



ADF FINANCIAL SERVICES CONSUMER CENTRE

By Defence. For Defence.



FINANCIAL FITNESS WORKBOOK

TABLE OF CONTENTS

1

ABOUT THIS WORKBOOK

PG 2: Using the workbook

PG 2: Your learning outcomes

PG 3: ADF Financial Services Consumer Centre

2

NOW AND THE FUTURE

PG 3: Check your financial wellness

PG 4: How does life affect your money situation?

PG 6: Life map

PG 9: Set financial goals

PG 10: Saving plan made simple

PG 12: Save using superannuation

PG 14: Use your goals to budget

3

TOOLS FOR FINANCIAL FITNESS

PG 19: Understand credit

PG 22: Know the rules about debt

PG 23: Causes of financial trouble

PG 24: Financial advice and financial counselling

PG 25: Insurance

PG 26: Wills and Power of Attorney

4

FINANCIAL PRINCIPLES

PG 28: Key messages for financial success

PG 29: Conclusion

ABOUT THIS WORKBOOK

Using this workbook will help you lay the foundation for good money management and great financial habits.

This workbook can be used alone for self-directed learning or in conjunction with a personal finance brief, video presentation or the online resources available at adfconsumer.gov.au

USING THIS WORKBOOK

- Read the information in each section
- Undertake suggested activities
- Write notes about things you want to remember or do
- Keep the workbook to come back to any time as a resource

YOUR LEARNING OUTCOMES

You will learn about and consolidate your knowledge about

- The ADF Financial Services Consumer Centre; what it does; benefits
- Financial wellbeing (financial wellness quiz)
- What's happening in your life and how this is linked to your money situation
- Now and the future - thinking about life goals and finances
- How to find balance in your life by setting financial goals
- Using your goals to budget
- Use a savings plan approach
- Using super to save
- Types of credit
- Credit reporting
- Things that cause financial trouble
- Debt and rules about debt
- Financial advice and financial counselling
- Insurance
- Your Will in the face of change
- How to get to financial success
- Where to get more information

Scan here for a full list of all the websites and references mentioned in this workbook.



Helpful Links

ADF FINANCIAL SERVICES CONSUMER CENTRE

The ADF Financial Services Consumer Centre (the Centre) focuses on impartial financial and consumer education for ADF members and their families, maximising opportunities provided by Defence as an employer, striving for the best financial wellbeing for everyone.

We are By Defence, For Defence.

The Centre:

- Provides financial education for ADF members
- Provides advice to the Chief of the Defence Force and Service Chiefs about financial education related policy and personal financial and consumer issues that may impact Defence members and their families
- Builds and maintains relationships with relevant internal and external stakeholders

The Centre has a publicly available website adfconsumer.gov.au containing information designed to build financial capability.

Members can also contact the Centre through the website or via email to have a specific question answered, or we can refer them to other appropriate resources.

The Centre provides impartial financial education and does not provide financial advice. This education is about providing you with financial information that can assist you to make good financial decisions; the Centre is focused on financial wellbeing. It's about giving you enough information to research to make the best decisions for you and your family.

TIP

Financial advisers must be licenced to provide financial advice.

NOW AND THE FUTURE

CHECK YOUR FINANCIAL WELLNESS

Use this opportunity to do our wellness quiz. It's quick and only takes 5 minutes to complete. At the end you will get some feedback about key things you might need to think about to ensure you're in the best position possible.



NOTES

Write below any things you need to think about after completing the quiz.

HOW DOES YOUR LIFE AFFECT YOUR MONEY SITUATION?

It's important to identify what is happening in your life to make sure you meet your financial needs. The things that are happening right now might include things like:

- Being behind on bills
- Changing job (voluntary or involuntary)
- Losing income and unsure of entitlements
- Having health issues that are unresolved which are affecting your ability to work
- Having to make change and not sure what is ahead for you
- Relationship challenges
- Anything that affects you as things change

There are many different aspects of life that can affect your personal and money choices.

