AN INTIATIVE BY KIMBERLEY JIYIGAS

WEALTH FOR PURPOSE ©

Supplementary Resource
Wealth for Purpose Program
The 5 tips Series

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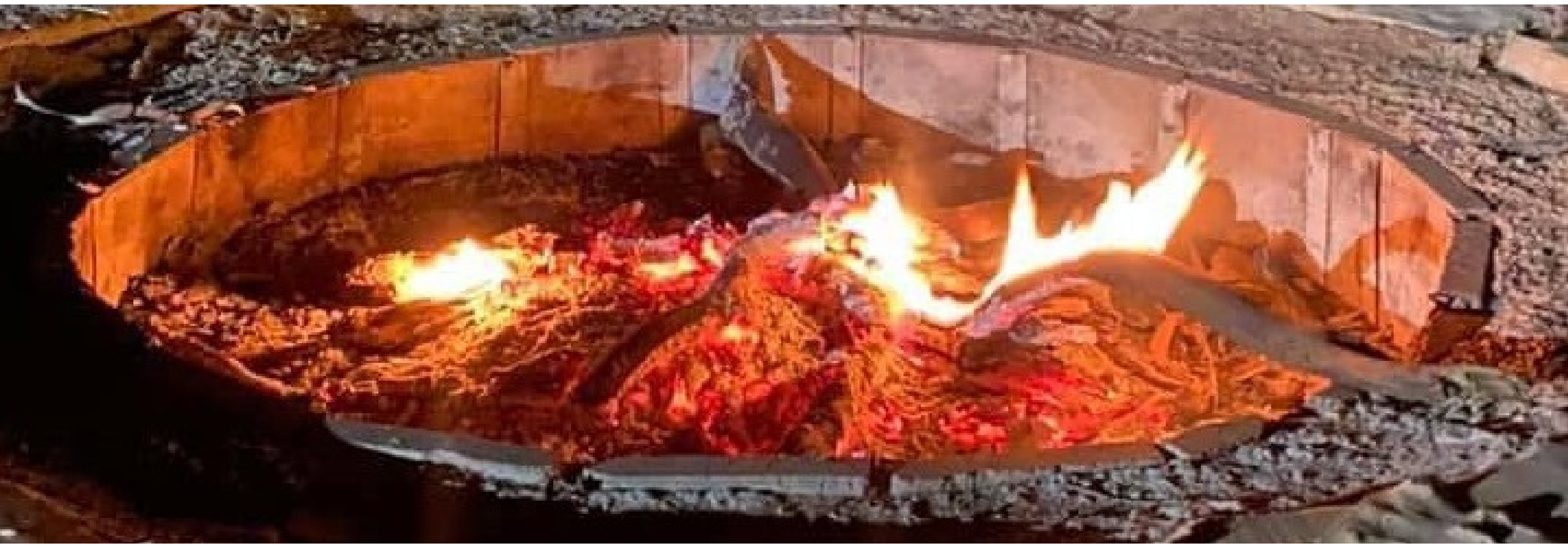
Dear Program Participant,

WEALTH FOR PURPOSE

Imagine your community like a campfire under the Kimberley sky. Our ancestors started the fire with the knowledge and resources they had. Now, think of wealth creation as adding more wood to that fire.



As we gather wood, we're nurturing the fire, making it brighter and warmer. Just like how our ancestors shared their wisdom and stories around the campfire, wealth creation lets us share more. With the extra warmth and light, we can take care of our families, teach our children, and help those who need it.

When we gather enough wood, the fire grows strong and steady. This is like wealth creation giving us stability. We can build stronger shelters, find better food, and make sure our loved ones are safe and cared for. Just as we watch over the fire to keep it burning, we watch over our wealth to make it grow.

Remember, the fire doesn't just benefit us, but everyone around us. Wealth creation, in the same way, isn't just about us – it's about our community. With a strong fire of wealth, we can support our elders, empower our youth, and keep our traditions alive.

So, just as we tend to the campfire by adding wood, let's nurture wealth creation. It's like adding resources and opportunities to our community, making our flame burn bright for generations to come.

Happy wealth for purpose creation!

The 5 Tips Series provides you with information on a range of topics focussed around wealth for purpose. This booklet is a supplementary resource for the Wealth for Purpose Program.

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Resource Index

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TOPIC 1: INVESTING

Imagine you're a weaver, creating a beautiful basket from the resources the land provides. Now, think of investing in assets like planting a special tree that grows strong and produces the best weaving materials.

When you invest time, care, and effort into growing this tree, it becomes a valuable resource for you. Just as the tree's leaves provide strong fibers for weaving, assets like a house, shares, a business or a self-managed superannuation fund can provide us with something valuable too.

Tending to that special tree takes time and effort, but the rewards are valuable and long-lasting. It's about creating opportunities, building security, and weaving a better future for ourselves and our community in the Kimberley.

A. INVESTING IN PROPERTY

5 TIPS

1. **Research and Understand**: Start by learning about the property market and the area you're interested in. Understand property prices, rental demand, and potential for growth.
2. **Set a Budget**: Determine how much you can afford to invest. Consider upfront costs like a deposit, legal fees, and ongoing expenses like maintenance and taxes.
3. **Choose the Right Property**: Look for properties that fit your budget and investment goals. Consider factors like location, property type, and potential for rental income.
4. **Get Financing**: Explore mortgage options and seek pre-approval from lenders to know how much you can borrow. Compare interest rates and terms to find the best deal.
5. **Seek Professional Advice**: Consult with real estate agents, property managers, or financial advisors to get expert guidance on property investment.

SUMMARY

Getting started involves saving for a deposit, finding the right property, and securing financing. It's crucial to consider factors like property location, potential rental income, and your long-term investment strategy. Being well-informed and seeking professional advice can help you make sound decisions and increase your chances of success in property investment.

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B. INVESTING IN SHARES

5 TIPS

1. **Research Companies**: Start by researching and understanding the companies you want to invest in. Look for businesses with strong fundamentals and growth potential.
2. **Diversify Your Portfolio**: Spread your investments across different companies and industries to reduce risk. Avoid putting all your money into just one stock.
3. **Choose a Broker:** Find a reliable stockbroker or an online trading platform to buy and sell shares. Compare fees and features before selecting one.
4. **Start with Small Amounts**: Begin with a small investment to get comfortable with the process and learn how the stock market works.
5. **Monitor Your Investments:** Keep track of your shares regularly and stay informed about market trends and company performance.

