



Six steps to building good financial habits

How financially secure do you feel? Recent research¹ into Australians' financial wellness - which is a person's satisfaction with their current and future financial situation - revealed that people with good financial habits feel more financially secure.

It sounds like a no-brainer. But adopting good financial habits isn't always as easy as it sounds, start building good financial habits with these six steps.



Make your own fresh start

Why do we always start a healthy eating plan or new exercise regime on a Monday? It's called leveraging the context. And while we find it easier to form new habits during a significant life change like moving house or having a baby, there's nothing to stop you finding opportunities in your day-to-day routine to instil your new habit.

- Review household costs as they crop up. For example, can you reduce the amount spent on groceries when doing the weekly shop? If your health insurance premium is due, check the plan still meets your needs. Starting a new job? Consider if it's right for you to consolidate your super. By committing to reviewing one thing at a time, you can start building good financial habits as you go.



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- If you're now working from home, consider transferring your weekly travel allowance into your savings account each Monday morning.

Piggyback to an existing habit

It's often easier to tag a new habit onto the end of an existing one. Think about how much easier it is to remember to floss after you've brushed your teeth.

- When doing your yearly tax return, why not review your financial goals for the coming year?
- When it's time to renew your car insurance, take some time to check you're getting the best deal from your utility providers too.

Make it easy

If we think something's going to be hard, we often give up before we start. Keeping it simple and making sure we have the tools to succeed can help.

- Tackle one area of your finances at a time to avoid feeling overwhelmed.
- Dedicate a consistent time each week or fortnight to do your financial admin and block it out in your diary.
- Use technology like banking and budgeting apps and direct debits to make things quicker and more automated.

Cues and rewards

When we start a new habit, it's important to use cues to remind us to perform the new habit and feel rewarded for doing it.

- You might decide to tackle your finances every Wednesday straight after dinner. Then you can reward yourself with a yummy dessert afterwards.
- If you're saving for a new car, you might consider transferring surplus cash from your current account into your new car fund each time you fill up with petrol. You'll be rewarded with your new car even sooner.
- Don't underestimate the power of ticking something off a list. This simple act can make you feel great.



Practise and repeat

It takes an average of 21 days to form a habit when we're focused and want to achieve it. Regularly practising your new good financial habits is key to making it stick.

- Pop a daily, weekly or fortnightly reminder in your phone or diary. It can help until you remember automatically.
- Mentally commit. If we have enough time to be on social media, we have enough time to form good financial habits.

Use meaning for motivation

Think about the meaning behind your new habits to help keep you motivated, both while forming the habit and once it's part of your routine.

- If you're saving for a house, it doesn't just mean having your own place to live. It's creating a home, providing security for yourself and your family into the future, and it shows you have the willpower and commitment to achieve long-term goals.
- Likewise, for putting money aside for emergencies. It doesn't just mean you have the funds to cover a burst pipe. It means you have greater peace of mind and are better protected to weather times of financial uncertainty.

COVID has made us value feeling financially secure, and staying on top of your money can be hard. However, with a little work and commitment to creating good habits, you'll soon be on the road to taking control.