An important thing to think about is how you feel emotionally about any changes and whether this impacts on the way that you use your money or make financial decisions. This is an important question since sometimes we use retail therapy to feel better or we might use money in ways that we normally would not.

Take a moment to think about the impact of your money situation on your life. Write down anything that comes to mind.

Are there financial things you want to know more about? Write anything you want to ask about. Let us know if we don't answer your questions by the end of the session. If you are not at a session, you can contact us to ask a question by going to our website adfconsumer.gov.au or scanning the QR code.





LIFE MAP

You're attending a session and learning a bit more about finances because life is changing all the time, and it's good to review where you're at.

You may be leaving the ADF or changing your role (different SERCAT), which may or may not be your own choice. You may have a firm plan for the change, like dates etc. Or not. In every situation there are factors that have brought you here and will drive decisions that you make, including money decisions.

We'd like to assist you to think about ways of making the most of your opportunities and making the best decisions for you (and your family).

A great way to think about your money situation is to think about your overall life situation first, and work out what is generally important to you, what your life goals are, and how your money situation is tied up with that.

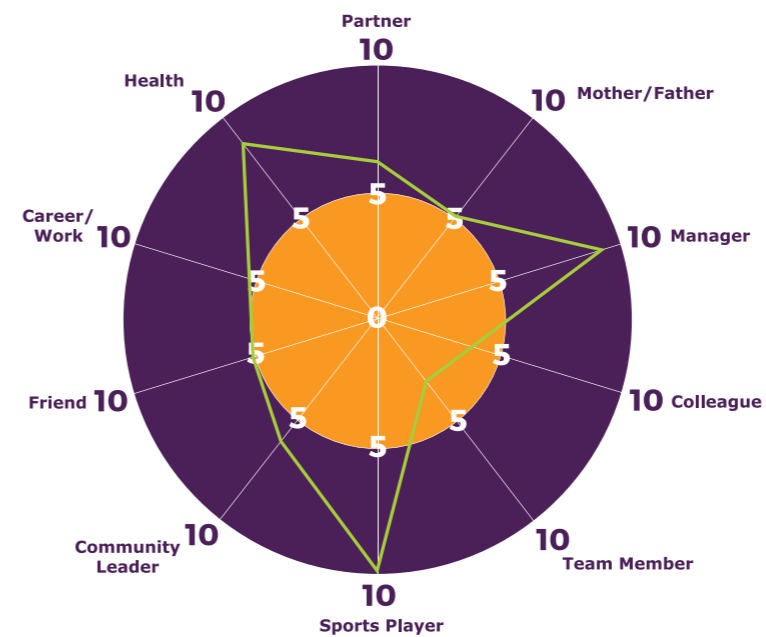
Getting a "helicopter view" of your life can make things stand out and help you think of ways in which you can get some balance.

The following activity takes you on a small journey to think this through.

The life map (also known as Wheel of Life^{® 1}) is commonly used by professional life coaches, to help you consider each area of your life in turn and assess what's off balance. It helps you identify areas that need more attention.

SAMPLE LIFE MAP

Below is a sample of a life map. See how some areas are more important than others and how this could affect the person's financial situation.



TIP

A balanced life does not mean getting 5 in every life area. It's natural that some areas need more attention and focus than others at any time and that's ok.

Sometimes things change and it's worth doing this again to work out your financial priorities.

Peaks might change at various times of your life.

It's about your life picture.

¹Wheel of Life is a trademark of the Meyer Resource Group

DRAW YOUR LIFE MAP

The best way to create your own life map is to follow this process and use the template provided:

1. Choose eight (8) dimensions of your life that are important for you. These could be related to:
 - a) The roles you play in life, for example: husband/wife, father/mother, manager, colleague, team member, sports player, community leader, or friend
 - b) Areas of life that are important to you, for example: sport, artistic expression, positive attitude, career, education, family, friends, financial freedom, physical challenge, pleasure, or public service
2. Write them around the life map diagram below
3. Choose your own combination of these that reflect the things that are your priorities in life
4. Rate each area of your life in terms of how much importance you place on it with 0 being nothing and 10 being everything
5. Mark the score for each area you have added to your map
6. Join the dots

You will see that there are some things that rate highly and some that do not. Think about why and whether anything needs to be balanced up a little, and whether the lack of balance relates to money and/or whether money can assist some areas to achieve more balance. This will give you a clue to potential goals.

