

# Personal financial management

## Cash Flow

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VETS30030 / VETS90122



# Intended learning outcomes – personal financial management

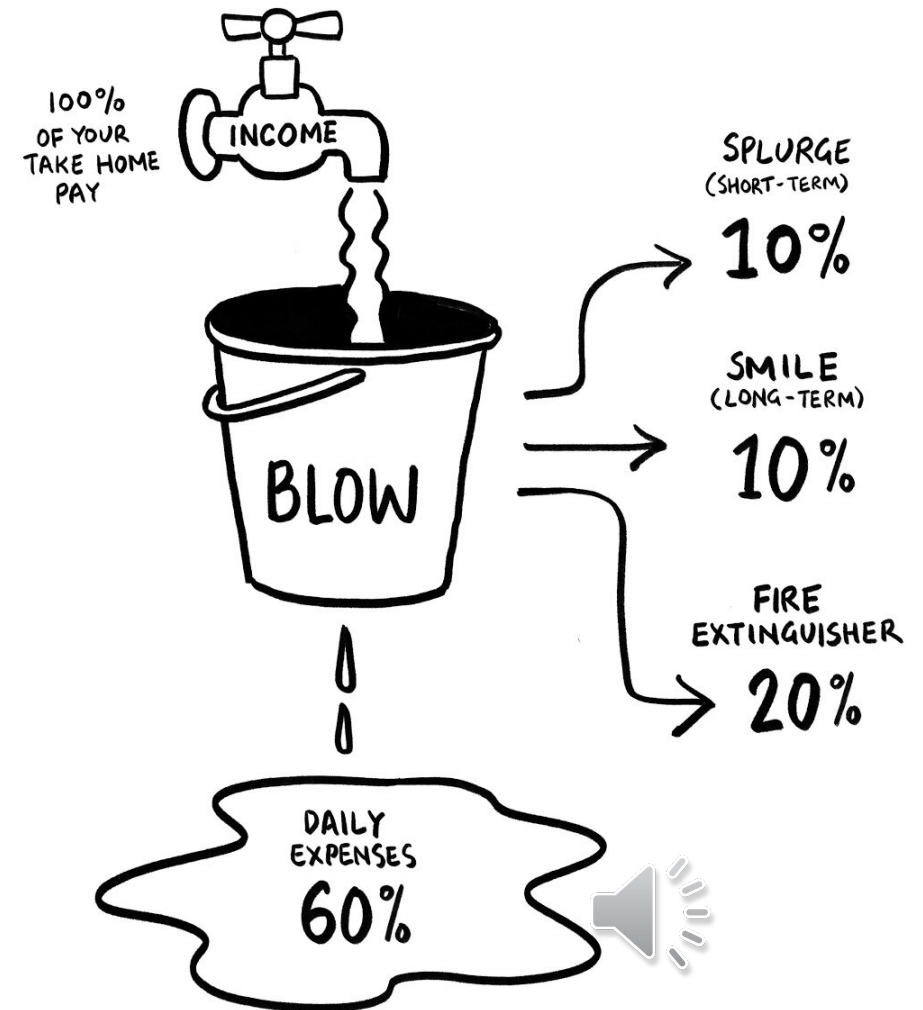


1. Interpret a cash-flow budget in order to monitor personal finances and diagnose behaviours that undermine financial security.
2. Explain and apply the principle of compounding
3. Describe financial strategies to assess and manage debt
4. Demonstrate an understanding of saving and investing strategies on a limited budget, as well as the benefits of setting up one low-cost superannuation fund, in order to increase financial security.