SUMMARY

Getting started in share investing involves research, finding a broker, and starting with a small investment. Be patient and focus on long-term growth, as the stock market can be unpredictable in the short term. Remember to diversify your portfolio and seek professional advice if needed to make informed decisions.

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C. GROWING BUSINESS TO BE A SALEABLE ASSET

5 TIPS

1. **Build a Strong Brand:** Develop a unique brand identity that resonates with customers.
2. **Consistent branding** can increase your business's value and make it more attractive to potential buyers.
3. **Increase Profitability**: Focus on improving your business's profitability by reducing costs and increasing revenue. A profitable business is more appealing to buyers.
4. **Diversify Revenue Streams**: Expand your product or service offerings and target new customer segments to reduce reliance on a single income source.
5. **Establish Efficient Operations**: Streamline your business processes to improve efficiency and scalability. A well-organised operation can make your business more appealing to buyers.
6. **Document and Protect Intellectual Property**: If your business has valuable intellectual property, such as patents or trademarks, ensure they are properly documented and protected.

SUMMARY

To get started, assess your business's current strengths and weaknesses. Identify areas for improvement and create a strategic plan for growth. Seek professional advice if needed, and focus on building a sustainable and profitable business that can attract potential buyers in the future. Remember, growing a business into a saleable asset takes time and dedication, so stay persistent and continue to innovate.

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D. BUILDING A SELF-MANAGED SUPERANNUATION FUND (SMSF)

5 TIPS

Understand SMSF Rules: Educate yourself about the rules and regulations governing SMSFs. Know your responsibilities as a trustee and comply with the Australian Taxation Office (ATO) guidelines.

Set Clear Investment Goals: Define your retirement goals and determine how you want to invest your superannuation money. Create an investment strategy that aligns with your risk tolerance and time horizon.

Seek Professional Advice: Consult with financial advisors or SMSF specialists to get expert guidance on setting up and managing your SMSF. They can help you navigate through complex financial matters.

Diversify Your Investments: Spread your superannuation funds across various asset classes, such as shares, property, and cash, to reduce risk and enhance returns.
Regularly Review and Monitor: Keep track of your SMSF's performance regularly and adjust your investment strategy as needed. Stay informed about changes in regulations and the financial market.

SUMMARY

Remember that managing an SMSF requires time, effort, and financial knowledge. Make informed decisions and seek professional advice when necessary to ensure your SMSF is set up for a secure and comfortable retirement.

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TOPIC 2: INVESTMENT QUESTIONS

Just as we connect with the land, we must connect with our investments, like planting seeds that will grow into strong trees. Imagine you're exploring a new part of our Kimberley bush. You ask questions about the plants you encounter – which ones are good for tucker, which ones to avoid. Similarly, when considering investments, ask questions. It's like learning about the plants – some are good for you, some might harm you.

For example, compound interest is like the river flowing through our country. Just as the river grows as more water joins it, your money can grow with compound interest. When you save or invest, you earn a bit extra over time, and that extra gets added to your original money. It's like the river getting wider and stronger as more streams join it.

Asking questions about your investments is like understanding the land and its secrets. Just as we seek guidance from our elders, seek advice from those who know about money matters. By asking and learning, you're tending to your financial landscape, ensuring it grows as beautifully as our Kimberley country.

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A. SHOULD I BUY AN INVESTMENT PROPERTY OR INVEST IN THE STOCK MARKET?

Investing in Property: Pros and Cons

1. **Stability and Tangibility**: Property investments can offer a sense of stability and tangible assets you can see and touch.
2. **Potential Rental Income**: Buying a property to rent out can provide a steady rental income, which can help cover mortgage costs and other expenses.
3. **Long-Term Appreciation**: Over time, the value of the property may appreciate, potentially increasing your investment's worth.
4. **Maintenance and Expenses**: Property ownership comes with maintenance costs and other expenses, which can impact your cash flow.
5. **Higher Initial Investment**: Purchasing a property requires a substantial upfront investment, including the down payment and other associated costs.

Investing in the Stock Market: Pros and Cons

1. **Liquidity and Diversification**: Stocks offer liquidity, allowing you to buy and sell easily. You can also diversify your investments across various companies and industries.
2. **Potential High Returns**: Stocks can provide higher returns in a shorter period, depending on market conditions.
3. **Lower Entry Cost**: You can start investing in stocks with a smaller initial investment compared to buying property.
4. **Market Volatility**: The stock market can be highly volatile, and the value of stocks may fluctuate significantly.
5. **Research and Knowledge**: Successful stock investing requires research and understanding of companies and market trends.

SUMMARY

Investing in property offers stability and potential rental income, but it requires a higher initial investment and comes with maintenance costs.

On the other hand, investing in the stock market offers liquidity, diversification, and the potential for higher returns, but it also involves market volatility and requires research.

Ultimately, the choice between buying an investment property and investing in stocks depends on your financial goals, risk tolerance, and investment strategy. It's essential to consider both options and seek professional advice before making a decision.

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B. WHAT DO I HAVE TO CONSIDER FOR FIRST HOME OWNERSHIP?

5 TIPS

1. **Research First Home Buyer Incentives:**
   a. Tip: Explore government incentives and grants available for first home buyers, such as the First Home Owner Grant (FHOG) and stamp duty concessions.
   b. Incentives: These incentives can provide financial assistance and make it easier to enter the property market.
2. **Save for a Deposit:**
   a. Tip: Start saving for a deposit to secure your first home loan. Aim for at least 5-20% of the property's purchase price.
   b. Importance: A larger deposit can lead to better loan terms and lower interest rates.
3. **Review Your Credit Score:**
   a. Tip: Check your credit score and address any issues that may affect your home loan application.
   b. Importance: A good credit score improves your chances of getting approved for a home loan with favourable terms.
4. **Assess Your Financial Situation:**
   a. Tip: Evaluate your income, expenses, and other financial commitments to determine a suitable home loan amount.
   b. Preparation: Lenders consider your financial capacity before approving a loan, so understanding your affordability is crucial.
5. **Get Pre-Approval:**
   a. Tip: Obtain pre-approval from a lender before house-hunting. This shows real estate agents and sellers that you are a serious buyer.
   b. Benefit: Pre-approval streamlines the buying process and gives you a clear idea of your budget.

