

Financial Wellbeing Program

HELPING YOU UNDERSTAND
AND TAKE CONTROL OF
YOUR FINANCIAL GOALS



Contents

Introducing financial wellbeing	1
What is financial wellbeing?	1
The impact of finances on our physical and mental health	2
Taking your first step – with you every step of the way	4
Our program	5
The modules ahead	5
Setting goals throughout the program	5
The spotlight on Australia	6
Module 1: Budgeting and cash flow management	8
What you'll learn	9
The real cost of a small treat – case study	10
Checklist	11
Module 2: Setting financial goals	14
What you'll learn	15
Changing goals – case study	16
Checklist	17
We're here to help	20
Calculators and tools	20
On-campus consultant service	20
Financial advice	21
Webcasts and podcasts	21

Introducing financial wellbeing



WHAT IS FINANCIAL WELLBEING?

Financial wellbeing is a comprehensive understanding of your financial situation that in turn, empowers you to make well-informed financial decisions now, and in the future.

The underlying basis of financial wellbeing is financial security, and the greater understanding you have of your financial situation, the greater your ability to manage your finances for short-term needs while saving for mid and long term goals. It's about being able to confidently manage a financial emergency, identify and act on investment opportunity, and being comfortable in managing your own money.

The factors that influence your financial wellbeing include:

- Being able to manage the cost of living whilst also saving for a rainy day
- Exercising flexibility to make your own choices
- Feeling in control and staying on track to meet goals
- Feeling secure – the capacity to absorb a financial shock



Improving your financial wellbeing will lead to improved financial security, however just like physical and mental wellbeing, financial wellbeing does not just happen without commitment and some work. It is achieved by educating yourself, creating new habits and sustaining new behaviour over time.

There is a growing body of research into what contributes to the quality of peoples' experiences in their lives. A different understanding of the factors that influence and constitute as wellbeing have consequently been discussed.

HOW YOUR FINANCIAL WELLBEING IMPACTS YOUR PHYSICAL AND MENTAL HEALTH

Mental, physical and financial wellness are interconnected. Personal financial issues can be the key source of stress and can impact upon a person's physical and mental health. The old adage that money can't buy happiness certainly rings true for most of us, however, research tells us that not being in control of your finances will make you very unhappy.¹

According to the Australian Financial Attitudes and Behaviour Tracker² conducted on behalf of the Australian Securities and Investments Commission (ASIC) in March 2017, more than one in three (36%) Australians find dealing with money stressful and overwhelming. Furthermore, around one in five (21%) claim to have difficulties understanding financial matters. This figure increases dramatically for women with almost one in two (46%) women stating the same difficulties. A lack of knowledge and confidence in dealing with financial matters can cause stress and negatively impact your financial, mental and potentially, physical wellbeing. Hence, the first step to improving your overall wellbeing is education.



Gaps in financial wellbeing exist for many people, relating to both day-to-day money management and their understanding of how saving more today can help ensure financial security down the track.

We're hoping to help close this gap through our Workplace Financial Wellbeing program.

The goal of our program is to help you to take steps now to reduce financial stress and improve your long-term financial outlook.



¹ Money, Wellbeing and the role of Financial Advice, Beddoes Institute, May 2016, www.afa.asn.au

² <http://www.financialliteracy.gov.au/research-and-evaluation/financial-attitudes-and-behaviour-tracker>



Taking your first step

– with you every step of the way

Our program

Personal financial literacy hasn't historically formed part of the national curriculum. The lack of education and discussion – both formal and informal – can mask the challenges associated with attaining and maintaining financial wellbeing. That's why UniSuper believe it's important to focus on education in this space and provide assistance to help you achieve your goals.

The modules ahead

Our program is designed to help by explaining some of the most important elements of finance. The program includes six face-to-face seminars that will cover the following topics:

1. Budgeting and cash flow management
2. Setting financial goals
3. Wealth creation – investing inside and outside super
4. Wealth protection and estate planning
5. Your super – a vehicle to live a retirement you want
6. Demystifying financial advice

Setting goals throughout the program

This workbook covers the first two modules and is designed to help you navigate through the program. Since everyone's situation and journey is different, it will help explain the concepts and action points you'll experience along the way. We've designed it for you to work at your own pace with your own position and aspirations in mind.

This UniSuper initiative aims to make it as easy as possible for you to put any newfound financial awareness into action – at the end of each seminar we will provide you with a simple action plan so you can make real financial progress.

