

# Afford to Quit FIFO

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My first career in the 1990s was as a graduate engineer in the oil and gas industry. What struck me from my time working offshore was that many people told me **"I want to quit working away, but I feel I can't afford to."**

Many shared that their initial intention was to only work FIFO (fly-in fly-out) for a short period to set their family up or buy a house and smash their mortgage. They explained that for various reasons their goal hadn't eventuated and worse, that they could not afford to leave. That was when I first learned the term 'golden handcuffs'.

Colleagues confided that working away had strained their relationships with partners, children, and friends. Many had been through divorce, some multiple times.

Those stories broke my heart and fuel my passion for helping you afford to quit FIFO and live the life you'd love.

## Why do you want to quit FIFO?

Affording to quit FIFO may require changing some habits. Before delving into 'how' take some time to reconnect with your 'why'.

- Why initially did you choose to work away from home?
- What goal/reward did you want for the sacrifice?
- Why do you eventually want to quit working away from home?

## How much to save for your goal to quit FIFO

The great financial trap of working in remote locations is becoming accustomed to earning a higher income such that you become unable to afford to quit working away.

***Therefore, the two key principles to affording to quit FIFO are:***

1. Live off your local wage
2. Wisely use the extra toward your goals

Consider your current salary package as a base wage plus a hardship allowance for working away. Define your base wage as the amount you would earn in a job close to home.

Working away is hard so if you wish, allocate a small portion (say 10%) of the hardship allowance to immediate rewards. Keep this portion in a separate account as a reminder to consciously spend it and a reminder that you expect to cut it when you stop working away.

Allocate the rest of your hardship allowance to the goals that motivated you to work away.

**For example, if now you earn  
\$100,000p.a. after-tax:**

Local wage    \$70,000

Hardship allowance    \$30,000

Live off \$70,000 and save the rest.

*Of the hardship allowance set aside \$3,000 for immediate rewards such as an extra holiday and put the rest, \$27,000, toward your major goals.*

***The most important step is to prove to yourself that you can afford to live off what you would earn working locally.***

## ***“Humph, easier said than done. I’ve got a mortgage, family and bills.”***

Yes, I’ve felt that too. Our human nature is to raise our standard of living to match our income. It’s called lifestyle creep and is how the golden handcuffs get attached.

We are all susceptible. Steadily scaling back to live off a local income may not feel easy, but it is possible. And I dare suggest that it is better to steadily adjust now than have it suddenly forced on you by hitting breaking point or losing your FIFO job.

***If you’re up for it, here’s how to approach the task of affording to quit FIFO sooner, and still enjoy life.***

## **The Saving Journey**

Most of us were not taught about money so the task can feel overwhelming, difficult, and easy to avoid.

I have found that the journey to financial independence is like the journey to physical independence. We build our skills in stages. Babies first learn to sit, crawl, and walk before they run.

We start living pay-to-pay until we learn cash flow management skills, which are the foundation of our financial wellbeing. As our savings and competency grow, we can add wealth creation skills.

Stage	Outlook	Target	Focus	
Mastery	Forever	Multi-millions	Distribute	
Competence	Early Retirement	\$1 Million	Master	Wealth
Confidence	Retirement at 67	\$640,000	Accelerate	
Stability	5 Years	\$100,000	Plan	
Security	Year-to-Year	\$10,000	Save	
Survival	Pay-to-Pay	\$1,000	Control	Cashflow

## Do any of the following stages sound familiar?

**“ I never have any money left over to save. I need to be more disciplined.**

Our culture is designed to make you constantly want more and better and to make it easy to spend money to get it. We are inundated with marketing messages and the marketers know our soft spots. Credit is readily available and tap-n-go and online shopping make it quick and easy to indulge our desires.

Faced with an environment of abundant temptation and easy money, of course we mere mortals struggle to save.

Struggling to save is not a lack of willpower, it's not a character flaw. It's a design flaw in the systems we've been using to navigate that environment.

**Your best first step is to learn a budgeting system to get control of your spending so you're not going backwards.**

**“ I know I need to save more but I don't know what to cut.**

A by-product of our culture of abundant temptation and easy money is that it's difficult to remember what we spent our money on. Too much is forgettable spending.

When we think of saving money only the memorable spending comes to mind and that's not something we want to cut. So, you probably can save more than you imagine.

**If the thought of tracking every dollar turns you off, I agree, and the good news is that you don't have to. Implement the right money management system and you will quickly swap forgettable spending for memorable spending.**

**“ I've tried setting aside savings but often end up dipping into them.**

It can feel demoralising to be making progress only to be knocked back some steps. 'Unforeseen expenses' is the most cited reason I've heard for this happening.