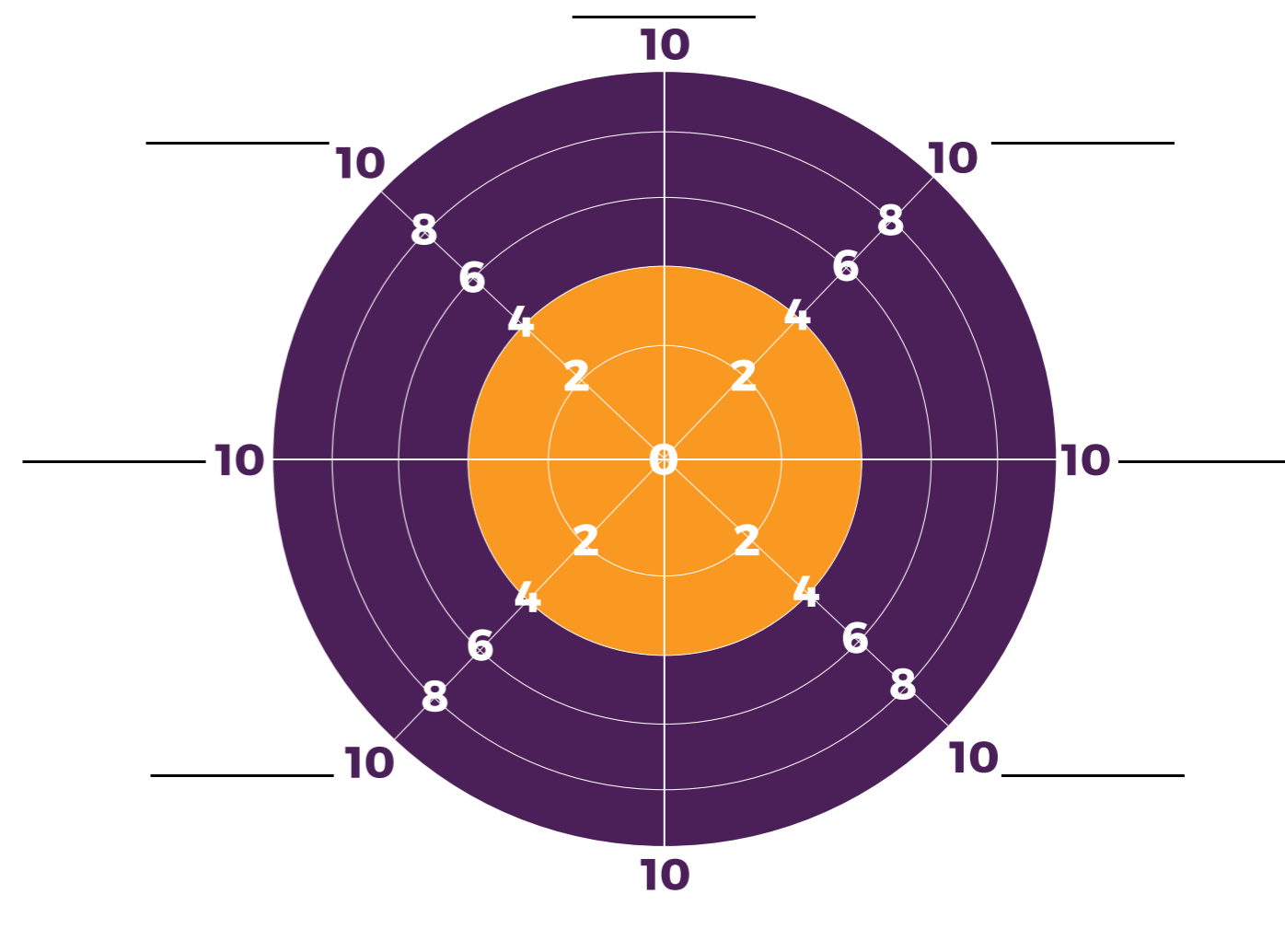
NOTES

When you've drawn your map, ask yourself the following questions:

