

Take time to assess your financial health for an easier 2021

It's the time of year when many of us relish putting on our out-of-office messages with the classic "see you next year" sign off.

And after an unforgettable year, West Aussies really are overdue for some precious time with family and friends.

But holidays can also be an ideal time to improve the health of various aspects of your life, including financially.

With so much happening in our busy lives which demand our immediate attention, many of us tend to sideline important steps that can help build a sound financial life, which in turn improves our

**MEILIN
CHEW**



quality of life. The holiday season is when many of us want to turn a blind eye to what's happening to our bank accounts — which is why it's also the perfect time to commit to doing something to improve your financial position.

Perth-based money coach Matt Hern says people on holidays may have been putting off a few financial actions that they can finally get around to doing:

- Set up a new account and automated saving plan for a meaningful goal that inspires you. "To save more without feeling restricted or that you're missing out, swap forgettable spending for memorable spending," Hern says.

- Put in place a compartmentalised account structure (buckets) to make it harder to over-spend.

- Making a plan of what's affordable will help accomplish the steps above.

Hern says to remind yourself of forgettable spending you should use an automated spending tracking app to quickly analyse where your

money has been going for the past few months.

Many financial experts rate the concept of automation, especially when it comes to bill paying.

If you never see that money in your account, you are less likely to spend it.

It's the same principle which often applies to dieting — if you can't see the donut, you can't eat it.

The COVID pandemic has shown what's possible when the opportunity for incidental spending is heavily reduced.

According to recent credit and charge card data released

by the Reserve Bank, Australians have wiped an impressive \$7.3 billion off personal credit card debt this year.

At the same time, businesses have knocked \$367.5 million off credit card debt accruing interest.

This is all the more impressive considering the savings rate among Australian households surged in 2020.

No matter how rough the year was, there are ways to make 2021 your best financial year yet.

Meilin Chew is a finance journalist with Seven West Media