



ADF FINANCIAL SERVICES CONSUMER CENTRE

By Defence. For Defence.

TAKING CONTROL OF YOUR FINANCIAL FUTURE

First Nations Development Program Workbook

Defence acknowledges the Traditional Custodians of Country throughout Australia. Defence recognises their continuing connection to traditional lands and waters and would like to pay respect to their Elders both past and present. Defence would also like to pay respect to the Aboriginal and Torres Strait Islander men and women who have contributed to the defence of Australia in times of peace and war.

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ABOUT THIS WORKBOOK

This workbook will help you develop the good financial habits you need to be successful with money.

This guide can be used alone or in conjunction with a personal finance brief, video presentation, or the online resources available at adfconsumer.gov.au.

HOW TO USE THE WORKBOOK

Read the information that explains each money topic and complete the activities in each section. Talk to your family and other important people in your life about how you can make changes to the way you manage your money that will help you be successful with money. Use this guide and other resources listed at the end to make it happen and enjoy the rewards.

LEARNING OUTCOMES

On completion of this workbook you should:

- Understand that what we know about money affects how we feel about money
- Be able to explain the difference between needs and wants
- Be aware of different ways to earn money
- Understand how money earned is taxed and how you can reduce the tax you pay
- Be able to set a financial goal and develop a plan to achieve it
- Know what to look out for when buying a car or signing up to a mobile phone plan
- Understand how separate bank accounts makes managing money easier
- Understand how compound interest works
- Know how to solve money problems and get out of financial difficulty
- Understand how Christmas hampers, rent-to-buy and buy-now-pay-later schemes are designed to make you spend more money
- Understand the difference between a debit card and a credit card
- Be able to take the necessary steps to build a solid foundation for good money management.



I was born in Cloncurry, Queensland in 1975. I am an Aboriginal man, a descendent of the Waanyi people which covers the border of Queensland and the Northern Territory.

I am also from the Walker clan, of Scottish heritage. My father was born in Alexandria, Dumbarton Shire and migrated to Australia in the early sixties.

My parents separated when I was twelve years old and I was homeless at fifteen. I had little stability in my youth, and although sleeping rough, without food and a change of clothes in my later teens, I had dreams of becoming something.

This was evident at an early age, and although moving around, I was passionate about my education enduring thirteen different schools, seven of those were high schools, repeating year eleven, and attending three high schools in my final senior year.

While my grades on paper were embarrassing for me to look at, I always had hope that I could do something great for myself one day. After a few years of struggling between unemployment and casual labouring jobs, my life-changing moment arrived.

I decided to join the Army and applied at the Cairns RSL in 1996. A few weeks later I joined the Australian Army at 20 years old. In my last week at the 1st Recruit Training Battalion, I was selected to join the specialised field of electronic warfare (signals intelligence) as a result of prior aptitude tests in morse code. I graduated with a Signals Corps badge on my slouch hat, and the recipient of the Fifth Battalion 'Most Improved Soldier' Award. I then went to the ADF Joint Telecommunications School for a year-long training before posting to a field unit, the 7th Signals Regiment (EW).

During my time at the Regiment I went to Bougainville in 1998 on Operation Bel Isi as part of the Peace Monitoring Group at the end of its 10-year civil war and truce with Papua New Guinea. In 1999 I became para-qualified to support Special Forces regiments in the 3rd Parachute Battalion. By this time I had also learnt five languages and possessed highly specialised skills as a rapidly mobile light electronic warfare operator. In August 2000 I went to East Timor on active service to Operation Tanager as part of the Peacekeeping Force under the United Nations Transitional Administration in East Timor (UNTAET). It was an important period after the vote for independence by East Timor, continuing on from earlier campaigns as a multinational force deployed to maintain stability in the region.

A few months into my deployment, on 1 December 2000 I was involved in a hostile contact with pro-Indonesia militia, playing a vital role in the evacuation of a fellow Australian soldier who was shot in the leg. This incident was known as "the ambush".

It was a situation which counted on me making all the right decisions, under great duress. Unknowingly this would change my life forever. You can read my recollection and 'Statement to Australian War Memorial' to be held in perpetuity.

In 2003 at 27 years old, I was medically discharged with PTSD and depression. Soon after I moved to Darwin to start a new life out of the military. I became a Customs and Border Force Officer at the Darwin International Airport but my mental health continued to severely impact my work. I had no idea what I was dealing with. It was then that I really started to bury my head in the sand, I left there in 2005, moving away from uniform roles of which I'd known for so long.

Over the years since then, I have endeavoured to help others through community work. I eventually became a financial counsellor and worked throughout the Big Rivers region in the Northern Territory for five years. I worked in some of the most remote Aboriginal communities in Australia helping disadvantaged families and individuals achieve financial literacy and stability in their lives. I also became a qualified problem gambling specialist. I am fortunate to have helped negotiate all kinds of debts on behalf of hundreds of service users from all walks of life during that time.

Now as a former financial counsellor and Army veteran, I speak to others from all walks of life about mental health. I first began advocating awareness and breaking the stigma, casually sharing my personal insights into mental health from a military perspective throughout the Northern Territory and interstate with community groups and organisations, schools, and more closer to my heart, our country's NORFORCE element and recruits in the Army Indigenous Development Program (AIDP).

