TIPS TO BOOST YOUR FAMILY FINANCES

Family budgets are in sharp focus right now with many parents trying to manage the impact of rising costs of living and higher interest rates.

Many households are about to come off fixed term mortgage rates onto higher variable rates too. Now is the time to make a plan. Getting the fundamentals right still matters, so let's look at 5 strategies to make the most of what you have.

1. Revisit the family budget and focus on value

Regardless of how much you and your partner earn, the ability to manage what you earn and spend makes a big difference to the financial planning strategies you can use. Earnings are also the biggest driver to helping you reach your short, medium, and long-term goals.

Now is a great time to list out your income and expenses. Family budget management is about understanding where your money is going and making sure you get the best value out of the dollars you spend. Unfortunately, we can't take it for granted that we're always getting fair value for our hard-earned dollars when we buy something. It requires us to shop around. It's worth the effort for all those re-occurring costs too like telephone and internet, electricity and insurance costs.

Budgeting should never be thought of as a diet or denial. Budgeting done well is all about getting maximum value, and never about going without.

2. Understand your cash flow

Cash flow considers your earning and spending, but it's also about time. It's about making sure you have the money available to pay the bills at the time that they arrive.

All families have annual bills like car rego and home and contents insurance, quarterly bills like electricity and monthly bills like phone and internet. But have you ever stopped to think about when these come in? By doing that, you give yourself the best chance to put something aside, perhaps in a savings account to earn interest, or an offset account to reduce your home loan interest.

It's a great strategy for parents who want to take more control of their financial lives and live less worried lives about larger expenses arriving.

3. Reduce debt as quickly as you can

By understanding your family budget and your cash flow, you can make a plan to reduce debt as quickly as you can. It's really important if you have credit card debt. Many online savings accounts aren't paying much in interest right now, perhaps just 1%-2%. At the same time, you might be paying perhaps between 18%-20% on a credit card. It hardly seems fair, so make a plan to get rid of credit card debt. You might switch credit cards to a lower rate card or personal loan, while you pay it down, so you pay less interest.

There's also an opportunity to do something with your home loan. You can ask your bank to look at your current interest rate that you're paying on the mortgage. If you've reduced your outstanding loan after the last five or ten years, and the value of your property has gone up, you might be able to secure a better deal. If your current lender doesn't want to help you get better value, then find a lender who does.

If you find yourself in real financial stress, consider switching to an interest only home loan and talk to your lender sooner rather than later. Your lender may be able to assist you in ways you don't understand like repayment holidays and re-draws. A good lender will help you through tough times too.

4. Get creative in doing stuff with the kids

The cost of keeping kids occupied can be costly. A back-to-basics approach can work well here too. Many of us grew up with a humble back yard veggie patch so why not give your own kids that learning experience too. Setting up a patch doesn't take much cost, but it does take some time and can keep young minds and bodies occupied. And any food you grow saves a little on your grocery spend too.

Another idea is to get the kids involved in cooking. While they might be too young to use a cook top, they can mix a cake, kneed some dough for bread or scones or help cut up some fruit salad. These are important life skills too and are relatively low cost.

5. Make a plan to reward yourselves too

It's easy to forget about yourself as a parent as the responsibilities are always front and centre. A great way to reward yourselves is to link a reward to achieving a financial goal. It might be reaching a savings goal, a superannuation savings goal, a home loan reduction goal (at different milestone amounts) or perhaps even paying off the credit cards.

The reward should be proportionate and doesn't need to be too extravagant – it could be taking yourselves out to dinner, going to the gold class movies or perhaps buying show or concert tickets for a night out without the kids. Grandparents, aunts and uncles are great low-cost babysitters too!

The economy and the costs of living will always impact family budgets but there are things you can do to take control of your financial life for your family. Remember you have options to consider, even if times get tough. Make 'fair value' your mantra.

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