I have found that many of those expenses were foreseeable, it's just that we humans are wired to focus on today more than tomorrow.

**Save faster by planning for the predictable, so you don't inadvertently overspend.**

It may not come as naturally, but it is a habit we can learn, especially with guidance. My cash flow planning framework over page will help.

**“ I've tried budgeting but that didn't help.**

'Do a budget' is useful advice, it's just incomplete. So, of course many of us feel they don't help.

Most budgeting spreadsheets are flawed, including the one on the Government's MoneySmart website, in that they are too focussed on the present. They don't prompt you to set aside money for predictable expenses that are two or more years away.

As explained above, unplanned foreseeable expenses are one thing that catches people out. If you keep having to dip into your savings, of course you're going to give up on that budget.

The other problem is that a static budget doesn't make it hard for you to overspend - no-one whips out their spreadsheet in the heat of the moment of temptation.

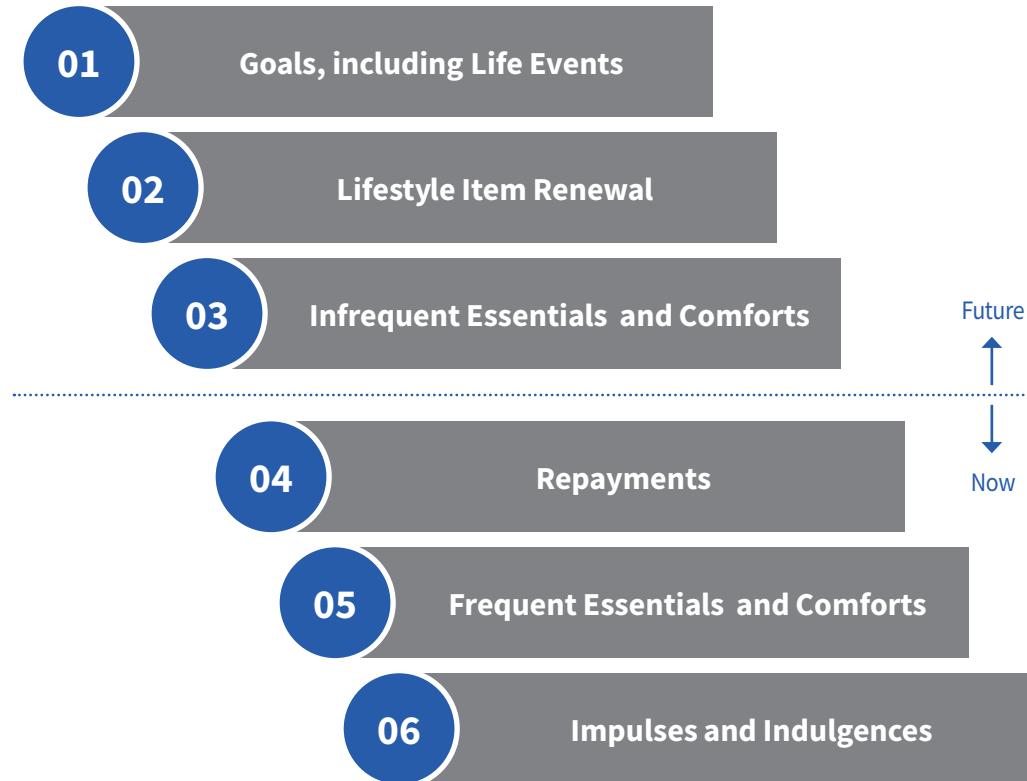
**The better advice is to implement a budgeting system, including:**

- A plan of what is affordable
- A process that helps you stick to the plan

# Affording What You Really Want

*The purpose of managing our money is to afford what matters most to us, today AND tomorrow, all our tomorrows.*

In an ideal scenario of teaching someone about budgeting before they earn their first income this is how I would suggest they prioritise their spending and is a plan you can progressively build toward.



## 1. Your goals

Consider goals in the broadest sense to include who you want to be, what you want to experience as well as what you would like to own. Prioritise affording the life that lights you up. Saving for your goal to stop working away from home fits here.

## 2. Lifestyle item renewal

All the items and areas inside and outside of your home eventually wear out. If you want to maintain your quality of life, you'll probably replace them. Plan to afford to do so without borrowing.

## 3. Infrequent essentials and comforts

These are predictable expenses that occur at least once per year but not every pay period. Too often they are 'unforeseen' and cause you to dip into your savings.