Most recently as 'the occasional speaker', the importance of mental health advocacy was acknowledged when I was made a 2022 Australia Day Council NT Ambassador, 2022 Australian of the Year Local Hero NT finalist. This followed being nominated

in the 2021 NT Mental Health Week Coalition Awards for 'recognition for significant contribution to the mental health sector'. I believe in some ways that talking about my lived experiences has given me a renewed sense of purpose and meaning in my life.

Today I am involved in other community roles such as the Northern Territory Representative of the Australian Peacekeeper and Peacemaker Veterans' Association (APPVA). I am also a Board Member of Two Two One Mental Health Charity Inc.

I am honoured to share my story with you as the Foreword to the First Nations Development Program Workbook as you start your ADF career. I am extremely excited to know of the financial education and supports that our younger generations have access to through the ADF Financial Services Consumer Centre. You should be very proud of how far you have come to get to this point. I was once where you are now. I wish I'd had this type of support and guidance when I was a young soldier. I made some bad spending and financial decisions that could have been avoided with the support that you now have.

Lastly, my parting message is this. Stand tall, hold your head high and walk with confidence. Believe in yourselves no matter what adversity you are faced with. You are now the example for our younger generations. You are the future elders of your communities and our future veterans of this great country. I admire you for your willingness and strength to join the military. It is by no means, a small decision.

Look after your fellow soldiers. Be courageous when you are called upon and rise up to the challenges. Most of all, look after yourselves and your families.

I thank you for your service.
Yours in Honour.

Paul Walker

Waanyi Descendent
Former Australian Army RASIGS Corps Veteran of Bougainville and East Timor

WHAT DO YOU KNOW ABOUT THE ABORIGINAL MAN ON THE \$50 NOTE?

Do you know who the Aboriginal man on the \$50 note is? What was he known for?



Image: Shutterstock

DAVID UNAIPON (1872-1967)

David Ngunaitponi, known as David Unaipon (1872-1967) was a well-known Ngarrindjeri man from the Point McLeay Mission, now known as Raukkan in the Coorong region of South Australia.

David Unaipon was:

- **an inventor** – he invented at least 19 different things, including a flying machine that used spinning blades based on a boomerang, allowing it to rise straight up into the air, and a modified handpiece for a sheep-shearing machine
- **a writer** – the first Aboriginal author to be published in English. The preface to his manuscript *Legendary Tales of the Australian Aborigines* reads: "As a full-blooded member of my race I think I may claim to be the first — but I hope, not the last — to produce an enduring record of our customs, beliefs and imaginings"
- **a lecturer** – he travelled throughout southern Australia giving lectures on Aboriginal culture and rights in the hope that white Australians would view Aboriginal people as equals.



ACTIVITY

List four features of the Australian \$50 note that relate to David Unaipon

1. _____
2. _____
3. _____
4. _____

YOUR MONEY AND YOU

The way we feel about money is based on things like:

- past experiences
- access to money
- knowledge of financial matters, and
- how confident we are making financial decisions.

Understanding your money story helps highlight your strengths, challenges, and actions you could take to change the way you think and feel about money in the future.

WHAT'S YOUR MONEY STORY?

We learn about money from many different sources, such as our family, school, the media, government, friends, and community. Have a think about:

- Where did you learn about money?
- How do you think and feel about money?
- What does money mean in your family or community?
- Have you had control over your own money?
- Are you in charge of how much money you share with others?
- How do you feel about sharing?

If you don't feel great about money, what would need to change for you to change the way you feel about money?










HOW DO YOU FEEL ABOUT MONEY?



ACTIVITY

How you feel about money

When you think about money, does it make you happy? Or sad? Or maybe you don't think about money at all? Circle the way you have felt about money in the past, how you feel about it now, and how you'd like to feel about money in the future.

	Sad or frustrated	I don't think about it	Happy or confident
How have I felt about money in the past			
How do I feel about money now			
How would I like to feel about money in the future			

In the military, the way you deal with money can affect your security clearance, which can affect whether you stay employed. So it's a good idea to get on top of your money early, not only to help you achieve your financial goals, but to make sure you keep your security clearance if you decide to start a career in the ADF.

HOW DO YOU GET MONEY?

There are many ways to earn money. You can:

- make things to sell, like artwork, furniture, or clothing
- get paid for your time or skills, like an accountant, a mechanic, or a tour guide
- earn money from investments, for example interest or dividends, or
- have a job where an employer pays you a salary or wage.

If you work for the ADF you will be paid a salary and you will learn skills that help you do your job well. Learning new skills can help you earn more money in the future.

An employer must give you a payslip each time you get paid, often provided to you electronically. It shows how much you earned for the pay period, how much tax was withheld, and whether any other deductions were taken out. It will include other details such as how much superannuation your employer will pay, and the bank details of where your money was deposited.



HOW TO READ A PAYSLIP

Your payslip won't be colour-coded. Colours have been added here to help you match the section on the payslip with the descriptions below.