- Is there balance?
- Is there anything that stands out?
- How does my map speak to my financial needs and wants?
- What do I need to get balance?
- What do I want to get balance?
- How much will it cost and how long will it take for me to save?

TIP

There are no right or wrong answers to this, it's about you exploring your life and using the resources available to you to make the most of things for a good future.



SET FINANCIAL GOALS – BALANCE YOUR LIFE

So, let's work out how to link your life goals to your financial goals.

Think about how your needs and wants line up with the key areas you have identified on your life map and what sort of money is involved.

There are no right or wrong answers; it's about you exploring your life and using the resources available to you to make the most of things for a good future.

Start thinking about short-term, medium-term and long-term goals and work out the most important things to fit in with your life map.

TIP

Work with your partner/family

- Talk to them about what you want out of life and how this relates to money, decision-making and finances
- Find out your common goals
- Understand and agree on individual goals and ways of working towards them






SAVING PLAN MADE SIMPLE

Are we there yet? It's important to work out how long it will take you to save for one of your goals. Some may take a long time (e.g. deposit for a house) and others may be more easily achievable.

That's why it's important to have some short-term and medium-term goals first. It helps you to prove to yourself that you can do it!

It may be that in your situation you can't set specific goals, but you could consider setting a goal to save a 3 or 6 month financial buffer while your transition takes place.

Here is an example of what you would need to save each fortnight to achieve the goal:

GOAL	AMOUNT	TIMEFRAME	FORTNIGHTLY SAVINGS NEEDED
Emergency fund 	\$5,000	3 months	\$740.75
Replace car 	\$30,000	2 years	\$474
Holiday 	\$2,000	4 months	\$250

The MoneySmart website has a great savings and savings-goals app that can help you work out how much to save each fortnight and how long it will take you to save.

The ADF Financial Services Consumer Centre's budget calculator lets you build savings for your goals into your budget.



TIP

Go to moneysmart.gov.au/saving/savings-goals-calculator to work out how to set up your savings plan and complete a table of your own. You can use the template below if that makes it easier.

Write down some of your goals and work out what you need to save. Think about your life map, your priorities, your needs and wants.

GOAL	AMOUNT	TIMEFRAME	FORTNIGHTLY SAVINGS NEEDED

SAVE USING SUPERANNUATION

TIP

Superannuation could be the most valuable asset you will have in your life. It's worth looking after and maximising your opportunities!

If you're working, your employer is required by legislation to pay superannuation (super). You cannot touch it until you reach 'preservation age' unless you meet specific and regulated criteria.

Defined benefit funds e.g. MSBS and DFRDB have different rules. To find out about what you can and can't do, contact csc.gov.au

People who have joined the ADF since 2016 have been able to choose their own super fund or use the default ADF Super fund. Commercial super funds give you the opportunity to choose how your money is invested. You can add money to your fund to build savings for your retirement.

Saving using super is a great way to build a substantial asset. You may make pre and post tax contributions on top of what your employer contributes. The nature of compounding interest (interest on interest) means the fund grows rapidly over time.

You can use your super to save towards a deposit for your first home. There are caps on the amount you can save, and tax is payable – your super fund can give you the most relevant information about this scheme.