The spotlight on Australia

1/3 of households have **less than \$1,000** cash on hand to cope with emergencies¹



Only 1/3 of households prepare a budget³



Every **3 minutes** Australian households spend **\$3,799,910**²



2m households don't pay off their credit cards in full each month⁴

44% of employees worry about finances while at work⁵



24% of workers are financially stressed⁶



55% of women under 35 find dealing with money stressful and overwhelming⁷



85% of women under 35 don't understand fundamental investment concepts⁷



53% Holidays¹

46% Rainy day fund¹

40% Buy or renovate a home¹

TIPS & TRICKS TO BECOME A SUCCESSFUL SAVER

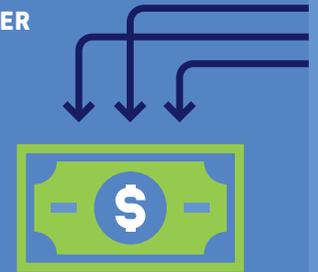
52% transfer spare funds to a savings account²

21% set up auto transfers to a savings account²

17% keep savings in an account they can't touch²

15% build funds in their transaction account²

11% deposit into their home loan offset account²



Less than one in four Australians currently set long-term goals³

44% of Australians have a 3–5 year financial plan³

Only 23% of Australians have a 15–20 year financial plan³

¹ Finder.com.au (2016) survey of 1,075 Australians – <https://www.finder.com.au/press-release-may-2016-rainy-day-savings>

² <https://www.moneysmart.gov.au/managing-your-money/budgeting/spending/australian-spending-habits>

³ Gallup poll (2013) based on telephone interviews conducted April 11-14, 2013

⁴ ASIC (2014) 14-041MR: Smart people not so smart with their money – <http://asic.gov.au/about-asic/media-centre/find-a-media-release/2014-releases/14-041mr-smart-people-not-so-smart-with-their-money/#note3>

⁵ Purchasing Power (2013) Financial Wellness: Addressing the "9 to 5" impact of 24/7 stress

⁶ AMP (2016) Financial wellness in the Australian workplace

⁷ <https://www.moneysmart.gov.au/life-events-and-you/women/womens-money-goals-infographic>

¹ <https://www.moneysmart.gov.au/managing-your-money/saving/how-australians-save-money>

² <https://www.mebank.com.au/news/saving-for-a-holiday-or-car-are-the-top-financial/>

³ ASIC 2015 Australian Financial Attitudes and Behaviour Tracker Wave 3 – <http://www.financialliteracy.gov.au/research-and-evaluation/financial-attitudes-and-behaviour-tracker>

Budgeting and cash flow management

Budgeting in its simplest form involves balancing your expenses and your income.

Budgeting for your household is a technique you can use to help keep in control of everyday expenses. It enables you to plan for your future and makes allowances for changes in your circumstances throughout your life. Beyond the essentials, how you spend your money is usually about personal choice and it largely determines your financial destiny.



WHAT YOU'LL LEARN

Our program will provide you with insight on how to:

- Track and understand how much you spend each month
- Set spending priorities based on your household goals
- Create a fund to cater for emergencies
- Pay 'you' first and put aside money for your future
- Budget for big ticket items
- Budget for essentials and choices



Ask yourself first whether you are meeting your household goals before you spend (do you need the new car now?)



THE REAL COST OF A SMALL TREAT

Let's say you have chosen to save some treat money – skipping just one cappuccino and cake treat each day can save you approximately \$200 per month.

You have chosen to allocate the \$200 per month you have saved to something important – you have chosen to apply it as an additional home loan payment to the new house you have just bought.

Now let's examine the impact of paying off your home loan with the extra \$200 each month on an average loan of \$400,000 at 4.5% over 30 years:

LOAN PRINCIPAL \$400,000	TERM OF LOAN	TOTAL PAYMENTS (INCLUDING INTEREST)	TOTAL INTEREST PAID
Current loan repayment	30 years	\$729,627	\$329,627
Current loan repayment with extra \$200 per month	25 years	\$666,136	\$266,1136
Your saving:	5 years	\$63,491	\$63,491

If your spouse followed suit, and skipped a cappuccino and cake treat per day saving you a combined total of \$400 per month, together, you would repay your home loan 8.5 years earlier and save \$105,511 in interest based on the calculations above.



Talk to a financial adviser about income and wealth creation options



Always pay yourself first – set aside funds in advance of spending

YOUR CHECKLIST

- Did your spending exceed your income?**
 If so, your current spending habits could get you into financial trouble, and now is a good time to start a budget. If you found that you have some money left over after tallying your expenses, then this amount could be allocated to your savings. By preparing a budget, you could be saving even more.
- How long did you need to think about each item?**
 Chances are that it took you longer to work out how much you spend on eating out each month than it did to work out your mortgage repayments. This shows that we normally have less control over our social spending, generally because there's no set pattern. This is one area that could easily be improved by setting aside a certain amount each week or month, and aiming not to spend more than what you've allocated.
- Are most of your expenses paid for with a credit card?**
 If you are paying most of your expenses on credit, and you then find that you don't have enough at the end of the month to pay off your credit card bill, then you need to reassess your expenses. Living on credit is not sustainable in the long-term.



