

Managing Personal Finances

Peter Quarry interviews Freda Miriklis (Independent Investment Advisor).

In this program Investment Advisor Freda Miriklis shares her top three tips to help us manage our personal finances. We can all take more control of our finances, even if we don't earn a lot of money, it comes down to knowing our expenses and making informed decisions. Freda defines good debt, bad debt and outlines a practical approach to savings and expenditure. This program will help us to evaluate our essential needs and determine when is the right time to spend money on non-essential needs.

1. Budgets

- Budgets are a plan that tell how much we're earning and spending.
- This basic information allows us to understand our financial situation.
- Expenses can be broken down to essential and non-essential.
- Financial control is gained through assessing non-essential expenses.

2. Savings

- Saving has become old fashioned, but is the key to managing finances.
- Most of us are high consumers and victims of marketing.
- How much non-essential spending can be cut back in order to save?
- Consider lifestyle choices.
- People fall back on credit cards and debt when money is tight.
- Credit cards should be viewed as a last resort due to high interest.

3. Good Debt vs Bad Debt

- Good debt is borrowing money to buy assets that will appreciate in value or pay an income.
- Bad debt is associated with buying items that will depreciate in value e.g. Car, plasma TV.
- Be clear about what you are buying, is it an asset or a liability?
- Managing finances is about balancing short and long term needs.
- Always consider if it is the best time to buy or are you better to wait a few months?

4. Other Suggestions

- Always consider monthly repayments.
- Talk to other trusted people about investments and financial contracts.