SUMMARY

Preparing your financials for a home loan application involves understanding government incentives, saving for a deposit, reviewing your credit score, assessing your financial situation, and obtaining pre-approval.

These steps can significantly increase your chances of successfully purchasing your first home and achieving your homeownership dream.

Remember to seek professional advice when needed and make informed decisions throughout the home-buying process.

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C. WHAT ARE THE DIFFERENT CLASSES AND TYPES OF INVESTMENT?

5 TIPS

1. **Start Early and Be Patient:**
    a. Tip: Begin investing as early as possible and be patient to benefit from compounding returns over time.
2. **Understand Main Asset Classes:**
    a. Explanation: The main asset classes include stocks (shares in companies), bonds (debt securities), cash equivalents (like money market funds), and real estate (property).
3. **Direct versus Indirect Investments:**
    a. Explanation: Direct investments involve buying assets like stocks or real estate directly.
    b. Indirect investments are made through managed funds like mutual funds or exchange-traded funds (ETFs).
4. **Diversify Your Portfolio:**
    a. Explanation: Diversification means spreading your investments across different asset classes to reduce risk.
    b. If one investment performs poorly, others may help balance it out.
5. **Seek Professional Advice:**
    a. Tip: Consider consulting with a financial advisor to develop an investment strategy tailored to your goals and risk tolerance.

When investing, start early, understand the main asset classes (stocks, bonds, cash, and real estate), and decide between direct and indirect investments. Diversify your portfolio to minimise risk, and seek professional advice to make informed decisions. By following these tips, you can work towards building a well-balanced investment portfolio and achieve your financial goals.

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D. WHAT DOES RISK TOLERANCE MEAN?

Risk tolerance refers to your ability and willingness to withstand potential losses or fluctuations in the value of your investments. In simple terms, it's how comfortable you are with taking risks when investing your money.

People have different risk tolerances based on their financial goals, age, income, and personal circumstances.

Some individuals may be willing to accept higher risks for the potential of higher returns, while others may prefer more conservative investments with lower risks and steady, but potentially lower, returns.

Understanding your risk tolerance is crucial when deciding where to invest your money. It helps you choose investments that align with your comfort level, ensuring you can stay committed to your investment plan even during market fluctuations.
Remember, it's essential to strike a balance between risk and potential rewards that align with your overall financial objectives.

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E. WHAT IS ASX AND THE STOCK MARKET?

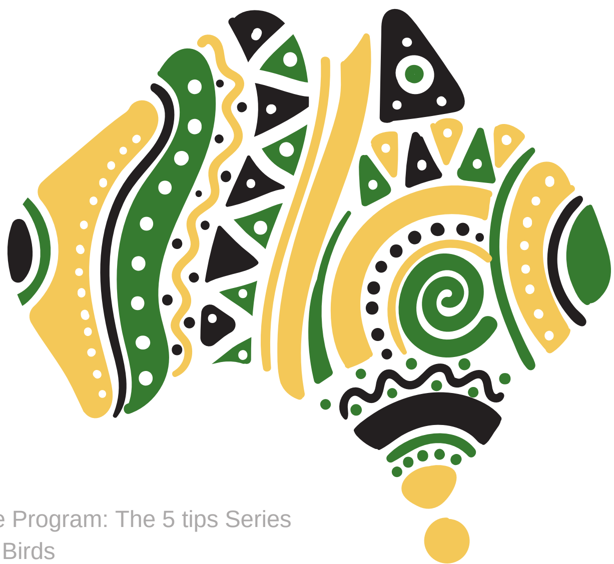
The ASX (Australian Securities Exchange) is Australia's primary stock exchange where people buy and sell shares of publicly listed companies.

A stock market, like the ASX, is a place where investors can trade stocks or shares. Here's how it works in simple terms:

1. **Publicly Listed Companies:** Companies that want to raise capital from the public can list their shares on the ASX. This means they divide ownership of the company into small units called shares and offer them to investors.
2. **Buying and Selling Shares: Investors,** including individuals and institutions, can buy and sell these shares on the ASX. When you buy shares, you become a partial owner of the company, and if the company performs well, the value of your shares may increase.
3. **Market Prices:** Share prices fluctuate based on supply and demand. If more people want to buy a particular stock, its price goes up. If more people want to sell, its price goes down.
4. **Brokers and Online Platforms**: Investors typically use stockbrokers or online trading platforms to place their buy and sell orders on the ASX.
5. **Market Regulation:** The ASX is regulated to ensure fair and transparent trading. Companies listed on the exchange must follow reporting and disclosure requirements, providing information to investors.
6. **Indices**: The ASX also calculates and publishes stock market indices, such as the S&P/ASX 200, which represent the performance of a group of top-listed companies.

SUMMARY

The ASX is a marketplace where people buy and sell shares of publicly listed companies. Investors aim to profit from the growth and success of these companies by buying shares and hoping for their value to increase over time. However, remember that investing in the stock market carries risks, and it's essential to do your research or seek advice before making investment decisions.



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F. WHAT IS THE DIFFERENCE BETWEEN GOOD DEBT AND BAD DEBT?

GOOD DEBT

Good debt refers to borrowing money to invest in assets or opportunities that can potentially increase in value or generate income in the future.

For example, taking a loan to buy a house or invest in education can be considered good debt.

These investments can have long-term benefits and may increase your overall wealth or earning potential.

BAD DEBT

Bad debt, is borrowing money for expenses that do not add value or generate income. For example, using a credit card to buy luxury items or unnecessary purchases is considered bad debt.

These types of expenses may lead to financial stress as they don't contribute to your long-term financial well-being.

SUMMARY

Good debt involves borrowing for investments that can have a positive impact on your financial situation, while bad debt involves borrowing for non-essential or depreciating items that may lead to financial problems in the future.

It's essential to be mindful of your borrowing choices and use debt responsibly to achieve your financial goals.

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G. WHAT IS THE IMPACT OF COMPOUND INTEREST?

Compounding means when you earn or pay interest on both the original amount of money and the interest that has accumulated over time.

Impact on Investment Growth: When your investments earn compound interest, the interest gets added to your initial investment. As time goes by, the interest also starts earning more interest, leading to exponential growth in your investment over the long term.

Impact on Debt: If you have debt that accumulates compound interest, the amount you owe keeps increasing as interest is added to the original debt. Over time, this can lead to a significant increase in the total amount owed.