# Diagnosis before Treatment

- The first step of becoming financially savvy is assessing where you are at right now
- Task:
  1. Download your bank statement for the last month
  2. Label every line with the following labels
    - a. Income (including any financial support you receive)
    - b. Rent
    - c. Utilities
    - d. Insurance
    - e. Food
    - f. Transport (incl. car/ public transport)
    - g. Splurge (take-away, clothes shopping, going out, etc -> the nice, but non-essential things)

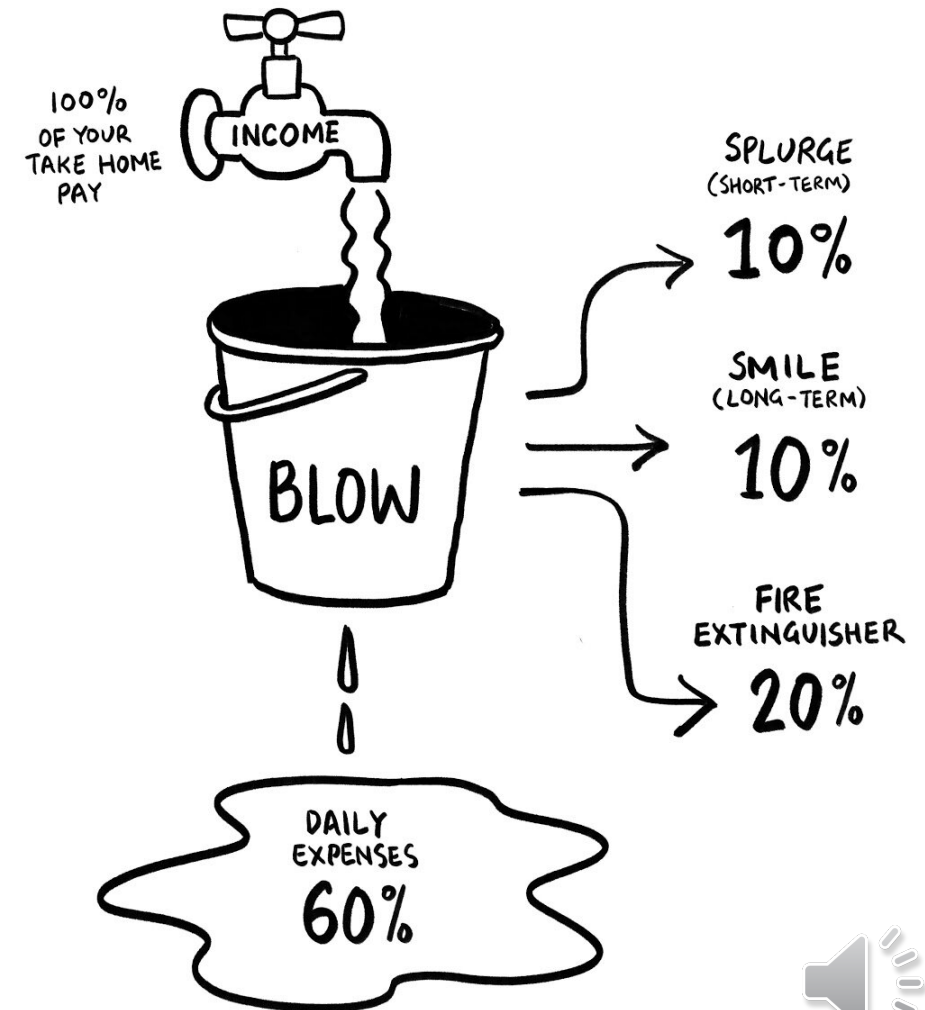
## BLOW BUCKET



# Diagnosis before Treatment

- The first step of becoming financially savvy is assessing where you are at right now
- Task:
  1. Download your bank statement for the last month
  2. Label every line with the following labels
    - a. Income (incl. living allowance from student loans +/- family)
    - b. Rent
    - c. Bills (utilities, phone, insurance)
    - d. Food
    - e. Education
    - f. Transport (incl. car/ public transport)
    - g. Splurge (movie tickets, restaurant meals, , etc -> the nice, but non-essential things)