TIP

- Know the details of your super fund and check your annual statement
- Get information about ADF Super and ADF Cover at csc.gov.au
- Go to adfconsumer.gov.au/superannuation or ato.gov.au/Individuals/Super/Choosing-a-super-fund to find out about Super and compare funds if moving to a civilian fund
- Check insurances related to your Super
- Access the First Home Super Saver Scheme to save for your first home ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/withdrawing-and-using-your-super/early-access-to-super/first-home-super-saver-scheme
- Check out the types of investment your fund is using
- Check with your fund and nominate a beneficiary if possible



USE YOUR GOALS TO BUDGET

Refer to your life map and in keeping with your life plan, try and think about setting some realistic financial goals. Even setting ONE goal is a way to start.

If you have access to your device, open up the Budget Calculator so that you can see how this works and have a go or you can use the paper version in this workbook.

TIP

To find the budget calculator, go to adfconsumer.gov.au/budget-calculator or use the QR code.



BUDGET CALCULATOR

Use this budget template to better understand your income and expenses to develop a money plan to meet your financial goals. Use the formula below and the notes section to help you calculate your payments into fortnightly amounts to coincide with your pay cycle.

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

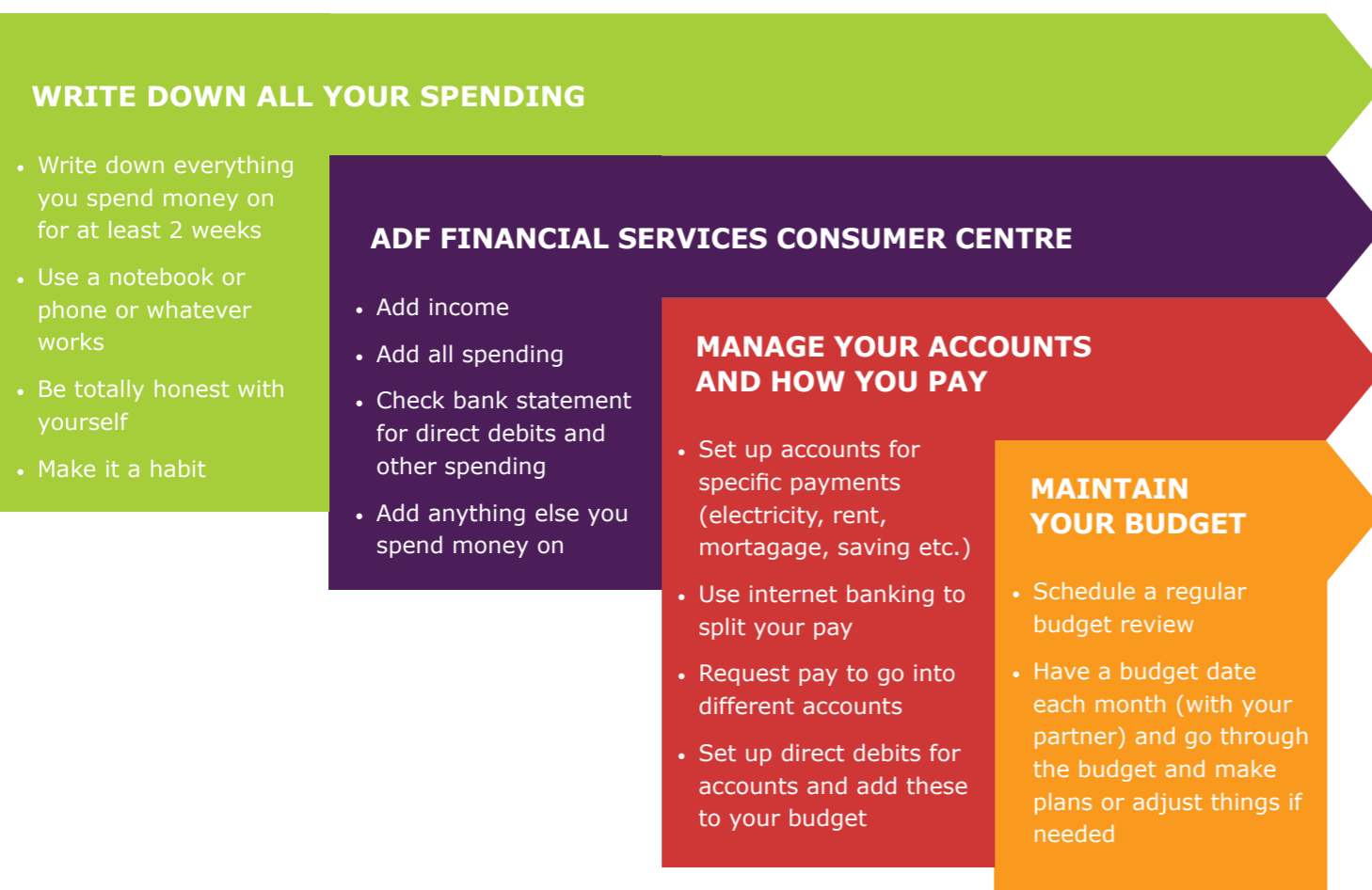
Enter income and expenses into the white boxes. Payment frequency is fortnightly.