Australian Defence Organisation ABN 68706814312 Firstname Lastname Address City, State, Postcode	Pay Period		:06/01/2022 - 19/01/2022			
	Payment Date		:20/01/2022			
	Pay Centre		:8008			
	Employee ID		:8999999			
	Rank / Name		:PTE REC/Firstname Lastname			
	Unit/Dept/Location		:123456/Sample Unit/Location			
	Skill Grade		:123-4 TYPE REC GD1			
	Service Category		:Service Category 7			
	Service Option		:Not Applicable			
	Job Description		:Recruit Trainee			
	Pay Grade /Incr		:LevelT/R00/1			
	Annual Salary		:\$40,000.00			
	Categorisation		:Without Dependants			
Pay Summary						
	GROSS	TAXABLE	TAXES	DEDUCTIONS	NET PAY	
Current	1530.22	1530.22	158.00	253.87	1118.35	
FYTD	21423.11	21423.11	2212.00	3300.31	15910.80	
Earnings						
Description	Date From	Rate	Units	Current	Prior	Total Earnings
Military Salary		13.66	96.00	1311.62		1311.62
Recreation Leave	18/01/2022	13.66	16.00	218.60		218.60
Total						1530.22
Taxes						
Description		Year To Date	Current	Prior	Total	
Marginal Tax		2212.00	158.00		158.00	
Total					158.00	
Tax Exemption						
Description	Date From	Date To		Current	Prior	Total
Before-Tax Deductions						
Description	Date From	Remaining Balance	Year To Date	Current	Prior	Total
After-Tax Deductions						
Description	Date From	Remaining Balance	Year To Date	Current	Prior	Total
Living In Meal Charges	23/12/2021		2665.00	205.00		205.00
Living In Utilities Charges	23/12/2021		635.31	48.87		48.87
Total						253.87
Employer Super Contributions (Not included in net pay)						
Description	Date From		Year To Date	Current	Prior	Total
ADF Super			3513.55	250.96		250.96
Total						250.96
Absence Balance						
Description						End Balance
Total Recr Leave Entitlement				64.48 Hours (8.06 days)		
Disbursement Details						
Bank	BSB	Account #				Amount
ABC Bank	012-345	12345678				400.00
Total						400.00

***** End Of Payslip *****

Pay period	From payday Thursday (Day 1) to Wednesday (Day 14) before the next payday.
Pay centre	The team or pay centre that administers your pay. You may need this number for payroll forms.
Employee ID	This is your PMKeys number.
Pay summary	A summary for the current pay period and the financial year-to-date (FYTD) of your Gross and Taxable income, Taxes, Deductions, and Net Pay. Gross pay is the amount of money you receive before any taxes and deductions are taken out. Net income is the money you take home after all taxes and contributions have been deducted from your gross salary.
Earnings	A breakdown of salary per hour (Rate), hours worked (Units), gross earnings by category (e.g. military salary, leave, and other allowances), and any amounts relating to previous pay periods (Prior).
Tax	The amount of tax paid in total this financial year (Year-to-Date) and this pay period (Current).
Tax-exempt income	Earnings that you don't have to pay tax on, such as certain income earned overseas.
Before-tax deductions	Deductions taken from gross pay. If you are repaying money by instalments, the amount you still owe (Remaining Balance) is shown, as well as the amount deducted in total this year (Year-To-Date), this pay period (Current), and amounts relating to previous pay periods (Prior).
After-tax deductions	Deductions taken from pay after-tax was taken out. If you are repaying money by instalments, the amount you still owe (Remaining Balance) is shown, as well as the amount deducted in total this year (Year-to-Date), this pay period (Current), and amounts relating to previous pay periods (Prior).
Employer super contributions	Amounts paid into your nominated super fund in total this year (Year-to-Date), this pay period (Current), and amounts relating to previous pay periods (Prior). This is paid in addition to your pay.
Leave balances	Amount of Recreation Leave, War Service Leave, and Long Service Leave available at the end of the pay period.
Bank details	Your bank account details and the amount of net pay deposited into each listed bank account.

PAYING TAX

When you earn money you usually pay tax on it. Tax is collected by the government, and used to pay for services, such as hospitals, schools, roads and railways.

The amount of tax you pay depends on how much money you earn and if you have a tax file number (TFN). If you don't have a TFN, or haven't given your employer your TFN, you may be paying too much tax.

In Australia, we pay income tax on a sliding scale, which means the more money you earn, the more tax you pay.

HOW MUCH TAX WILL YOU PAY?

Resident tax rates 2022–23

Taxable income	Tax on this income
0 – \$18,200	Nil
\$18,201 – \$45,000	19 cents for each \$1 over \$18,200
\$45,001 – \$120,000	\$5,092 plus 32.5 cents for each \$1 over \$45,000
\$120,001 – \$180,000	\$29,467 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45 cents for each \$1 over \$180,000

The tax year, also known as a financial year, starts on 1 July and ends on 30 June each year. If you have earned money during the financial year, you will usually need to submit a tax return. Your tax return needs to be completed by 31 October each year if you are completing it yourself through the myGov portal, my.gov.au.

MyGov is a simple and secure way to access government services online, including the Australian Taxation Office (ATO), Centrelink, Medicare, Child support, and more. Once you have been to the website and registered, you can link your account to any government services that you deal with, so you can do everything in the one place. If you link to the ATO you will also be able to see any super accounts you have.



ACTIVITY

Calculate tax payable

Using the tax table above, calculate how much income tax a person earning \$40,000 a year would pay.

\$18,200 x 0c =

\$21,800 x 19c =

HOW TO PAY LESS TAX

If you have spent money to earn an income, you may be able to claim the expenses, this is known as a tax deduction. Tax deductions reduce your taxable income, which reduces the amount of tax you have to pay.

For example, Recruit Jones earned \$40,000 this year and spent \$500 on compulsory uniforms. He can claim the cost of his uniforms when completing his tax return. The deduction reduces his taxable income to \$39,500, which is the amount he will pay tax on.