Impact on Interest Applied: When interest is applied to a sum of money, it can be simple interest or compound interest. Simple interest is calculated only on the initial amount, while compound interest is calculated on both the original amount and any previously earned interest.

SUMMARY

Compounding has a significant impact on investment growth, leading to exponential returns over time. However, when it comes to debt, compounding can work against you, causing the debt to grow rapidly over time.

Understanding how compounding affects your finances can help you make better financial decisions and plan for a secure future.

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H. TENANCY OR HOME OWNERSHIP?

Renting a House (Pros):

1. **Flexibility:** Renting offers more flexibility to move to a new location or upgrade to a different property easily.
2. **Lower Initial Costs:** Renting requires a smaller upfront cost, as you don't need to make a down payment or cover other expenses associated with buying a house.
3. **Limited Maintenance Responsibility:** Landlords are typically responsible for major repairs and maintenance, freeing you from the financial burden of unexpected expenses.

Renting a House (Cons):

1. **Lack of Equity Building:** Renting does not build equity, meaning you don't gain ownership or a financial stake in the property over time.
2. **Limited Control:** Renting restricts your ability to make significant changes to the property, as you must follow the landlord's rules and regulations.
3. **Rent Increases:** Rent can increase over time, impacting your monthly budget and making it harder to plan long-term expenses.

Owning a House (Pros):

1. **Building Equity:** Home ownership allows you to build equity over time, potentially increasing your wealth as the property appreciates in value.
2. **Stability and Control:** Owning a house provides stability, as you have control over your living space and can make changes as you wish.
3. **Tax Benefits:** Homeowners may benefit from tax deductions on mortgage interest and property taxes, potentially reducing their overall tax liability.

Owning a House (Cons):

1. **Higher Initial Costs:** Buying a house requires a substantial upfront investment, including the down payment and closing costs.
2. **Maintenance Responsibility**: Homeowners are responsible for all maintenance and repair costs, which can be significant over time.
3. **Less Flexibility:** Owning a house ties you to a specific location, making it more challenging to relocate quickly.

SUMMARY

Renting a house offers flexibility and lower initial costs but does not build equity. Owning a house allows you to build equity and enjoy more stability but comes with higher initial costs and maintenance responsibilities. The decision between renting and owning depends on your financial situation, lifestyle preferences, and long-term goals.

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TOPIC 3: PROTECTION MATTERS

Protecting our financial matters is like learning the signs of the bush. We must be aware of the creatures that might harm us and the flowers that might have hidden dangers. Just as we pass down bush knowledge to our young ones, let's pass down the wisdom of protecting our money, our dreams, and our future.

For example, we're cautious of snakes and thorns in the bush, so we must be cautious of frauds and scams in the world of money. Another example is buy now pay later schemes are like colourful flowers by the waterhole - they can be tempting, but sometimes they hide tricky insects! Just like we check carefully before touching a flower, we must understand the terms of these schemes. If we're not careful, they might end up taking more from us than we expected, like the hidden insects taking a bite.

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A. FRAUDS AND SCAMS

5 TIPS

1. **Be Cautious Online:**
    a. Example: Avoid clicking on suspicious links or downloading attachments from unknown sources.
    b. Protection: Install reputable antivirus software and keep your devices and software updated.
2. **Protect Personal Information:**
    a. Example: Never share sensitive information like passwords or financial details through emails or calls from unknown sources.
    b. Protection: Only provide personal information on secure and trusted websites or to authorized individuals.
3. **Verify Requests:**
    a. Example: If someone contacts you claiming to be from a company or organisation, verify their identity before sharing any information.
    b. Protection: Call the company or organization directly using official contact details to confirm the request.
4. **Avoid Unsolicited Offers:**
    a. Example: Be cautious of unsolicited investment opportunities promising high returns with little risk.
    b. Protection: Do thorough research and seek advice from a trusted financial advisor before making any investment decisions.
5. **Stay Informed:**
    a. Example: Stay updated about common scams and frauds happening in your community or online.
    b. Protection: Read news and information from reliable sources to recognise and avoid potential threats.

SUMMARY

By following these tips and staying vigilant, you can protect yourself from fraud and scams. Remember to be cautious with your personal information, verify requests, and seek professional advice when necessary. Being informed and proactive is key to safeguarding your finances and personal data.

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B. PERSONAL RISK INSURANCES

Personal Risk Insurances include Death, Total & Permanent Disability (TPD) and Income Protection insurances.

5 TIPS

1. **Understand Your Needs:** Assess your financial situation and family's needs to determine which insurances are essential for you.
2. **Consider Life Insurance (Death Cover):** Life insurance provides a lump sum payment to your beneficiaries if you pass away. It can help financially support your loved ones after you're gone.
3. **Think About TPD Insurance:** TPD insurance pays a lump sum if you become totally and permanently disabled and unable to work. It can help cover medical expenses and provide financial support during a difficult time.
4. **Income Protection Insurance:** Income protection insurance replaces a portion of your income if you're unable to work due to illness or injury. It can help you maintain your lifestyle and cover essential expenses during a period of incapacity.
5. **Check Your Superfund:** Some superannuation funds offer default insurance cover, including death, TPD, and income protection insurances. Review your super fund's policy to understand what insurance coverage you may already have.

SUMMARY

Personal risk insurances are essential if you have dependents, financial responsibilities, or want to protect your income and assets in case of unforeseen circumstances.

Some super funds automatically include basic insurance cover, while others may require you to opt-in or purchase additional coverage.

To ensure you have the right level of insurance coverage, consider seeking advice from a financial advisor who can help tailor a plan that suits your specific needs and circumstances. Having adequate personal risk insurances can provide peace of mind and protect you and your loved ones financially in challenging times.