## 4. Repayments

If you are contemplating borrowing money, your ability to afford the repayments needs to be considered in the context of still being able to afford those important experiences and items you want in your future.

## 5. Frequent essentials and comforts

A frequent expense is a predictable expense that happens at least once every pay period.

## 6. Impulses and indulgences

We're imperfect humans surrounded by abundant temptation so I believe it's unrealistic to expect we can totally eliminate impulsive spending. Plus, from time to time we deserve to indulge ourselves (in moderation).

## Next Steps to Save More

First define how much you need to save each pay by estimating what you would earn working locally.

Then to save more so you can afford to quit FIFO ***take control of your money bottom-up on the cash flow planning framework.***

The most effective approach is to implement a thorough budgeting system, two key elements of which include:

1. A plan of what is affordable (the budget)
2. A process that helps you stick to the plan

***The cash flow planning framework above forms a solid basis for a plan of what is affordable.***

A budgeting process helps you navigate the environment of abundant temptation and easy credit without relying solely on discipline. The process includes the ‘hardware’ of your account structure and the ‘software’ of healthy habits. To be most effective it needs to be tailored for your situation and personality.

***I offer coaching to design a personalised budgeting system and support you as you implement it.***

Contact me for help to grow your savings faster,  
so you can quit FIFO sooner!

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## About Matt Hern CFP®

I am passionate about helping inspired people pursue their vision.

Twenty years ago, when I changed career from engineer to financial planner, halving my income, a friend said to me “I’d love to change careers, I just can’t afford it”.

That and many similar stories I’ve heard break my heart and drive me to share easy systems for affording what really matters to you.

For over 15 years I advised people in achieving their goals, working as a Certified Financial Planner™ practitioner. Clients I have advised achieved goals such as being mortgage free by age 40, working part-time while raising their family and pursuing dreams to start their own businesses.

Now I exclusively offer money coaching to help people afford the life that lights them up!

I focus on ensuring my advice is insightful, practical and delivered with humanity.

# How My Saving System Has Helped Others

**“** Matt has coached me towards making educated decisions that will secure my future and most importantly maintain a lifestyle that is sustainable and enjoyable!

***I would highly recommend Matt, particularly for younger FIFO workers who may be just starting out!***

***– Tim Coogan,***

***INLEC/Production Technician Chevron***

**“** ***Working with Matt has really changed my life!*** The system Matt taught me has given me a new sense of clarity, freedom and confidence. I finally feel that financial management is no longer a burden. Matt's expert help has been money well spent!

***– Leah Dowsett***

**“** ***Matt's coaching has really made a difference.*** Before we meet Matt we were living pay to pay and struggled to pay those big bills when they come in. His accountability without the judgement of what you spent your money on was a blessing.

***– James and Amanda Bailey***

**“** ***Two months on from signing up with Matt, we've turned our finances around***

- not only our bank balances but also our approach to money.

We needed help to face up to how much money we were wasting on short term fun at the expense of long-term goals (both fun ones like holidays and ‘un-fun’ ones like mortgage and extra super).

Matt is non-judgemental, empathic, has a great sense of humour and is like a financial therapist!

He will help you work out your financial weak spots, including the way you think about money and spending.

With Matt's help, we feel much less stressed and more informed about money and our future decision making.

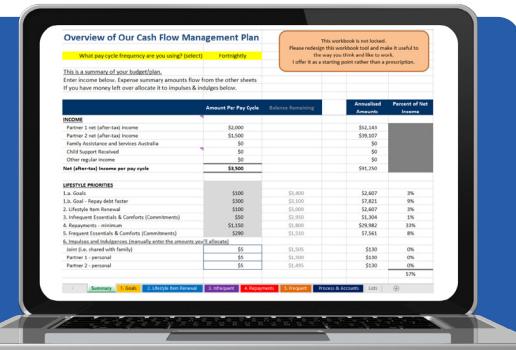
***– Kylie Mathieson and Karen Jones***

**“** ***Working with Matt has changed the way I think about and behave with my money in a new and positive way.*** He was thoughtful and knowledgeable in guiding me towards more healthy money habits. I now feel more confident and in control of my money, which I never thought was possible! Highly recommended!

***– Mel Robson***

## Free Budget Planning Spreadsheet

If you're not yet ready for personalised guidance then get started on the ‘plan’ part of my budgeting system by downloading my budget planner for free from [matthern.com.au/budget-planner/](http://matthern.com.au/budget-planner/)



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