The Australian Tax Office (ATO) has income and deductions guides specifically for ADF members. Here are some examples of things an ADF member may be able to claim as a tax deduction:

- Work related travel if you have to travel between base and another work location on the same day
- Home office expenses if you work or do work-related study at home
- Compulsory uniforms, including laundry costs
- Sunglasses (work-related use)
- Phone and internet (work-related use)
- Self-education and study expenses if they relate to your employment.

In order to claim a tax deduction:

- you must have spent the money and not been reimbursed
- the expense must directly relate to earning your income
- you must have a record or receipt to prove it.

TAX HELP

The ATO has a myDeductions app you can use to keep track of expenses throughout the year. Otherwise make sure you keep receipts as proof that you spent the money.

There is also a free Tax Help program of community volunteers that help people earning \$60,000 a year or less to lodge their tax return. The program runs from July to October each year.



WHAT DO YOU SPEND MONEY ON?

The money we earn is limited, however the ways to spend it are endless. How do you decide what to spend your money on? One way to prioritising spending is to think about your needs vs wants.

NEEDS VS WANTS

Needs are things you have to spend money on, like rent, bills, food and transport.

Wants are things you like to spend money on, like entertainment, streaming services, takeaways and non-essential clothing and footwear.

When you receive money, it's important to put money aside for needs, before you start spending on wants. You might also start putting money away for more expensive purchases you want to make in the future, or unexpected expenses.

MONEY AND CULTURE

It feels good to be able to help out family and friends, especially when it is reciprocated, but you need to make sure that when giving money to others you don't leave yourself in financial hardship.

If family members and others are asking for money, have an honest conversation with them and be clear about how much you can afford to share. Set boundaries and manage their expectations so that you are still able to pay your own bills and save for your future. Perhaps you could help others by sharing food or other things instead of money.

Having boundaries and avoiding humbugging, shouting others or giving loans to people, will help you keep control over your money and better plan and manage your future.



ACTIVITY

Needs vs wants

Think about the things you usually spend money on and list them in either the 'Needs' or the 'Wants' column.

Needs	Wants

HAVING A BUDGET

A budget lets you see how much money is coming in (Income) and how much money is going out (Expenses). You can use this information to set realistic financial goals and decide what's most important to you.

To do a budget, list the income you receive from all sources and then deduct your expenses. Expenses can be broken down into financial commitments (bills and expenses you have committed to) and discretionary expenses (nice to have like takeaways, entertainment, and gifts).

It's important to keep money aside for essentials, like rent, food, electricity, transport and phone costs before thinking about discretionary spending.

It's also a good idea to set aside some money for emergencies in case something goes wrong down the track.

You can do a budget on paper, a free budgeting app, or use the budget calculator at adfconsumer.gov.au/budget-calculator/. Think of it as a living document that you can update when your income or expenses change.

CALCULATING FORTNIGHTLY EXPENSES

Weekly expense x 2 = Fortnightly expense

Monthly expense x 12 ÷ 26 = Fortnightly expense

Quarterly expense x 4 ÷ 26 = Fortnightly expense

Annual expense ÷ 26 = Fortnightly expense



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SIMPLE CALCULATOR

Enter income and expenses into the white boxes. Payment frequency is fortnightly.

Type of income		Fortnightly
Income	Salary or wage net (after tax and deductions)	\$
	Bonuses, allowances and pensions (after tax, if applicable)	\$
	Partner salary or wages (after tax)	\$
	Investment income (e.g. interest, dividends or rent)	\$
	Centrelink benefits (e.g. family tax benefits, income support)	\$
	Child support received	\$
TOTAL INCOME		\$

Expenses	Financial commitments		Fortnightly	
	Car loan	\$		
	Personal loans	\$		
	Credit & store cards	\$		
	Buy now pay later	\$		
	SUB TOTAL		\$	
	Household expenses		Fortnightly	
	Rent or mortgage	\$		
	Food & groceries	\$		
	Gas	\$		
	Electricity	\$		
	SUB TOTAL		\$	
	Other regular expenses		Fortnightly	
	Phone/mobile	\$		
	Internet	\$		
	Laundry and dry cleaning	\$		
	Petrol	\$		
	Parking & tolls	\$		
	Vehicle registration	\$		
	Vehicle insurance	\$		
Public transport & airfares	\$			
SUB TOTAL		\$		
Discretionary spending		Fortnightly		
Pay TV & streaming services	\$			
Clothes and shoes	\$			
Restaurants and takeaway	\$			
Alcohol and cigarettes	\$			
SUB TOTAL		\$		
Total expenses		Fortnightly:	\$	
TOTAL INCOME		TOTAL EXPENSES	=	NET RESULT
<div>\$</div>		<div>\$</div>	=	<div>\$</div>

SETTING MONEY GOALS

To be successful in anything, you need to be able to set, commit to, and work towards meaningful goals, and stick to a plan if you want to achieve them.

Think about what money goals you want to achieve over the next:

- 1-2 years (short term)
- 3-6 years (medium term)
- 7+ years (long term).



ACTIVITY

Setting a money goal

Setting a realistic goal doesn't have to be hard. Let's say, for example, you want to buy a boat, and the one you want costs about \$10,000 (\$8,500 for the boat and \$1,500 for registration and insurance). You know you can save \$500 each pay so you can calculate how long it will take to reach your goal:

$\$10,000 \div \$500 = 20$ pays You get paid every 2 weeks, so this is about 9 months.