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C. WILLS AND POWER OF ATTORNEY ARRANGEMENTS

5 TIPS

1. **Creating a Will:**
    a. Tip: Draft a clear and legally valid Will to specify how you want your assets distributed after you pass away.
    b. Importance: A Will ensures your assets go to the right people and minimises potential disputes among family members.
2. **Choosing an Executor:**
    a. Tip: Appoint a trustworthy Executor in your Will to manage your estate and carry out your wishes.
    b. Importance: A reliable Executor can handle the legal and financial aspects of your estate, making the process smoother for your family.
3. **Granting Power of Attorney (POA):**
    a. Tip: Establish a Power of Attorney to appoint someone you trust to make financial or medical decisions on your behalf if you become incapacitated.
    b. Importance: POA ensures that your affairs are handled as per your wishes, even when you are unable to make decisions yourself.
4. **Communicating Your Intentions:**
    a. Tip: Discuss your Will and POA arrangements with your family to ensure they understand your wishes.
    b. Importance: Open communication can prevent misunderstandings and reduce conflicts in the future.
5. **Regularly Reviewing and Updating:**
    a. Tip: Review your Will and POA periodically or after significant life events to ensure they reflect your current wishes.
    b. Importance: Life circumstances can change, and updating these documents helps ensure they stay relevant and effective.

SUMMARY

Wills and Power of Attorney arrangements are essential to protect your family's interests and provide them with clear guidance in case of unexpected events or your passing.

Having a valid Will and Power of Attorney in place can greatly help your family during difficult times. It ensures your assets are distributed as per your wishes and empowers someone you trust to handle important decisions if you are unable to do so yourself.

These legal documents offer peace of mind and help your loved ones navigate challenging situations with clarity and support.

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D. CREDITOR HARASSMENT

5 TIPS

1. **Creditor Harassment:**
   a. Point: Creditor harassment occurs when creditors or debt collectors use aggressive or unfair tactics to collect debts from you.
   b. Examples: Frequent and threatening phone calls, using abusive language, or contacting you at inappropriate times.
2. **Your Rights:**
   a. Point: As a debtor in Australia, you have rights protected by the Australian Consumer Law (ACL) and the Australian Securities and Investments Commission (ASIC).
   b. Rights: Creditors must treat you fairly and refrain from using misleading, deceptive, or harassing practices.
3. **Protection under the ACL:**
   a. Point: The ACL prohibits unconscionable conduct by creditors and debt collectors.
   b. Protection: You have the right to be treated fairly and reasonably, without being subjected to undue pressure.
4. **Debt Collection Guidelines:**
   a. Point: ASIC provides Debt Collection Guidelines that outline the fair practices for creditors and debt collectors in Australia.
   b. Importance: These guidelines ensure that creditors follow ethical standards when attempting to collect debts.
5. **Complaint Mechanisms:**
   a. Point: If you experience creditor harassment, you can file a complaint with ASIC or the Australian Financial Complaints Authority (AFCA).
   b. Resolution: Complaints are investigated, and appropriate action is taken against creditors violating debt collection laws.

SUMMARY

Creditor harassment is not permitted in Australia, and you have rights protected by consumer laws. If you encounter creditor harassment, you can seek protection through the law and file complaints to ensure fair treatment in debt collection processes.

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E. PROTECTION FROM FINANCIAL ABUSE

5 TIPS

1. **What is Financial Abuse and Humbugging:**
    a. Explanation: Financial abuse involves controlling or misusing someone's finances to gain power or exploit them.
    b. Humbugging is a term used in the context of Indigenous communities, referring to pressuring or harassing someone for money or material goods.
2. **Signs of Financial Abuse:**
    a. Indicators: Some signs of financial abuse may include controlling access to money, preventing financial independence, demanding money or gifts, or using financial threats to manipulate someone.
3. **Recognising Elder Financial Abuse:**
    a. Elder financial abuse targets older individuals, and signs can include sudden changes in financial arrangements, unexplained withdrawals, or unauthorized use of their assets.
4. **Identifying Partner Financial Abuse:**
    a. Partner financial abuse occurs within intimate relationships, and signs may involve a partner controlling all financial decisions, preventing access to joint funds, or restricting earning opportunities.
5. **Seeking Help and Support:**
    a. Action: If you or someone you know experiences financial abuse or humbugging, reach out for help. Contact organisations like 1800RESPECT or your local police to report abuse and access support services.

SUMMARY

In Australia, financial abuse and humbugging are serious issues that can occur within various relationships and communities. Recognising the signs and seeking help are crucial steps to protect you from exploitation and ensuring your financial well-being and safety. Remember, seeking support from trusted organisations can make a difference in stopping financial abuse and promoting a safer environment for everyone.

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F. FINANCIAL HELP

5 TIPS

1. **National Debt Helpline:**
   a. Tip: Contact the National Debt Helpline on 1800 007 007 for free and confidential advice on managing debt and financial difficulties.
2. **Financial Counselling Australia:**
   a. Tip: Reach out to Financial Counselling Australia to connect with professional financial counsellors who can provide guidance and support.
3. **Australian Securities and Investments Commission (ASIC):**
   a. Tip: Visit ASIC's MoneySmart website (moneysmart.gov.au) for resources and tools to help you manage your finances and find assistance.
4. **Centrelink or Services Australia:**
   a. Tip: If you are facing financial hardship, contact Centrelink or Services Australia to explore available government assistance and support programs.
5. **Community Support Services:**
   a. Tip: Seek help from local community organizations, charities, or churches that offer financial assistance or emergency relief programs.

SUMMARY

Remember, seeking help early can prevent financial difficulties from escalating, and there are resources and services available in Australia to support you during tough times.

Don't hesitate to reach out for assistance and guidance to regain control of your finances.

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G. BUY-NOW-PAY-LATER SCHEMES, PAYDAY LENDERS AND PAWNBROKERS

5 TIPS

1. **Buy-Now-Pay-Later Schemes:**
   a. Explanation: Buy-Now-Pay-Later schemes allow you to purchase goods or services immediately and pay for them later in instalments over time.
   b. Popular examples include Afterpay and Zippay.
   c. Tips: Use these schemes responsibly, only for essential purchases, and make sure you can afford the repayments on time.
   d. Traps: Late fees and high interest rates may apply if you miss payments, leading to financial stress and debt.
2. **Payday Lenders:**
   a. Explanation: Payday lenders provide short-term loans with high-interest rates, intended to be repaid by your next payday.
   b. Tips: Avoid payday loans if possible, as their high interest can quickly lead to a cycle of debt.
   c. Traps: Borrowing from payday lenders can become costly and challenging to repay, potentially leading to financial hardship.
3. **Pawnbrokers:**
   a. Explanation: Pawnbrokers offer loans in exchange for personal items as collateral (e.g. jewelery, electronics).
   b. Tips: Be cautious when using pawnbrokers, as you risk losing valuable possessions if you can't repay the loan.
   c. Traps: High-interest rates and short repayment terms can make it difficult to retrieve your items without incurring more debt.