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, rent)	\$
	Centrelink benefits (e.g. family tax benefits, income support)	\$
	Child support received	\$
	TOTAL INCOME	\$
Financial commitments		Fortnightly
Expenses	Car loan	\$
	Personal loans	\$
	Credit and store cards	\$
	Buy-now-pay-later	\$
	SUB TOTAL	\$
Household expenses		Fortnightly
Expenses	Rent or mortgage	\$
	Food and groceries	\$
	Gas	\$
	Electricity	\$
	SUB TOTAL	\$

Other regular expenses		Fortnightly
Expenses	Phone/mobile	\$
	Internet	\$
	Laundry and dry cleaning	\$
	Petrol	\$
	Parking and tolls	\$
	Vehicle registration	\$
	Vehicle insurance	\$
	Public transport	\$
	SUB TOTAL	\$
	Discretionary spending	
Expenses	Pay TV and streaming services	\$
	Clothes and shoes	\$
	Restaurants and takeaway	\$
	Other	\$
SUB TOTAL	\$	
Total expenses		Fortnightly: \$
Total	TOTAL INCOME	TOTAL EXPENSES = NET RESULT
	\$	\$
	\$	\$

NOTES

WORKFLOW FOR CREATING AND MANAGING A BUDGET



GETTING STARTED ON A BUDGET

An accurate budget is key to financial success. The emphasis is on 'accurate'! It's no good doing a budget before you work out what you are spending and what sort of regular or irregular payments you have to meet. Most people think they know this without really thinking about it, but often things are forgotten, and people get caught short.

Don't make your budget too tight or you won't stick to it. Find a balance between enjoying life now (short-term goals) and saving for the future (medium to longer-term goals).

TIP

- Write down everything you spend for 2-4 weeks and use your bank statement to check your spending (it will include fees etc. which are often forgotten)
- Go to the budget calculator at [adfconsumer.gov.au/budget-calculator](https://www.adfconsumer.gov.au/budget-calculator)
- Download the excel spreadsheet, use it live online or use this workbook to record your spending
- Copy all of your spending into the budget calculator
- Check that you have added any annual or irregular bills
- Make sure that you have entered the correct time period for the spending e.g., fortnightly, monthly etc.
- Make savings a part of your budget
- Adjust your spending where you need to
- Split your pay into different accounts and have separate accounts e.g., working account, bills account, rent account etc.
- Pay on time every time by automating bill payments. This helps improve your credit rating and reduces late fees



TOOLS FOR FINANCIAL FITNESS

UNDERSTAND CREDIT

Understanding credit helps you to make better decisions about the type of credit you might use and helps you stay out of financial trouble.

When your income situation changes, it's easy to start using more credit and sometimes financial habits change as a result.

