Setting yourself up for *success* in the new financial year

The start of a new financial year is the perfect time to get your financial affairs in order. Whether it's tidying up your paperwork, assessing your portfolio or dealing with outstanding issues, there are plenty of practical actions you can take to set yourself up for the year ahead.

Here are some strategies for starting the new financial year on the right foot.

Tidy up your paperwork

Dealing with the paperwork is the task most of us love to hate. But taking a day to trawl through the 'To Do' pile and the growing mountain of filing could be a good investment in yourself. What's more, you might identify some savings.

So, reviewing your bank statements, credit card bills (check for any automatic deductions that are no longer relevant), and receipts, as well as organising any tax documents can be time well spent.

Set your budget

A lot can happen in a year, so it makes sense to review your budget to ensure it still works towards your goals in the new year. This will help you track your changing expenses and ensure you're not overspending. And if you haven't got a working budget, now's a great time to start. There are plenty of budgeting apps and tools available online that can help you get started. By doing this, you'll be able to get a clear picture of your financial situation and be able to identify areas of improvement.

Assess your portfolio

Another important step to take as you start the new financial year is to assess your investment portfolio. This includes reviewing your investments, risk appetite and the investment mix and don't forget to check your investments inside your super fund.

Some important areas you may wish to address:

- Why did you start investing and have your circumstances changed? For example, you may have started investing to receive a better return than your term deposits but now that term deposits rates have increased and share markets are challenged, should you revisit that goal?
- What is the investment performance? Is it in line with your expectation and the benchmark?
- Should you consider diversifying into different asset classes?
- Is dividend reinvestment the best option for you or should you take the dividend income into cash?
- Is your risk appetite still the same, or should you be aggressive or more conservative?

You may be regularly keeping an eye on your portfolio but standing back and looking at the big picture can be a game changer.

Check your insurance

Now is a good time to examine your insurances closely and to consider whether they match your needs and risks. It is also a good reminder to take note of policy renewal dates so that you can shop around to make sure you get the best price.

Make sure that any life insurance, total and permanent disablement, trauma, and income protection insurance premiums you hold are appropriate for you. Most of us have some kind of insurance cover within our super funds. Check to see what and how much you have. Is it enough to support you and your family should something happen to you?

Alternatively, you may have multiple insurance policies or have too much cover and it may be time to reduce or cancel some of it to save the premium costs.

And don't forget your house and contents and car insurance. Are you adequately covered if you are unlucky enough to have a total loss?

Understand Federal Budget changes

Keeping up to date with the commentary about Federal Budget initiatives may be useful.

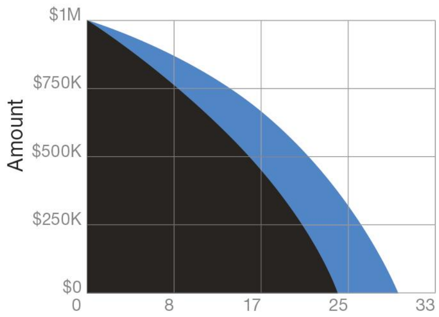
The measures aimed at easing the cost of living will provide a boost to some. They include energy bill relief for concession card holders and energy saving incentives. Meanwhile those with chronic health conditions will benefit from a number of changes announced in the budget.

The Budget also included support for families with cheaper childcare and a more flexible Paid Parental Leave scheme, and incentives for some types of new home building projects.

Simplify your debt

The start of the new financial year is a good time to deal with reviewing and simplifying any outstanding debt by negotiating better interest rates on loans or credit cards. Consider refinancing for better loan terms and offers. You could even consolidate multiple debts into a single loan, which will allow you to pay one fortnightly or monthly payment instead of multiple payments but carefully calculate the costs of any change first. If you have a loan offset account but also have cash savings in other accounts, you could consider pooling your cash into the offset account to save interest costs.

One simple change you can implement is making fortnightly mortgage repayments instead of monthly, which could reduce your interest over time. For example, on a 30 year $1,000,000 mortgage at 6% p.a. interest, your monthly principal and interest repayments are about $5,996. If you switch to fortnightly payments of $2,998, you will repay the loan 5.5 years sooner. This is because instead of making 12 payments, you have made 26 payments, which is an extra month's payment each year.



Source: Mortgagechoice.com.au

Review your superannuation

A review – at least annually – of your super account is vital to make sure that:

- Your investments and risk strategy are still right for you
- The fees are reasonable
- Any insurance policies held in your super account are appropriate
- Your employer contributions are being made
- Your death benefit nomination is relevant

It is also important to check for any stray super accounts from previous employers that may be incurring unnecessary fees. These can be consolidated, if necessary, into your main account. Check your myGov account for details of your super accounts.

You might also consider a salary sacrifice strategy, where you ask your employer to make extra super contributions from your pre-tax salary. These additional contributions are taxed at 15 per cent within the super fund, plus an additional 15% if Division 293 tax applies to you (income over $250,000).

Meanwhile, it is not too late to top up your super balance for this financial year using either concessional contributions (from your pre-tax income) or non-concessional contributions (after-tax income). Don't forget the caps on payments, which are $27,500 for concessional contributions and $110,000 for non-concessional.

It is a good idea to get some expert advice regarding your super contributions, we can assist with the best ways to manage your contributions.

So, set yourself up for a fresh start to the year with some simple strategies to help you achieve your financial goals.

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