Write down your own money goal and calculate how long it will take to reach

Goal	Amount	Timeframe	Fortnightly Savings

Writing goals down and working out a savings plan makes it real and helps you stick to it. Saving for large purchases is also cheaper because you won't be paying interest and you can often negotiate a better price for cash.

SEPARATE SAVINGS

After you've set a money goal and worked out how much to save, open separate savings accounts to make tracking your progress easier. When you get access to the pay system, you can automatically split your pay into separate accounts, or you could set up an automatic transfer between accounts after each pay.

SEPARATE YOUR PAY INTO ACCOUNTS FOR:



BILLS

the amount you need to set aside to cover all of your bills and regular expenses.



SPENDING

the limit you have set on your discretionary spending each pay.



SAVINGS

the amount you are setting aside now for larger purchases (goals) in the future.

If you use internet banking, opening a new account can be as easy as clicking a 'new account' button while you're logged in to your bank. You may prefer to go into your bank and ask them about suitable accounts.

Look for accounts that don't charge fees and make sure any conditions, like minimum deposits, are in line with how you want to use the account.

When you open a new account, take down the BSB and account number, so that you can start depositing money into it straight away.

BANK: _____

ACCOUNT NAME: _____

BSB: _____

ACCOUNT NUMBER: _____

ACCESS TO BANK ACCOUNTS

It is generally not a good idea to give anyone else access to your bank accounts, including sharing your card or PIN, and is most likely against the terms and conditions you agreed with your bank.

If someone else can access your account, you lose control over your money and risk not having enough to pay your own bills and expenses.

If you want to help family members, ask for their bank details and transfer money to them from your bank account, so you keep control over your money. If you are feeling pressured to give away more than you can afford to, speak to a financial counsellor for help on managing other people's expectations.

If you don't want someone to have access to your account anymore, change your internet banking password or change the PIN for your bank card. If you are worried about their reaction, another solution could be to open a separate bank account that only you know about, and split your money between accounts.

GETTING A MOBILE PHONE

Tom's mobile phone story

Tom needed a new mobile phone. His old one has a cracked screen and the buttons don't always work.

He really wants a new foldable phone that can do amazing things, but it costs around \$2,500. The local phone dealer tells him he can have it for just \$104 a month if he signs up for a post-paid plan.

Tom thinks, he's working, he can afford it, no worries. Then the dealer tells him the cheapest plan for this phone is \$65 a month, that's a total of \$169 a month for the next 24 months. He's a little worried, but he really wants that phone.

Six months later, the phone is not so new anymore. Tom often has to go without other things, like going out with mates, or helping family out because he never seems to have any money.

Real cost of phone over 24 months = \$4,056

Alina's mobile phone story

Alina is also looking for a new phone, but she's been saving \$100 from each pay to upgrade her old phone and now has \$1,000 she can spend.

She checks out phone deals online and finds a pretty decent refurbished mobile phone for \$900.

Refurbished means it's been used but repaired to make it 'like new'. The phone is last year's model that sold new for \$1,700. It has a couple of tiny scratches but otherwise looks new.

Under Australian law, it comes with a 12-month warranty, so if anything goes wrong in the first year the reseller has to repair or replace it.

Alina finds a cheap service provider that has a pre-paid phone deal for \$10 a month with unlimited talk and text and heaps of data.

This way she can control her costs and if the service isn't good, she can just switch to another provider.

Real cost of phone over 24 months = \$1,140

Mobile data costs can be a big budget killer! Before you sign up to any mobile phone plan make sure you understand the data usage policy and charges.

BUYING A CAR

NATHAN'S CAR STORY

Nathan has saved \$8,000 that he hopes will get him a pretty good second hand car. He knows he will need some of that for comprehensive insurance so he's looking to spend about \$7,000 on a car. He's been looking for months for the right car and finally finds something he really likes.

Nathan's uncle is a mechanic so he takes him to look at the car, to make sure there are no major problems. They take it for a test drive, his uncle checks out the engine, and says it looks good for the price. He also does a REVS check to make sure that car isn't stolen and there is no money owing on it.

Nathan offers the seller \$7,000 in cash and the seller signs the car over to him. He couldn't wait to show his mates his new car but thought he better go home first to organise the insurance.

On the way home he took a corner too fast and accidentally ran into a tree. He was okay but the car had a lot of damage and was not driveable.

This is how Nathan learnt that he should have taken out insurance before he took possession of the car. He now has no money and no car.

When you buy a car, the minute it is signed over to you it becomes your responsibility, so it's better to take the time to get it insured before you drive it anywhere.

CAR BUYING TIPS

As well as the vehicle itself, there are other costs of owning a vehicle, like registration, insurance, repairs and maintenance, and fuel.

Here are some things to think about when buying a used car:

- Buying from a licensed car dealer gives you legal protections you won't get from a private seller
- Look for a car that comes with a warranty so that if something goes wrong during the warranty period it won't cost you to have it fixed
- Get an independent mechanic you trust to do a mechanical inspection on the vehicle before you buy it
- If you do borrow money shop around for a good deal and make sure you can afford the loan repayments and all the other costs of owning a vehicle
- Never be pressured into signing a contract before having the car checked out, or getting legal advice on the contract if there are parts you don't understand.

If you are on a low income, and the car is for essential use, you may be able to borrow up to \$5,000 on a No Interest Loans Scheme (NILS), otherwise it's better to save for a car so you don't have the added cost of interest on a loan.



