



# BUILDING FINANCIAL RESILIENCE

## PREPARING FOR THE UNFORESEEN AND EMBRACING OPPORTUNITIES

In today's ever changing environment it is essential to be prepared for the unforeseen while also being ready to seize opportunities when they arise.

### Firstly, let's aim to understand 'What is financial resilience?'

Financial resilience refers to the ability to withstand and recover from unexpected financial setbacks while maintaining a steady course towards your goals. It empowers individuals and families to weather economic storms, seize opportunities and achieve long term financial stability. Being financially resilient means having a robust financial foundation that can endure unforeseen events and adapt to changing circumstances.

### Preparing for the unforeseen

#### Having an emergency fund

One of the most critical aspects of financial resilience is establishing an emergency fund. This fund acts as a safety net to cover unexpected expenses such as medical emergencies, car repairs or temporary job loss. We imagine many of our clients have had to tap into their emergency funds in the last 12 months to help with increased costs of living and higher mortgage repayments.

Common recommendations from financial experts suggest having a goal of saving three to six months' worth of living expenses in an easily accessible account.

#### Insurance coverage

It is well known in Australia that about 83% of us are under insured. Protecting yourself and your loved ones through comprehensive insurance coverage is paramount. Health, life, income protection and home and contents insurances can provide financial security and peace of mind during challenging times.

#### Diversifying income streams

Relying solely on a single source of income can leave you vulnerable. As our out of touch Exiting-Governor Phillip Lowe (Chair of the RBA) would have it, he suggests that to combat the increased costs of living you should consider exploring additional income streams such as part time work, or that younger Australians should either move back home or rent out their study<sup>3</sup>. Easy to say if you already have a debt free McMansion.

However, if you do happen to have some spare time or a special skill, freelancing or finding other reliable income opportunities may help you improve your finances.



## Managing debt

Responsible debt management is crucial for financial resilience. Last month's article on managing your debt has suggestions like prioritising repaying high interest debt, such as credit cards or personal loans, first before other lower interest debt.

## Embracing opportunities

### Property ownership

In Australia, property ownership has long been a popular investment option. By building equity in your property, you can leverage it to access additional funds for investments or other financial endeavours.

A well planned property investment strategy can open doors to capital growth and additional income opportunities. Consider seeking advice from our qualified property specialists and financial planning connections to develop a property investment plan that aligns with your goals, risk tolerance and time horizon.

### Education and upskilling

Continuously developing your skills and knowledge enhances your employability and opens doors to new opportunities. Consider investing in further education, attending professional development courses or acquiring new certifications to stay ahead in your field.

## Maintaining financial resilience

### Regular mortgage health checks

Schedule periodic reviews of your mortgages and overall debt position to ensure you remain on track towards your goals. Regularly assess your income, expenses, investments and insurance coverage to make necessary adjustments and seize new opportunities.

### Budgeting and saving

Consistently monitoring your expenses and creating a budget allows you to identify areas where you can cut costs and save more. Cultivate a habit of saving by allocating a portion of your income towards your long term goals.

Many lending institutions encourage you to have separate bank accounts to allow for your daily spending to be separated from your savings account and earn you better interest.

**Contact us to read our 8 tips to improve your finances.**

## Stay informed

The financial landscape is dynamic and staying informed is key. That is why we like to bring you our educational updates each month on property and finance.

There are many ways to educate yourself about personal finance, investment strategies and market trends through books, podcasts, reputable websites and seminars. The more you know, the better equipped you are to make informed financial decisions.

### Building financial resilience is a journey

It requires dedication, discipline and adaptability. By preparing for the unforeseen and embracing opportunities, you position yourself for better financial outcomes over the long term.

As your finance specialist team, we are committed to assisting you in achieving your finance goals and navigating the path towards greater resilience.

Remember, being proactive today will help secure a brighter and more prosperous future.

Make sure you read our article **'8 top tips to improve your finances'**