ALTERNATIVES

- Consider budgeting and saving for planned purchases to avoid reliance on credit schemes.
- If you need a loan, explore options from traditional financial institutions or credit unions with lower interest rates and longer repayment terms.
- Seek advice from a financial counsellor or advisor for personalised financial guidance.

SUMMARY
Use Buy-Now-Pay-Later schemes responsibly, avoid payday loans and pawnbrokers if possible, and consider alternatives with lower interest rates and more manageable repayment terms.

Financial planning and seeking advice can help you make informed decisions to maintain a healthy financial situation.

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H. LOANS

5 TIPS

1. **Borrow Only What You Need:**
   a. Tip: When taking a loan, borrow only the amount you need and can afford to repay comfortably.
2. **Compare Interest Rates:**
   a. Tip: Before choosing a loan, compare interest rates from different lenders to find the best deal with the lowest interest rate.
3. **Read Loan Terms Carefully:**
   a. Tip: Understand the loan terms, including the repayment period, fees, and any penalties for early repayment.
4. **Repay on Time:**
   a. Tip: Make loan repayments on time to avoid late fees and maintain a positive credit history.
5. **Avoid Multiple Loans:**
   a. Tip: Avoid taking multiple loans simultaneously, as it can lead to increased debt and financial stress.

Secured Loan: A secured loan is backed by collateral, such as a property or a vehicle. If you fail to repay the loan, the lender can claim the collateral as repayment.

Unsecured Loan: An unsecured loan does not require collateral. Lenders rely on your creditworthiness and income to assess your ability to repay the loan.

SUMMARY

When taking a loan, borrow responsibly and compare interest rates and terms. Understand the difference between secured and unsecured loans, and choose the type of loan that suits your financial situation and needs. Making timely loan repayments is essential to avoid penalties and maintain a positive credit score.

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I. SEXUALLY TRANSMITTED DEBT

STDs, in the context of financial terms, stands for "Sexually Transmitted Debt." It is a metaphorical concept that refers to the situation where one person becomes responsible for the debt of another person, often due to shared financial responsibilities or co-signing loans or credit.

To avoid getting caught in a situation of sexually transmitted debt, it's essential to take certain precautions:

5 TIPS

1. **Communicate** openly with your partner about finances and debt before making any significant financial decisions together.
2. **Avoid** co-signing loans or taking joint credit if you're uncertain about your partner's ability to repay.
3. **Maintain** separate bank accounts to keep your finances independent.
4. **Regularly review** your credit report to ensure you are aware of your financial standing.
5. **Seek** financial advice from a professional if you are unsure about managing joint financial matters.

SUMMARY

Remember, being cautious and proactive about financial matters can help prevent unnecessary debt-related issues in your relationship.

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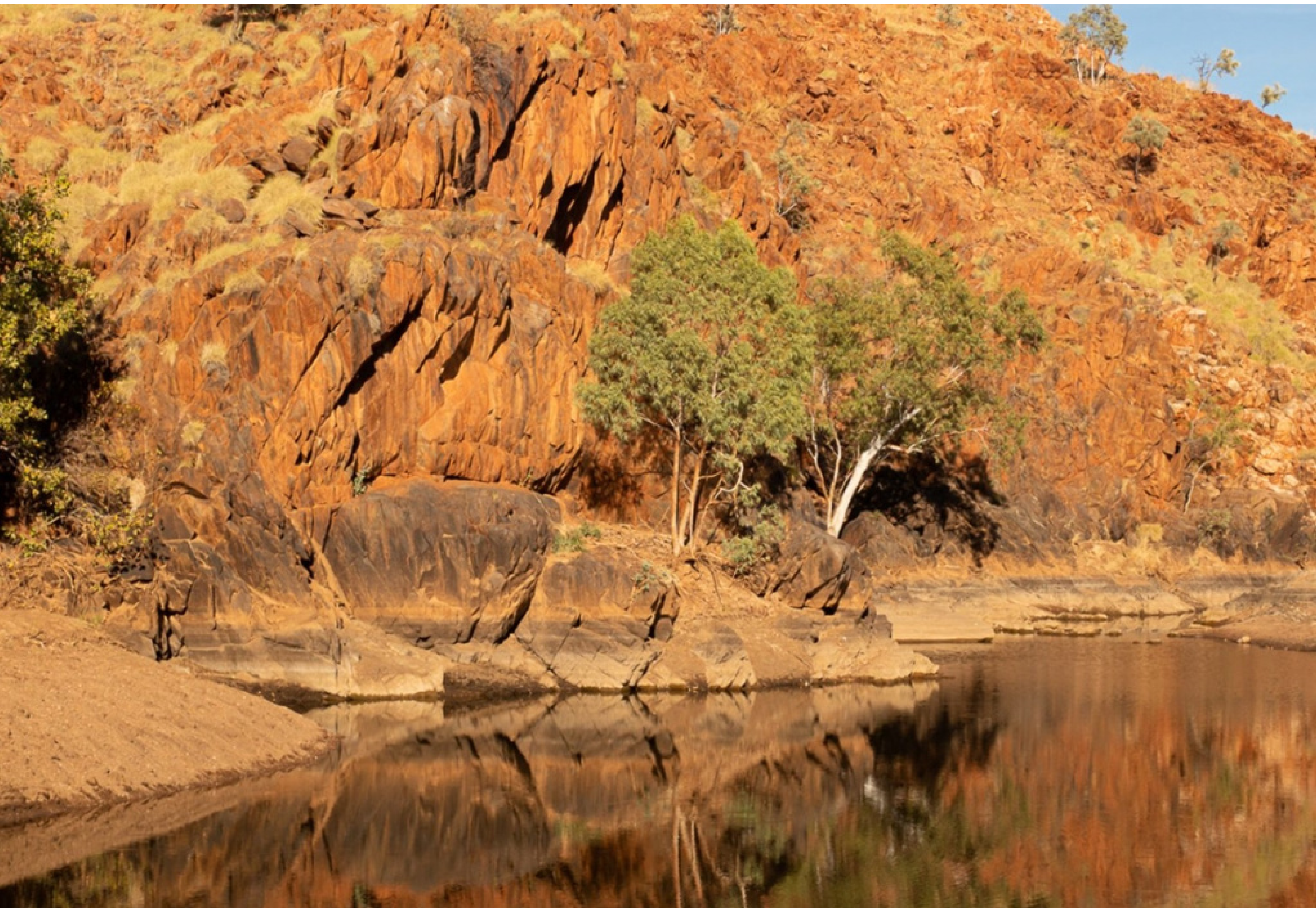
TOPIC 4: MONEY MANAGEMENT MATTERS

Imagine your money is like water in a billabong, precious and life-giving. Just as we watch the water levels to make sure there's enough for our needs, we must manage our money matters to ensure they flow smoothly.