Image: Defence Image Gallery

CAR INSURANCE

Organise car insurance before you take possession of a car. There are different levels of insurance depending on how much you can afford to lose if something goes wrong.

Insurance protects you from accidents that happen on the road and can also protect you from damage caused by other events like hail or a fallen tree in a storm.

With the exception of CTP insurance (see below), insurance is a choice, but it's smart to get the facts and consider your choices before you commit to a car.

- **Compulsory third party (CTP) insurance** covers death and injury to people if you are involved in an accident. Each state and territory has different rules relating to this type of cover, which you'll find on your state or territory's roads and transport website. You are required by law to have CTP insurance.
- **Third party property insurance** only covers damage to other people's property. It doesn't cover your vehicle at all, unless the policy includes an 'uninsured motorist extension' that covers you if your car is damaged in accident where you're not at fault.
- **Third party, fire and theft insurance** covers you for damage to other people's property, and provides limited cover for your car as a result of fire or theft.
- **Comprehensive insurance** covers you for loss or damage to your car as well as damage to other people's property if your car is in an accident. This usually covers you the most but costs the most.

When choosing an appropriate level of insurance, ask yourself:

- Can I afford to repair or replace the vehicle if I get into an accident?
- If I'm at fault, can I afford the cost of damage to other vehicles or property?
- How will I get around if my car is stolen or written off?
- If my vehicle is financed, is comprehensive insurance a condition of the loan?
- If I can't afford the insurance, can I really afford the vehicle?



ACTIVITY

Cost of owning a vehicle

When you buy a car, think about the ongoing costs of owning the vehicle, not just the up-front cost. Costs like rego, insurance, petrol and maintenance can put a dent in your budget.

Use the following list to estimate up-front and ongoing costs of buying a car. Work out how much you will need to set aside each pay for ongoing costs.

Up-front costs

Cost of the vehicle _____

Vehicle inspection _____

Car history report (REVS check) _____

TOTAL up-front costs _____

Ongoing costs (per fortnight)

Car registration & CTP greenslip _____

Comprehensive insurance _____

Petrol _____

Servicing and repairs _____

Parking & tolls _____

Other costs _____

TOTAL ongoing costs _____

SOLVING MONEY PROBLEMS

Anyone can have money problems from time to time. There's nothing to be ashamed of, you just need to know how to fix the problem.

KNOW WHAT DEBTS YOU HAVE

To get on top of debts, it can be helpful to make a list noting down:

- who you owe the money to
- how much is owing
- what interest rate is being charged on the outstanding balance
- what the minimum repayments are

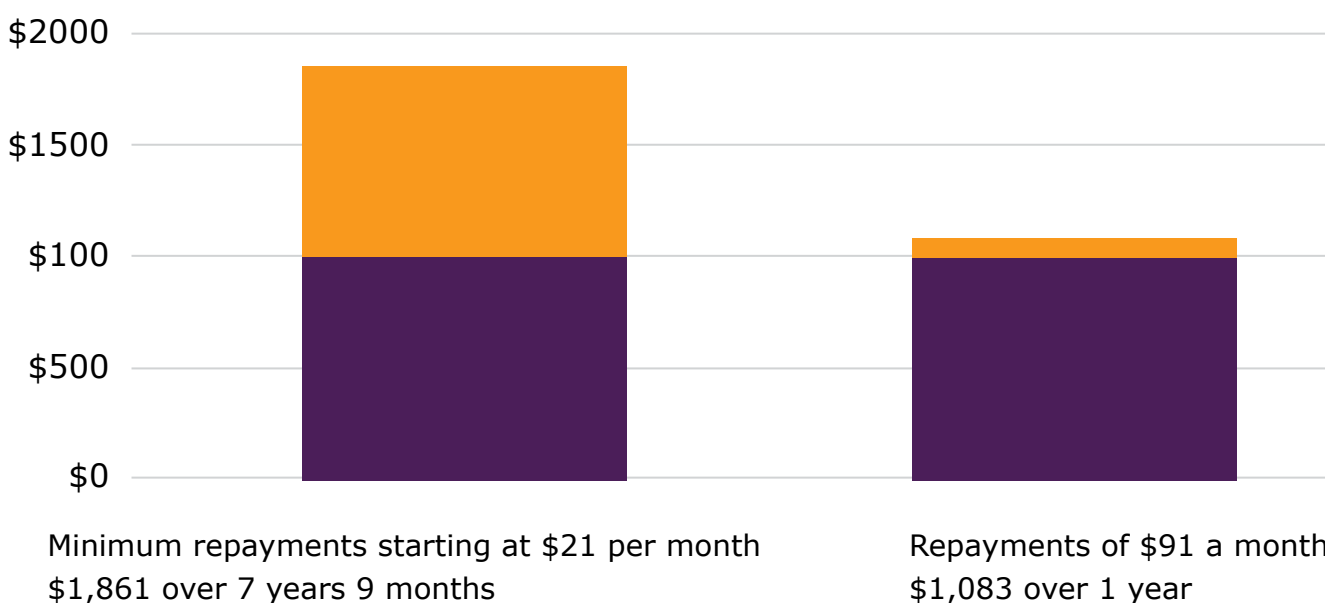
A list gives you a clear picture of what you owe and can help you decide which debts you should focus on paying off first. If you are having trouble paying a bill or debt, contact the creditor and try to come to a payment arrangement that you can afford.

