it is important not only to include short-term goals but also to identify some aspirational goals for the long term.

"There's no need to explain every cup of coffee you purchase, but you want to know that living costs are going to be so much per month," Philpot says.

Track spending and save

Laura Menschik, a financial planner and director of WLM Financial Services, says consider setting up a direct debit on your pay day to go into a high-yielding online savings account.

"This will help with saving for a holiday, new car, house deposit or other financial goals," she says.

And while you tend not to miss what you don't see, when paying for things with direct debit, such as gym membership, be careful not to pay for things you do not use, she says.

Philpot says always be on the look-out for savings. He suggests going through your credit card statement to identify areas of spending where savings can be made.

High interest debt

Planners say it's important to pay down the highest interest debt first, which is usually the credit cards, which often have interest rates of more than 20 per cent a year.

Pay down the debt with the next-highest interest rate next, which will usually be a personal loan, such as that for a car.

Lastly, pay back any tax-deductible debt. That is debt, such as a mortgage over an investment property, for which tax deductions can be claimed.

Super incentives

Planners agree it is important to consolidate super funds.

That's because each fund has fixed costs. With one fund, there is only a single set of fixed costs.

They say younger fund members could be more aggressive in how their super is invested than those for whom retirement is not that far off.

That's because younger fund members have the time to ride out the falls on investment markets.

Over the longer term, the fund member would be expected to have more in their account balance than those who stick with their super fund's conservative investment options.

Wealth builder

Mark Borg, a senior financial planner with AMP Financial Planning, says the key to being able to afford a comfortable retirement is to own your own home.

It is not only that house prices have tended to rise over the long term, especially in Sydney and Melbourne, but the property you live in is given special treatment under the tax and social security rules, Borg says.

Not only is the family home, when it is sold, exempt from capital gains tax, it is also excluded from the assets test for the purposes of calculating the age pension, he says.

The main difficulty is saving for the deposit, especially for those in Sydney and Melbourne. Planners say it could mean not being so picky on the location of your first property.

Offset account

Wayne Leggett, a financial planner and principal of Paramount Wealth Management, says offset accounts are a great way to save on mortgage interest as long as they are used widely.

Offset accounts are transaction accounts linked to the mortgage.

The balance in the offset account is deducted from the balance owing on the mortgage for the purpose of calculating the interest payments on the mortgage.

"The advantage is having any money in your possession effectively saving you home loan interest every day, which compounds significantly over time," Leggett says.

However, you have to be disciplined in how you use the offset account as the mortgage needs to be paid off, but the money in the offset account can be easily withdrawn.

Ditch the car

Borg says often the running expenses of the car can be a big part of many people's budgets.

Those without kids (who need running around) and live where there is good public transport should consider if they really need a car.

There are plenty of car-hire companies for when you want to take that day trip. And there are ride-sharing services when you just need to get from A to B, he says.

Shop around

Borg says shop around for cheaper financial products, like credit cards and insurance, but also for utilities like energy and telecommunications.

And that goes particularly for mortgages. Paying less interest on a mortgage can end up being the biggest saving of all.

"Banks do not reward loyal customers with lower interest rates," Borg says.