## BLOW BUCKET

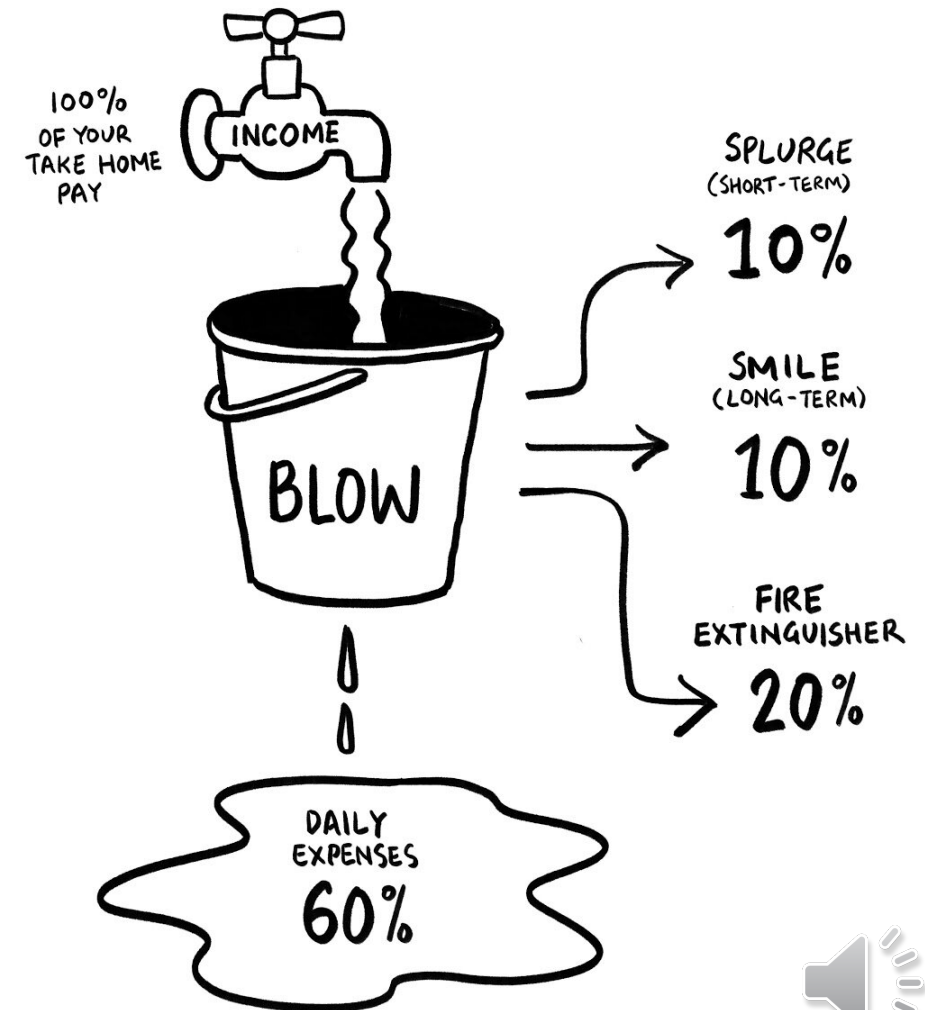




# BLOW BUCKET

## Diagnosis before Treatment

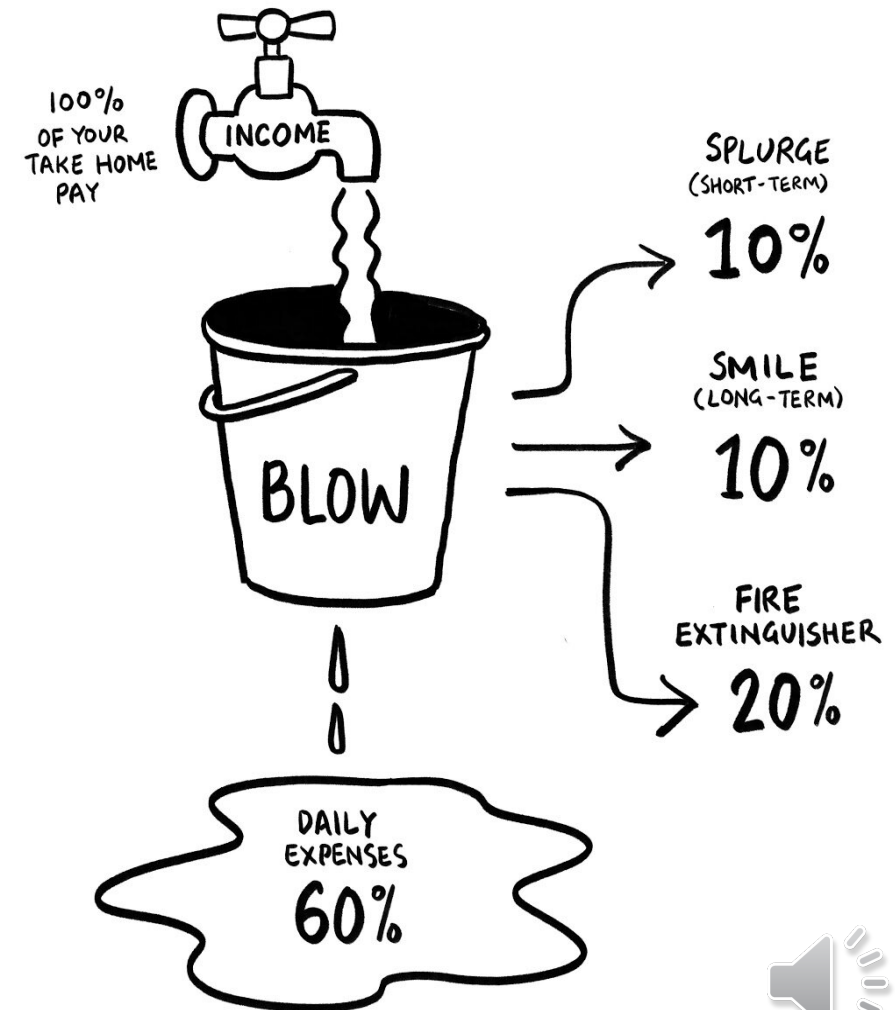
- The first step of becoming financially savvy is assessing where you are at right now
- Task:
  1. Download your bank statement for the last month
  2. Label every line with the following labels
  3. **Calculate the total amount of each category**
  4. **Divide this amount by your income -> what % of your income do you spend on each expenditure category?**
  5. **Subtract your total expenditure from your income -> is the result positive or negative?**



# The barefoot buckets

- Estimated daily expenses (average households)
  - 30% rent/ mortgage
  - 10-15% utilities and insurance
  - 5-10% transport
  - 5-10% groceries
- Splurge
  - can you keep this to  $\leq 10\%$
  - Would it help to have a separate account?

