

Media Release

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2007 is your year to get (financially) fit

"This is the year to get financially fit," is the rallying call from the Retirement Commissioner, Diana Crossan.

"Most of us greet the New Year with renewed energy and a desire to improve ourselves - to lose weight, get fit, eat right, give up smoking, spend more time with family and friends, do volunteer work or pay off debt.

"Financial planning is for everyone, so if you're making New Year's resolutions include a commitment to get your finances sorted. Then use these ten steps to create a road map to achieve those financial goals," Ms Crossan said.

1. **Make some motivating financial goals** - Decide where you want to be this time next year, calculate your net worth (the difference between what you own and what you owe) and set goals to increase it.
2. **Spend less than you earn and create a surplus** - It's what you don't spend that helps you get ahead financially, no matter what you earn. So do a realistic budget and stick to it. The budget calculator on www.sorted.org.nz makes it easy!
3. **Borrow only what you need and know the true cost of your debt** - Interest payments can greatly increase the total cost of a purchase. See if you can cut costs and/or find ways to increase your income, rather than borrowing to pay bills or to pay for consumer items. Borrow to buy assets that increase in value over time.
4. **Pay off debt - your most expensive debts first** - Credit cards and hire purchase have high interest rates. Your mortgage may have a lower rate, but it's a good idea to pay it off as fast as you can - it can save you tens of thousands of dollars in the long run.
5. **Save an emergency fund of 2 - 3 months' salary** - This will be your cash cushion to protect you against unexpected expenses, or if you lose your job. This is worth doing even if you're paying off a mortgage, but probably not if you have high interest debt.
6. **Start saving regularly** - Once you've paid off your high interest debt, start saving for a house deposit/holiday/car/next Christmas.

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7. **Protect your assets** - Buy the right amount of insurance and review this regularly. Make a will, and consider whether putting your assets in a trust is right for you.
8. **Make a financial plan for retirement** - Seriously consider a workplace savings scheme if one's on offer (even if you have a mortgage), especially if your employer will also contribute. KiwiSaver's coming in July, so you'll be hearing a lot more about workplace saving this year.
9. **Consider investing** - It isn't just for rich people! Investing is all about making your money work for you.
10. **Teach your kids about money** - If you have children, start passing on what you know about money. The earlier they learn the better they will be at making their own decisions. You don't have to be an expert; use everyday examples to demonstrate how money is spent and saved. Use the tips and games on the Kids & Money section at www.sorted.org.nz.

The Retirement Commission's free, independent website, www.sorted.org.nz, has information and calculators to guide New Zealanders through these ten steps, at whatever stage of life.

Get financially fit in 2007 with www.sorted.org.nz.

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