Take advantage of any options to grow your income and wealth – place money in interest earning accounts with reduced bank fees

NOTES

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Setting financial goals

Setting financial goals is a fundamental step toward becoming financially secure. Whether you're close to retirement age or many years away, it pays to define what you're aiming for.

If by implementing financial goal setting in your household your fortunes would improve, would you make the effort to do so? All the evidence suggests that the answer is yes. Writing down goals is a prerequisite in securing a positive financial future, and proves to be fundamental in obtaining the outcomes you and your family desire.



WHAT YOU'LL LEARN

Our program will enable you to:

- Set specific, measurable, achievable, realistic and time bound (SMART) financial goals
- Create clear written goals for your household and set relevant goals for each member of the household depending on their age and desired lifestyle
- Understand how your financial goals will change over time
- Make better financial decisions
- Move closer to financial success



Have short, medium and long term goals written down and review them monthly



CASE STUDY

Changing goals

After graduating from university, Sarah had an immediate focus on earning an income to provide for living expenses and debt (HECS/HELP loan). Over the next decade, she meets a partner and then starts to think about having a family. Sarah examines when she will want to purchase a house and perhaps start saving for her childrens' education. She wants to factor in family holidays therefore includes a holiday fund into her plan. Her income will have to provide for her increased expenses, and generate a surplus that can be saved to accumulate these assets and experiences.

In time, Sarah starts to consider her long-term goals and starts to think about when she may want to retire, which includes travelling around the world.

Sarah learns that navigating and identifying the big-ticket expenses she'll experience over a lifetime, involves making immediate choices and setting up longer-term strategies to help achieve goals. To do this, Sarah has to be realistic, yet imaginative about her current situation to see what opportunities her current choices may create.



YOUR CHECKLIST

You should be able to answer each of the questions below affirmatively.

If you can't, it means more work is required to articulate your SMART goal:

QUESTION	YES	NO
1. Is your goal clearly future oriented?	<input type="radio"/>	<input type="radio"/>
2. Is your goal realistic?	<input type="radio"/>	<input type="radio"/>
3. Will the goal be challenging enough for you? Or, will it be too challenging?	<input type="radio"/>	<input type="radio"/>
4. Will your goal require you to make a personal investment of time, energy, and effort?	<input type="radio"/>	<input type="radio"/>
5. Will your goal contribute to your growth and development?	<input type="radio"/>	<input type="radio"/>
6. Is your goal achievable within the timeframe you are seeking?	<input type="radio"/>	<input type="radio"/>
7. Is your goal consistent with those of other members of your household?	<input type="radio"/>	<input type="radio"/>
8. Will your goal produce concrete and measurable results?	<input type="radio"/>	<input type="radio"/>
9. Is your goal in your best professional or personal interest?	<input type="radio"/>	<input type="radio"/>



Learn from any setbacks you might experience and modify your goals

NOTES

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We're here to help

We have a range of tools, calculators, resources and services to help you navigate your financial needs.

Give us a call on **1800 823 842** or head to **unisuper.com.au** to see what's on offer.

Here's some information to get you started.

CALCULATORS AND TOOLS

We have two retirement projection calculators, and the one you should use depends on how far away retirement is for you.

- ❖ If you're more than five years away from retirement, use the Retirement adequacy calculator.
- ❖ If you're planning to retire within five years and commence a retirement pension, go to the Pension income calculator.

To check out our full list of calculators and tools, visit **unisuper.com.au/learning-centre/calculators-and-tools**.

ON-CAMPUS CONSULTANT SERVICE

We have On-campus Consultants conveniently located at your University who are there to help you with information and general advice about your membership and our range of products. Our consultants can provide you with factual information and general advice about superannuation, assist with your UniSuper membership, or help with paperwork.

To book an appointment, visit **unisuper.com.au/campusbookings**.



FINANCIAL ADVICE

One of the many benefits of being a UniSuper member is having exclusive access to our in-house team of financial advisers. You and your spouse can get personal financial advice beyond your super with UniSuper Advice. Our financial advisers can help you with your financial goals no matter your financial situation or stage of life.

To arrange an appointment with a UniSuper financial adviser, contact **1800 823 842**.

WEBCASTS AND PODCASTS

If you're on the go and you don't have time to attend one of our seminars, our on-line learning platform has an array of topics to choose from. Our range of live and on-demand webcasts, along with our monthly broadcasted podcasts, can be accessed any time convenient to you.

Visit **unisuper.com.au/learning-centre** to see what's available.

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