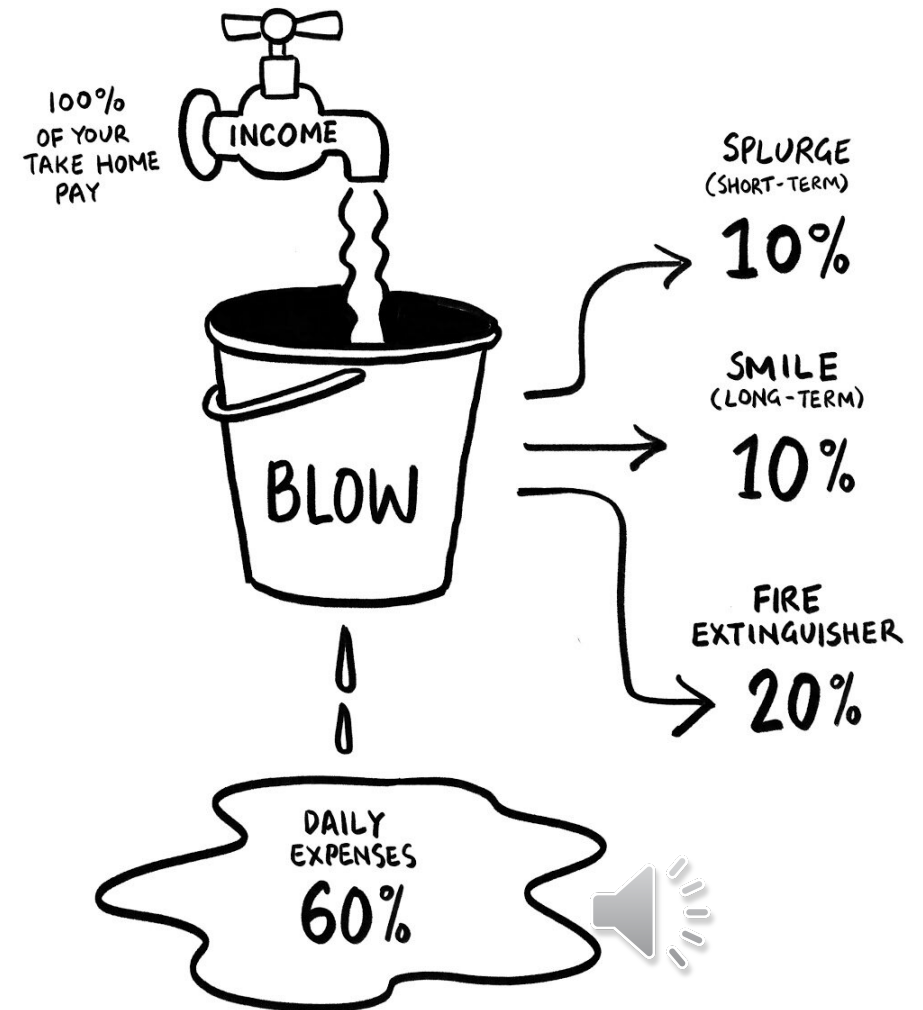
## BLOW BUCKET



# Treatments

1. Increase income
  - Find part-time job
  - Negotiate higher salary in current job
  - Sell unwanted items on ebay/ facebook marketplace
2. Decrease expenditure
  - Reduce living expenses (sharehouse? Cheaper rent?)
  - Review needs/ wants
  - Car pooling
  - Manage your debts (see video)