For example, think of your utility bills as the rain that fills our billabongs. We need to keep an eye on them, like watching the rain gauge. Paying them on time is like making sure our billabong stays full and our life keeps flowing without interruptions.

Country teaches us to be connected and mindful, and the same goes for our money. Just as we share our tucker and knowledge, we share our wisdom about money management. By caring for our money like we care for our country, we ensure a better life for ourselves and our community, now and for the generations that follow.



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A. MANAGING MY UTILITY BILLS WELL

5 (and 5 more!) TIPS

1. **Energy-Efficient Appliances:** Invest in energy-efficient appliances, such as LED light bulbs and Energy Star-rated electronics, to lower your power consumption.
2. **Unplug Devices:** Unplug electronics and chargers when not in use to prevent "phantom" energy usage.
3. **Thermostat Settings:** Adjust your thermostat to save energy. Lower it in winter and raise it in summer, and use a programmable thermostat to set optimal temperatures.
4. **Weather proofing:** Seal windows, doors, and gaps to prevent drafts, which can reduce heating and cooling costs.
5. **Water Conservation:** Fix leaky faucets and install water-saving devices like low-flow showerheads and faucet aerators to reduce water consumption.
6. **Time of Use:** Be mindful of peak energy usage hours, and try to use high-energy appliances during off-peak times when rates might be lower.
7. **Comparison Shop for Providers**: Check out different utility providers and plans to find the most cost-effective options for your needs.
8. **Bundle Services**: Consider bundling your telecommunications services like internet, cable, and phone for potential discounts.
9. **Energy Audit**: Conduct an energy audit of your home to identify areas where you can make energy-saving improvements.
10. **Monitor Usage**: Keep track of your utility usage through your bills and meter readings. Awareness can help you identify opportunities for further savings.

SUMMARY

By following these tips and making simple changes in your habits, you can effectively manage your utility bills and reduce expenses over time.

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B. INTEREST FREE PERIODS

5 TIPS

1. **Pay on Time:** Always make your payments on time during the interest-free period to avoid late fees and potential interest charges once the promotional period ends.
2. **Understand the Terms:** Read and understand the terms and conditions of the interest-free offer. Know the length of the period, any minimum payment requirements, and what happens if you miss a payment.
3. **Budget for Repayment**: Plan your budget to ensure you can pay off the full balance before the interest-free period expires. Divide the total amount by the number of months in the promotional period to determine monthly payments.
4. **Avoid New Purchases**: While the interest-free period may tempt you to make additional purchases, focus on clearing the existing debt before considering new ones to prevent a debt cycle.
5. **Keep Track of Expiry**: Mark the end date of the interest-free period on your calendar or set reminders. Be prepared to pay the remaining balance if you haven't cleared it by that date.

TRAPS

1. **Deferred Interest:** Some interest-free offers come with deferred interest, meaning if you don't pay the full amount by the end of the period, you'll be charged interest from the purchase date, not the end of the promotional period.
2. **Minimum Payments**: If the interest-free offer has minimum monthly payments, paying only the minimum might not clear the full balance by the end of the period, resulting in accumulated interest.
3. **Missed Payments:** Missing even one payment during the interest-free period could trigger penalties and interest charges, nullifying the interest-free benefit.
4. **High APR After**: If you can't pay off the full balance within the interest-free period, the remaining amount may be subject to a high Annual Percentage Rate (APR), leading to substantial interest charges.
5. **Fine Print**: Be cautious of any hidden clauses or conditions buried in the fine print of the offer. Understand all terms to avoid surprises later.

Being aware of these tips and traps will help you make the most of interest-free periods while avoiding potential pitfalls and unnecessary expenses.

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C. CREDIT REPORTS

A credit report is a record of your borrowing and repayment history. It includes information about your credit accounts, such as loans, credit cards, and utility bills, as well as your payment history.

Lenders use your credit report to assess your creditworthiness and decide whether to approve your applications for loans, credit cards, or other forms of credit.

TIPS TO KEEP YOU CREDIT REPORT LOOKING GOOD

1. **Pay Bills on Time:** Ensure that you pay all your bills, loans, and credit card balances on time. Consistent on-time payments positively impact your credit score.
2. **Limit Credit Applications:** Avoid making multiple credit applications in a short period. Each application generates a credit inquiry, and too many inquiries within a short time can negatively affect your credit score.
3. **Monitor Your Credit Report:** Regularly review your credit report to check for inaccuracies or discrepancies. If you notice any errors, report them to the credit reporting agency for correction.
4. **Maintain Low Credit Utilisation:** Keep your credit card balances low relative to your credit limits. High credit utilization can lower your credit score, so aim to use only a portion of your available credit.
5. **Build a Positive Credit History:** If you're new to credit or have limited history, consider starting with a small credit card or a credit-builder loan. Responsible use and timely payments will help establish a positive credit history.

SUMMARY

By following these tips and demonstrating responsible financial behaviour, you can maintain a good credit report which can increase your chances of getting approved for future credit applications.

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D. MANAGING MY MONEY WELL

TIPS

1. **Create a Budget:** Make a budget to track your income and expenses. This will help you understand where your money goes and identify areas to save.
2. **Track Your Expenses:** Keep a record of all your spending to know exactly how much you're spending and on what.
3. **Set Financial Goals:** Define clear financial goals, such as saving for emergencies, paying off debt, or saving for a vacation.
4. **Prioritise Saving:** Save a portion of your income regularly. Start with a small amount and gradually increase it over time.
5. **Limit Debt:** Be cautious with borrowing and use credit responsibly. Aim to pay off high-interest debt as quickly as possible.
6. **Emergency Fund:** Build an emergency fund to cover unexpected expenses and protect yourself from financial setbacks.
7. **Cut Unnecessary Expenses:** Review your expenses regularly and cut back on non-essential items to save more.
8. **Invest Wisely:** If you have extra money, consider investing it to grow your wealth over the long term.
9. **Compare Prices:** Shop around and compare prices for major purchases to get the best deals.
10. **Stay Informed:** Educate yourself about personal finance and stay updated on financial news and trends.

