



Money lessons learnt at different life stages

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Introduction

Money certainly makes the world go around, and as we grow up, we learn plenty of financial lessons along the way. With Aussie households spending a whopping [\\$666 billion on general living](#) costs in 2016 alone, it's important to learn about the common financial pitfalls and put [smart budgeting strategies](#) in place.

This eBook will explore all those [money lessons we learn on life's journey](#), and share tips to help you become a savvier money manager. From focusing on your future in your youth, to protecting those you love most as you get older, here are the biggest money lessons in life to take heed of.



PLEASE NOTE:

The information in this eBook is general only and isn't intended as financial advice. It doesn't take into account your personal objectives, financial situation, or needs. Please consult with a professional financial advisor before you make any decisions concerning your finances and always do your own research.



Chapter 1: Money lessons for the young and single

Finishing school and heading out into the ‘real’ world is an extremely exciting time in our lives. Suddenly, we’re studying or working (or both) and trying hard to cover all of life’s expenses while still having enough left over for a bit of fun.

But being young is actually the best time to become financially literate. Good habits formed early will be easier to maintain as you get older, and you might just avoid some of the common missteps of young and single Aussies.

Ignorance is never bliss

You might think that because your rent, food, and fuel costs eat up 90% of your weekly earnings, there’s no point in saving money until you get a better-paying job. But stashing away just a few dollars every week can

snowball into something much bigger down the track—especially thanks to [the power of compound interest](#).

It’s okay to start small—so don’t ignore that savings account!

Think about your future

When you’re young, single, and still figuring things out, it’s easy to put ‘big plans’ like buying a house to the side. But it’s important not to ignore your future, especially considering the [continual rise of housing prices right across Australia](#).

Did you know that [only 36% of Aussies](#) aged 25–34 are paying off their own homes? Why not try to become part of the 1 in 3 homeowners of that age group and set yourself up for the future?

Pay off your student loans sooner

Compared to other countries around the world, Aussies are lucky that they can get loan assistance from the government through the [HECS-HELP program](#). But it's not free money, and you'll lose a portion of your wages to the debt when you [start earning over the income threshold](#).

While the government stopped offering the [voluntary repayment bonus](#) back in 2017, you can still help to avoid your tax return getting eaten away by student loans by making repayments above your annual obligations and getting rid of the debt completely.

Don't forget about your super

Superannuation is a program designed to help you not just survive but thrive in your golden years. It's money that your employer is legally obligated to contribute in order to help build up your nest egg. You can also make voluntary super contributions to have even more savings ready for retirement.

But did you know that there were more than [\\$17.5 billion in lost super accounts](#) as of 2018? It pays to take a few minutes to [search for any lost super](#) you might have and consolidate the extra accounts, so you don't lose your hard-earned money.





Chapter 2: The financially savvy young couples

Taking expensive holidays, getting married, buying a first home—there are plenty of major milestones in the lives of young couples, but this is also a time when big purchases are made.

The key is to not bite off more than you can chew. It's better to manage your expectations and only spend on what you can afford, and you'll be in a better financial position as you get older. Consider these three tips for young couples.

Buy in your financial comfort zone

Buying your first home is exhilarating, stressful, and at times, confusing. But remember that just because you're finally buying a home, that doesn't mean you need to buy at your maximum borrowing capacity—or worse, beyond it.

[Australia's overall mortgage debt exceeds \\$1.8 trillion](#), with a household-debt-to-income ratio of [just under 200%](#). So, if you don't want

to be working well into your golden years, it's may be wise to buy within your financial comfort zone and spend as much time as you can beefing up that first home deposit.

You may also be eligible for government grants like the [First Home Owner Grant](#) and the First Home Loan Deposit Scheme.

Keep your debts low

Credit cards are great for convenience but if left unchecked, they can rack up serious interest repayments that'll throw your budgeting strategy completely off the rails.

The average debt per credit card holder in Australia is \$3,357.82, and at an average interest rate of 18%, that means you'll be paying [\\$606 in interest every year](#)—money that should be in your pocket. So it's worth taking a conservative approach to credit cards and try to ensure you always pay off your full balance every month—not just the [minimum repayment](#)!

Money should be an open conversation in a relationship

In any relationship, you need to work as a team through the good times and the bad. Unfortunately, money is a challenging issue for many couples, and a breakdown in communication can lead to financial stress or even separation.

Perhaps unsurprisingly, [7 out of 10](#) couples say money adds tension to their relationship. So, keep the lines of communication open at all times, and work out a plan to manage your money together as a couple.





Chapter 3: Young family future-proofers

After checking off all those 'firsts' in life as a young couple, having children certainly turns your day-to-day on its head. Suddenly there's another mouth to feed, more things to buy, and the added stress of financially providing for a growing family.

So, this is the life stage to future-proof your way of life and protect those you care about most.

Protect your life

When you're young and healthy, the only type of insurance plans you probably think about are things like [car insurance](#), and [home and contents insurance](#). But now that you've got little ones to look after, isn't it time to consider their future as well?

Unfortunately, the world has a way of throwing us curveballs, and in order to secure the life you've built for your young family, it's important to think about protecting their future. You may wish to consider looking at [life insurance](#) (pays a lump-sum to your family

if you passed away or get diagnosed with a terminal illness)

The [2019 Choosi Dollar Report](#) found that around 59% of the 5,000 people surveyed had no life insurance, and 67% had no income protection insurance. With such a low uptake of both insurance products, it could leave Aussies quite vulnerable if something unexpected happens, and they can no longer financially support their families.