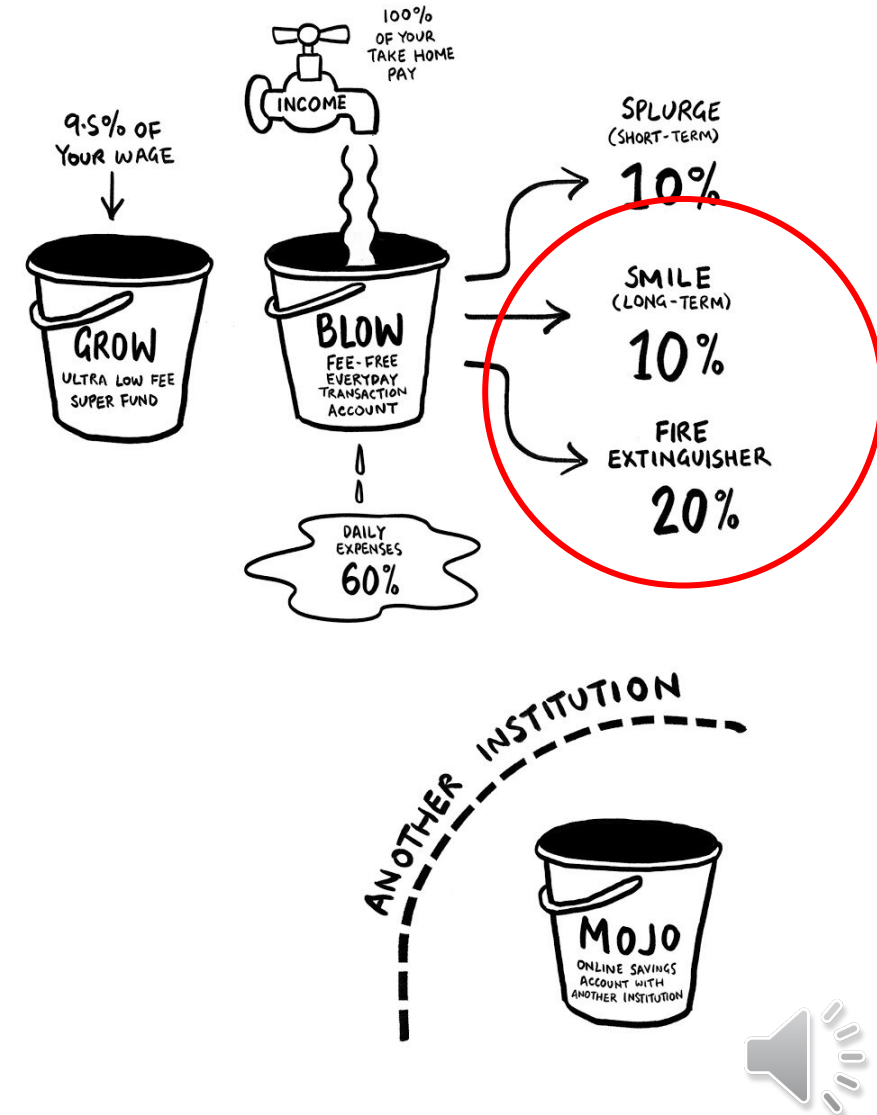
## BLOW BUCKET



# The barefoot buckets

- Do you have capacity in your budget to add 'smile' money?
- Fire extinguisher
  - Debt repayments
  - Saving for home deposit?

## BUCKET SUMMARY



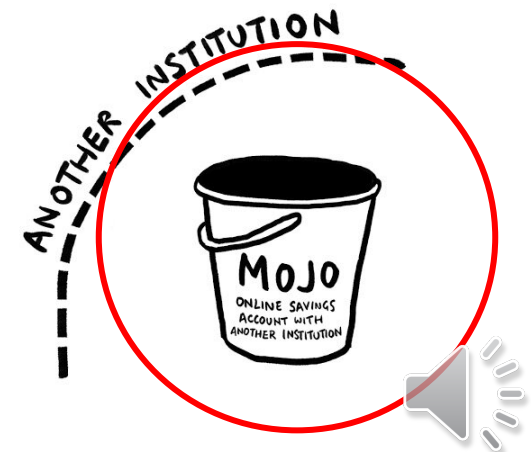
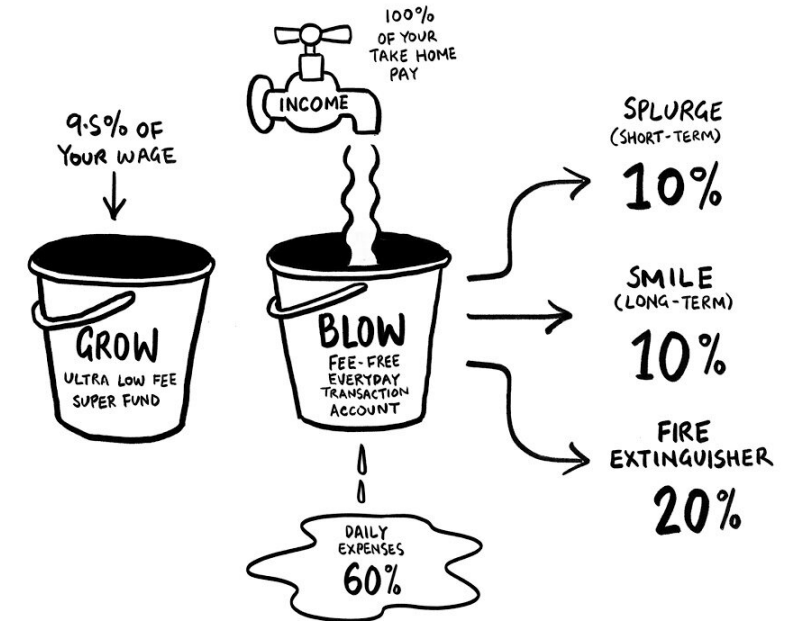


# The barefoot buckets

- Find a way to have a 'safety net'!