If you owe money to someone and are having trouble sorting it out, the ADF Consumer Centre can put you in touch with a free financial counsellor who can help you fix the problem, or you can call the National Debt Helpline on 1800 007 007 to have a confidential conversation with someone who can help.

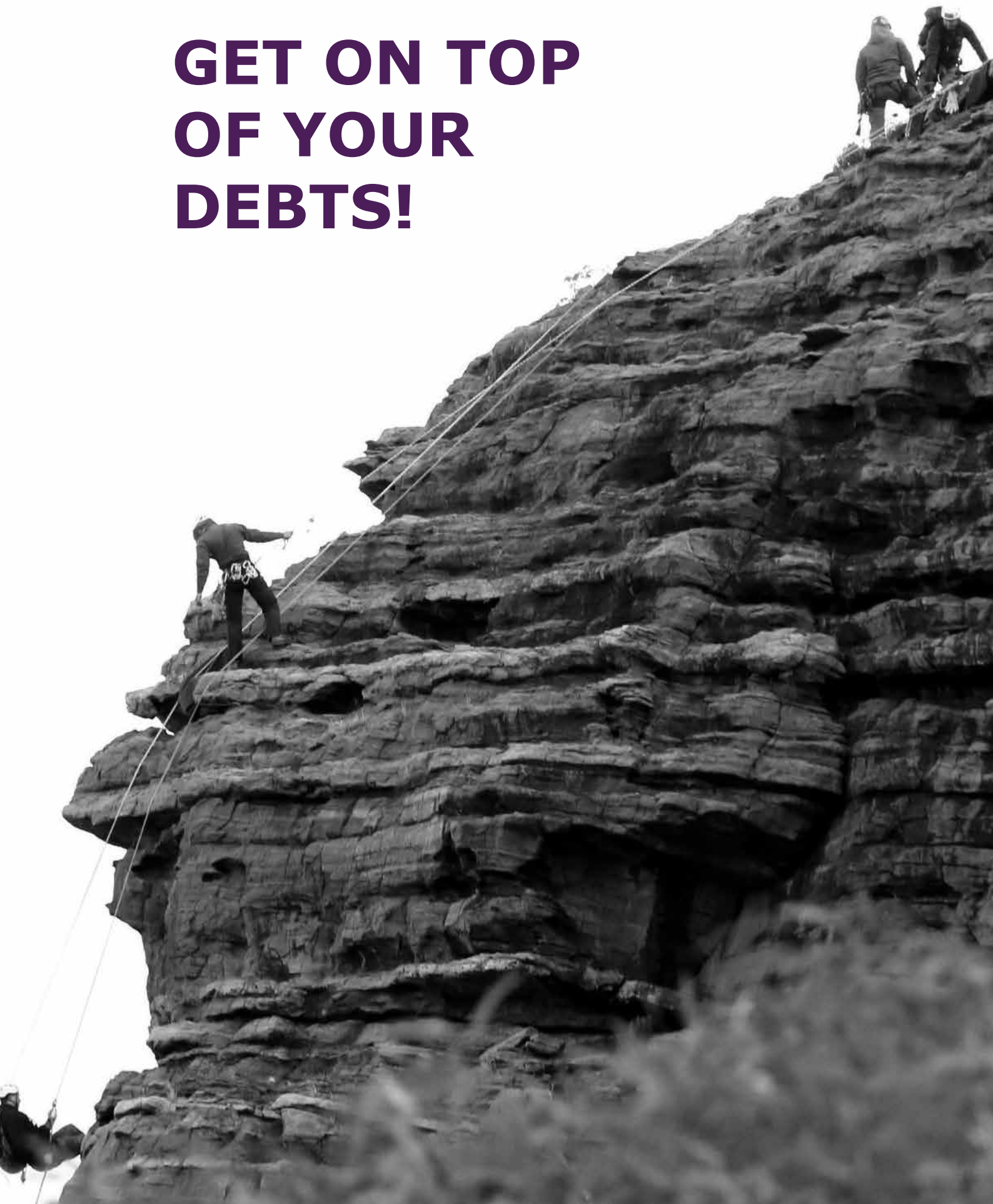
INTEREST ON DEBT

Interest compounds on debt exactly the same way it compounds on your savings except the amount of money you owe is growing. If you only make the minimum repayments, it will take much longer to repay and you'll pay a lot more interest.

For example, if you borrowed \$1,000 at 18% interest and only made the minimum repayments each month, you would end up paying back nearly double.



GET ON TOP OF YOUR DEBTS!



DEBIT CARDS VS CREDIT CARDS

Debit cards and credit cards often look the same and have similar features; both cards usually have a Visa or Mastercard logo, and both can be swiped, tapped, or entered online to pay for things. But they are very different, let's take a look:

Debit cards	Credit cards
Buy things with your own money	Buy things with the bank's money, which you have to pay back
Most accounts have no cost	Some cards have annual and/or monthly fees
May receive interest on savings	You will pay interest if balance not repaid in full each month, and may pay interest on purchases from day one
You can only spend the money you have in your bank account	You can spend up to the credit card limit
No effect on credit history	Helps build a credit history

You are much less likely to get into trouble with a debit card, so stay in control of your cash and give the credit card a miss.