Think about ways to earn money passively

When you're juggling work, family life, and raising kids, it can feel like there's just not enough time left to do anything else! So how can you build up your savings or increase the size of your nest egg while juggling?

[Passive income streams](#) are becoming more easily accessible thanks to things like the [gig economy](#) and online job platforms. You don't even have to take much time out of your day if you want to sell things you no longer use. Online platforms like eBay, Gumtree, or Facebook Marketplace make listing unwanted items like toys your children have grown out of quick and easy. That extra money can be used to pay off mounting bills, or be funnelled into your kids' education funds, a holiday away, or even your superannuation.

Get that financial safety net sorted

A large number of Aussies would be at risk of serious financial hardships if they were

suddenly unable to earn an income. In fact, more than half (55.5%) of [survey respondents](#) say they wouldn't be able to cover their living expenses beyond three months if they lost their job, and only 45.5% say they have the capacity to cover an unexpected \$1,000 emergency expense.

Building up an emergency fund is a smart idea because you can't always plan for what'll happen in the future. If you think you'll have difficulty not spending money in your everyday account, then set up a separate savings fund with a low daily withdrawal limit so you're not tempted to spend your emergency money.





Chapter 4: How a mature family should plan for their golden years

With retirement on the horizon, this stage is the best opportunity to set yourself up for the rest of your life. So, whether you want to live a [modest or comfortable lifestyle in retirement](#), it's important to focus on these three things:

Pay off that mortgage

No one wants to retire with debt lingering over them, especially big debts like a mortgage. So at this stage of your life, you should be looking at ways to reduce your mortgage debt. You may consider things like an [offset account and additional repayments](#) (make sure to check with your bank or financial institution about extra-repayment limits so you don't get charged any penalties).

Aussies aged 65–80 have an [average collective mortgage debt of \\$158,000](#), so try to pay off as much of it as you can so you can enjoy your twilight years without debt worries.

Know your super commitments

There are plenty of lost and inactive super accounts floating around in Australia, and as we get older, move up in our careers and

move jobs, it's easy to accumulate multiple super funds. Whenever you switch jobs, for example, make sure to funnel all your super payments into your main account, and deactivate any that you no longer use. With [billions of dollars of lost super](#), you might get a surprise if you [do a search](#) and consolidate some of the older accounts you've forgotten about!

If you haven't done so already, this may also be a good time to consider making voluntary contributions. Speak to your financial advisor about the benefits of topping up your super, and how much you should be contributing each year.

Take a good hard look at your complete finances

According to recent research, more than 1 in 3 (36%) Aussies find dealing with money both stressful and overwhelming. Perhaps more concerning is that the same study found less than half of Aussies have a '3–5 year' financial plan.

Now is the time to take control of your finances so you can bolster your savings and nest egg for retirement.



Chapter 5: Retirees must protect themselves and their loved ones

From empty-nesters looking to downsize, to retirees starting a new phase of their lives, this life stage should be about consolidating what you have and ensuring you're financially set up for the rest of your life.

Don't underestimate your retirement needs

With the rising cost of living, there's a risk that only relying on what you've accumulated in your superannuation won't adequately provide for you for the rest of your life.

[Here are some stats](#) from the Association of Superannuation Funds of Australia that might make you consider making additional contributions into your super account before retiring:

- Couple with a modest retirement: \$40,719 annually; \$780 weekly
- Couple with a comfortable retirement: \$62,435 annually; \$1,196 weekly
- Single with a modest retirement: \$28,220 annually; \$540 weekly
- Single with a comfortable retirement: \$44,183 annually; \$846 weekly

Insurance can help give you peace of mind

As you get older, [you could be more prone to injury and illness](#)—it's an unfortunate part of life. But while you can't always control whether you get sick or hurt, you can still protect yourself and your loved ones with insurance. After all, you've worked so hard to build a wonderful life for you and your family—so it's important that what you've worked hard to build doesn't disappear if something unexpected happens to you.

As mentioned already for other age groups, having a [life insurance](#) policy means your family can receive a lump-sum payout in case of your death or if you're diagnosed with a terminal illness.

Understand and control your exposure to financial risk

With a nest egg and savings that'll see you through your retirement years, now probably isn't the time to take financial risks. Your risk

exposure will depend on things like your investments, any properties you own, and a number of other factors, so use this time to take stock and ensure your retirement funds aren't at risk.

As an example, [reverse mortgages](#) are fairly common among Aussies approaching retirement age. But despite the positives, did you know that taking out a reverse mortgage can affect your eligibility to receive the Age Pension? It also means your debt will increase while your equity decreases, which could mean you'd end up not having enough money to pay for aged care if you need it in the coming years.

Make sure that you speak to a professional financial advisor before making any serious decisions about your super, your savings, and your future years as a retiree.

Learning financial lessons is an important part of life. The trick is to recognise those lessons for what they are and put strategies in place to help you make smarter decisions in the future.

Hopefully, these tips for every life stage will help guide you through the exciting and sometimes confusing world of finances as you get older. By understanding the common mistakes and looking into protection measures like [life insurance](#).

Ready to take control of your finances and secure the lifestyle you've worked so hard to build? Choosi can help you compare various types of insurance for your needs in a matter of minutes, so you can choose the one that's best for you.

A photograph of an older man with white hair and a beard, wearing a dark blue shirt, and a woman with long brown hair, wearing a green jacket. They are both smiling and looking at a white document held by the man. The background is a blurred indoor setting.

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