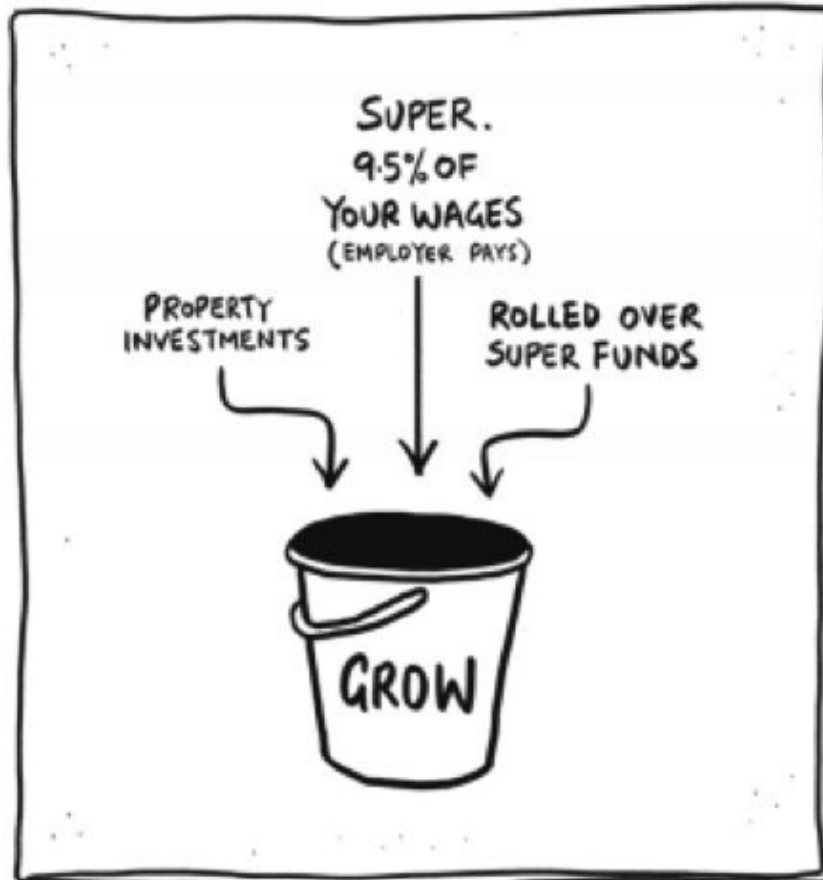


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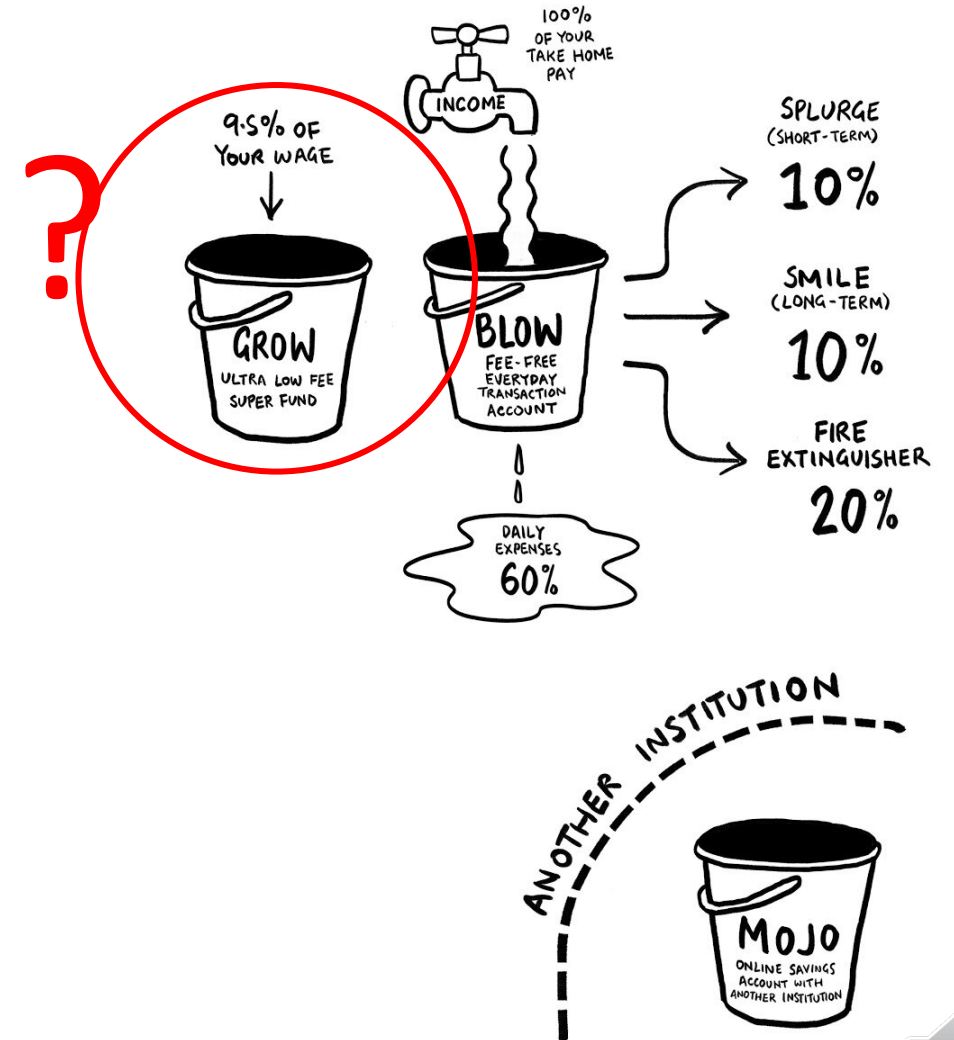