BUY-NOW-PAY-LATER

- Buy-now-pay-later (BNPL) schemes like Afterpay, Zip, Klarna, Splitit, Openpay, Humme, Payright, PayItLater and Brighte, allow you to pay for purchases over time
- They may not charge interest but they do charge fees if you are late with a payment, you could say they count on you being late and paying fees
- A large number of BNPL users have paid at least one missed payment fee, and many went without necessities, like food, to make BNPL repayments
- BNPL encourages you to spend more than if you were paying with cash
- Many schemes allow you to tap-and-go purchases just like a credit card, which could get you in a lot of debt very quickly and take a long time to pay back.

Don't give away your hard-earned money to these companies. If you do use a BNPL scheme, stick to one purchase at a time and make sure you can afford the repayments.

RENT-TO-BUY

This arrangement lets you rent something like a laptop, TV or fridge for a period of time, for example three years, and purchase the item for an agreed amount at the end of that period. You do not own the item until you've made all your payments.

These arrangements can end up costing at least three times what it would cost to buy the item up front, sometimes more. If you miss a payment the company can repossess the item but you will still be liable for the payments and penalty fees, or you may have to pay a termination fee to end the contract.

If the item is not essential, it's better to save up for it. If it is an essential item like a fridge or washing machine, see if you are eligible for a No Interest Loan (NILS).

CHRISTMAS HAMPERS

Signing up for a Christmas hamper might seem like a good way to afford all the things you want during the festive season, but are they value for money?

Hampers can be a lot more expensive than buying the items individually, you may not get exactly what you want, so you will be paying for some things you may not use.

A better way to save for Christmas would be to open a separate savings account and deposit a set amount into the account each pay. This way you will earn interest throughout the year and be able to buy exactly what you want at Christmas time, and take advantage of specials at different shops.

PAYING FOR FUNERALS

Sorry business can be very hard to talk about but talking through future responsibilities with family and having a savings plan for this purpose may ease financial stress at this time.

Funerals can be expensive, but there is help available to cover the costs.

If you've lost a partner who was receiving a Centrelink benefit, you may be able to get a **bereavement payment**, contact **Services Australia** on **1800 136 380**. Former members of the Australian Defence Force may be able to get help from the **Department of Veterans' Affairs**, contact them on **1300 551 918** and ask to speak with an Indigenous Veterans' Liaison Officer.

Other organisations in each state and territory, such as local land councils and Aboriginal or Torres Strait Islander Corporations, can help with the cost of a funeral. Some of these organisations are listed on Moneysmart's 'paying for funerals' webpage, moneysmart.gov.au/indigenous/paying-for-funerals.

GETTING HELP

If you do find yourself with money problems you don't know how to fix, don't ignore them, it will only make things worse. Here are a few options:

- Read the 'Problems with debt' Money Guide at adfconsumer.gov.au/your-money-guides/problems-with-debt/
- Call the National Debt Helpline on 1800 007 007
- Ask the ADF Consumer Centre to put you in touch with a free financial counsellor.



Image: Defence Image Gallery

YOU CAN CHANGE YOUR MONEY STORY

Congratulations on reaching the end of this workbook. Here's a quick recap on what you've learned.

1. You can change the way you feel about money by becoming better at managing it
2. You know how money is earned and taxed, and how to reduce the tax you pay
3. There is a difference between needs and wants
4. It's important to have a budget and set financial goals
5. It's a good idea to pay your own bills and expenses first before helping family or spending on things you don't really need
6. It can be easier to achieve money goals by keeping savings in a separate bank account
7. It's not a good idea to share your ATM card, PIN or financial information with others
8. You know how to solve common money problems
9. You know where to get help with money if you need it
10. The ADF Financial Services Consumer Centre is a free education service that helps ADF members and their families better manage their money.

HELPFUL RESOURCES

ADF Consumer Centre adfconsumer.gov.au

- Saving and goal setting adfconsumer.gov.au/your-money-guides/saving/
- Budgeting adfconsumer.gov.au/your-money-guides/budgeting/
- Budget calculator adfconsumer.gov.au/budget-calculator/
- Problems with debt adfconsumer.gov.au/your-money-guides/problems-with-debt/

Australian Taxation Office (ATO) www.ato.gov.au

- Individual income tax rates www.ato.gov.au/Rates/Individual-income-tax-rates/
- Work-related deductions guide for ADF members www.ato.gov.au/Individuals/Income-and-deductions/In-detail/Occupation-and-industry-specific-guides/Australian-Defence-Force-members---income-and-work-related-deductions/?anchor=Deductions#Deductions
- ATO myDeductions app www.ato.gov.au/General/Online-services/ATO-app/myDeductions/?=Redirected_URL
- Complete you tax return online my.gov.au
- Tax Help program www.ato.gov.au/Individuals/Your-tax-return/Help-and-support-to-lodge-your-tax-return/Tax-Help-program/

Moneysmart moneysmart.gov.au

- Indigenous resources moneysmart.gov.au/indigenous
- Dealing with family pressure about money moneysmart.gov.au/indigenous/dealing-with-family-pressure-about-money
- Paying for funerals moneysmart.gov.au/indigenous/paying-for-funerals
- Buying a hamper moneysmart.gov.au/indigenous/buying-a-hamper
- Unclaimed money moneysmart.gov.au/find-unclaimed-money

No Interest Loans (NILs) goodshep.org.au/services/loans-and-insurance/

National Debt Helpline ndh.org.au

Services Australia Financial Information Service (FIS)

www.servicesaustralia.gov.au/financial-information-service

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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ADF FINANCIAL SERVICES CONSUMER CENTRE



Helping members and their families
through independent financial education

adfconsumer.gov.au

adf.consumercentre@defence.gov.au