SUMMARY

By following these tips and having a clear understanding of your money inflow and outflow, you can take control of your financial position and work towards a more secure and stable financial future. Remember, knowledge and awareness are powerful tools in managing your money well.

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E. MANAGING MY SUPERANNUATION WELL

5 TIPS

1. **Understand Superannuation:** Superannuation is money set aside for your retirement. It's your money, and it grows over time through contributions from you and possibly your employer.
2. **Contribute Regularly:** Consider making additional contributions to your super fund regularly. This can help boost your retirement savings over time.
3. **Review Investment Options:** Check the investment options offered by your super fund and choose ones that align with your risk tolerance and financial goals.
4. **Consolidate Superfunds Wisely:** Consolidating multiple super funds can simplify management and potentially reduce fees, but be cautious of exit fees and any loss of benefits before making a decision.
5. **Self-Employed and Tax Obligations:** As a self-employed individual, you can make voluntary contributions to your super to manage your tax obligations and benefit from potential tax deductions.

SUMMARY

By following these tips and being proactive about your superannuation, you can maximise its benefits and ensure a more comfortable retirement in the future.

Remember, it's essential to stay informed about your super and seek advice if needed to make the most of your retirement savings.

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F. MANAGING MY EVERYDAY BANKING PRODUCTS

1. **Debit Card:**
   a. Explanation: A debit card is linked to your bank account, and when you use it for purchases, the money is directly deducted from your account.
   b. Example: You can use a debit card to pay for groceries, shopping, or dining at restaurants.
2. **Credit Card:**
   a. Explanation: A credit card allows you to borrow money from the bank up to a certain credit limit. You need to repay the borrowed amount with interest.
   b. Example: You can use a credit card for online purchases, booking flights, or paying for big-ticket items and repay the amount later.
3. **Savings Account:**
   a. Explanation: A savings account is designed to store your money while earning interest on the balance.
   b. Example: You can deposit your savings into a savings account to earn interest on the money you keep there.
4. **Transaction Account:**
   a. Explanation: A transaction account, also known as a checking account, is used for day-to-day banking activities like depositing money, withdrawing cash, and making electronic payments.
   b. Example: You can use a transaction account for your regular expenses, such as paying bills and buying groceries.
5. **Online Banking:**
   a. Explanation: Online banking allows you to manage your accounts, make transfers, and pay bills electronically using a computer or mobile device.
   b. Example: You can use online banking to check your account balance, transfer money to friends, or pay utility bills.

SUMMARY

Everyday banking products include debit cards, credit cards, savings accounts, transaction accounts, and online banking. These products are designed to cater to different financial needs and provide convenience and flexibility in managing your money for everyday transactions and savings.

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TOPIC 5: TAX MATTERS

Understanding your tax obligations is like knowing the rhythm of the land. Just as we learn when to plant and when to harvest, we must learn when and how to manage our taxes.

Imagine you're a caretaker of a beautiful garden, tending to the plants that sustain you. When you work for someone else, it's like nurturing the main garden beds. Your employer takes care of some of your taxes, but you still need to understand what's happening. It's like watching flowers grow and making sure they have enough water and sun. If you don't, some flowers might wilt, just like troubles can arise if you neglect your tax duties.

If you're self-employed, it's like having your own little patch of land to tend. You plant seeds, watch them grow, and gather the harvest. But just as you're responsible for your garden's health, you're responsible for your taxes too.

And owning a rental property is like sharing a part of your garden with others. You provide them a place to rest, and in return, they offer something to sustain your garden. But, just as you care for your garden, you must also tend to your taxes. It's like nurturing the land and also keeping track of what's been shared.

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A. EMPLOYMENT VERSUS SELF-EMPLOYMENT

EMPLOYMENT

- In employment, you work for someone else, your employer.
- Your employer pays you a salary or wages for the work you do.
- Your employer is responsible for deducting income tax from your salary and sending it to the Australian Taxation Office (ATO) on your behalf.
- You may be entitled to benefits like sick leave, annual leave, and superannuation contributions from your employer.

SELF-EMPLOYMENT

- In self-employment, you work for yourself and run your own business or provide services as a freelancer or contractor.
- As a self-employed individual, you are responsible for managing your income and taxes.
- You need to register for an Australian Business Number (ABN) and report your income and expenses to the ATO.
- You may need to pay quarterly instalments of tax throughout the year, known as Pay As You Go (PAYG) instalments.
- You may also be required to pay Goods and Services Tax (GST) if your annual turnover exceeds the GST threshold.

TAX OBLIGATIONS

- As an employee, your employer deducts income tax from your salary and handles your tax obligations.
- As a self-employed individual, you need to report your income and expenses to the ATO and pay your own taxes, including income tax and other applicable taxes like GST, if applicable.
- It's essential to keep accurate records of your income and expenses to fulfill your tax obligations correctly.

SUMMARY

In summary, employment involves working for someone else, with the employer handling your taxes, while self-employment means working for yourself and being responsible for managing your income and tax obligations. If you're self-employed, it's important to be aware of your tax responsibilities and meet them on time to avoid penalties or issues with the tax authorities.

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B. INVESTMENT RETURNS AND RENTAL INCOME

Investment Returns:

- For investments like shares and managed funds, any income earned, such as dividends or interest, is considered taxable income.
- The income from these investments is added to your total income and taxed at your applicable marginal tax rate.

Rental Income:

- Rental income is the income you earn from renting out a property you own.
- It is considered taxable income and must be declared on your tax return.
- You can deduct certain expenses related to the property, such as mortgage interest, property management fees, and maintenance costs, to reduce your taxable rental income.
- If your rental expenses exceed your rental income, you may be eligible for a tax deduction known as a negative gearing benefit.

SUMMARY

Both investment returns (e.g., dividends and interest from investments) and rental income are considered taxable income in Australia. They need to be declared on your tax return, and you can deduct eligible expenses related to investments or rental properties to reduce your taxable income.

It's essential to keep accurate records and seek professional advice if you have any questions about your tax obligations related to investments and rental income.

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