# The barefoot buckets

- Remember that your super is already working for you



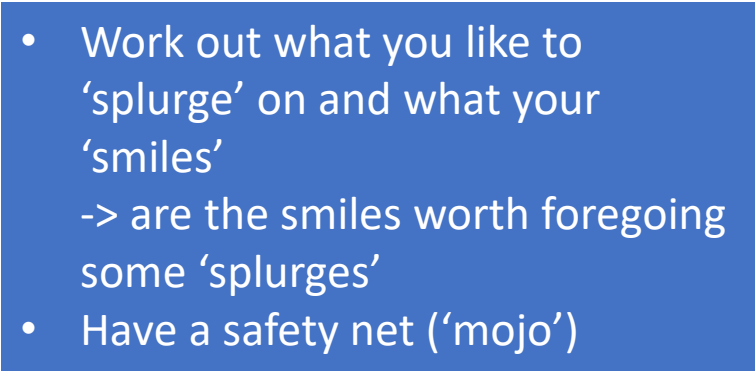
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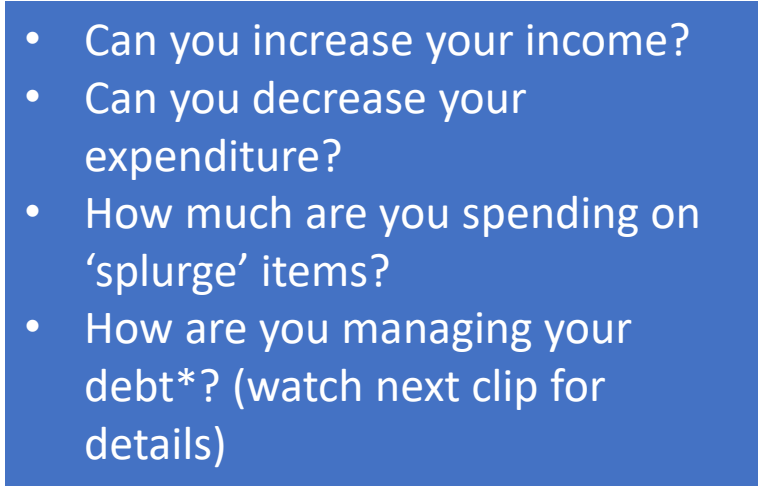


# Take home messages



- Work out whether you have positive or negative cash flow

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- A blue rectangular box containing white text. Two blue arrows point from the main bullet point above to the top corners of this box.
- Work out what you like to 'splurge' on and what your 'smiles'
  - > are the smiles worth foregoing some 'splurges'
  - Have a safety net ('mojo')

- 
- A blue rectangular box containing white text. A blue arrow points from the main bullet point above to the top right corner of this box.
- Can you increase your income?
  - Can you decrease your expenditure?
  - How much are you spending on 'splurge' items?
  - How are you managing your debt\*? (watch next clip for details)

- Both your income and expenditures will likely increase after graduation. It is worth being financially literate and savvy regardless of the absolute numbers