- **Secured credit** – secured to property like a car, house, land etc
- **Unsecured credit**
 - always much higher cost and more risk – you can lose property because of debt collection
 - more expensive than secured credit (i.e. it has higher interest rates)
 - credit cards and Buy-Now-Pay-Later (BNPL) schemes are unsecured high-cost credit products. The interest is often compounding (interest on interest). It can take you as much as 10 years to pay off a credit card with an initial balance of \$1000 if only paying the minimum payment
- **Comparison rates** are the best way to compare cost of credit because they include interest, fees and charges

TIP

Credit means that you are using someone else's money; it always costs to use someone else's money.

TIP

Car yard finance is secured to the car you purchase from that car yard, but if you borrow money from the bank to buy a car, it's generally not secured in the same way.

Buying goods like furniture on delayed payment arrangements seems like a good idea, however, you will be signed up to a credit card where interest is withheld, but you make monthly (minimum) payments if you are late with the final payment, interest is calculated from the day you bought the furniture and can often double the price.

CREDIT REPORTING

Your credit report is a comprehensive report of your credit history, it rates you on your use of credit by keeping information about all activities related to credit. People with a better credit rating will often be able to negotiate better interest rates.

Credit reporting agencies use the information to:

- Give you a credit rating or score
- Decide whether to lend you money
- Decide how much they are prepared to lend you, and even
- What interest rate to charge you

CREDIT SCORE

A credit score is a number, usually between 0 and 1000 (sometimes 1200) depending on the credit reporting agency.

Some credit agencies give a score based on the use of credit, repayment history etc.

Not all credit reporting agencies give a credit score but may give you a credit rating such as 'low', 'fair', 'good', 'very good' or 'excellent'.

Lenders use your credit score (credit rating) to decide what sort of risk you pose to the lender if they lend you money.

Knowing what your credit rating (or score) is, can assist you to negotiate better deals or understand why a lender rejected you.

A low credit score (rating) means credit is likely to cost more and may prevent you from having access to affordable credit or getting access to any credit.

TIP

You can find out more information about credit scores and how this works by going to moneysmart.gov.au/managing-debt/credit-scores-and-credit-reports or creditsmart.org.au/know-your-credit-score

GETTING YOUR CREDIT REPORT

Credit reporting agencies host information about debtors (anyone that borrows money and uses credit) and sells that information to creditors.

You can get your credit report for free at least once every 3 months from one of the credit reporting agencies listed below:

- Experian **1300 783 684** experian.com.au
- illion **132 333** creditcheck.illion.com.au
- Equifax **138332** equifax.com.au

It can take up to 10 days to get your credit report.

Sometimes there are differences between your credit report from one agency to the other, so it's worth checking with each one to make sure that each report is correct and consistent with your understanding of your financial situation.

TIP

Read more about credit reporting agencies here moneysmart.gov.au/managing-debt/credit-scores-and-credit-reports

WHAT'S ON YOUR CREDIT REPORT

- Information about every credit product you have held during the last 2 years
- Every application for credit (including any that are declined)
- How you paid for the credit (e.g., on time, late, default etc.)
- Information about how you have paid for any credit you have held over the past 2 years
- Any late payment
- Default (non-payment)

Financial hardship applications are noted on your credit report (since July 2022). However, creditors (lenders) are not allowed to use this information to discriminate against you when you apply for credit.

SHOULD I GET MY CREDIT REPORT?

It's worth getting your credit report to understand your financial habits like use of credit and to ensure nobody has applied for credit in your name.

If you are being pursued for debt or concerned about your debt, the best thing to do is to discuss your situation with a free financial counsellor first.

TIP

If you are being pursued for debt, or late with payments, see a free financial counsellor before applying for your credit file - call **1800 007 007**.

Creditors pay for access to debtor information and will be able to see where you live and your contact details. Sometimes it escalates debt collection or repossession of goods.



KNOW THE RULES ABOUT DEBT

Some debt is ok e.g. borrowing money to purchase a home. You may also have a credit contract for electricity, gas, phone etc. Managing your use of credit, paying on time and planning how to repay any debt sets you up for financial fitness.

It's easy to get into debt when times change and money is short, and even when you are not well and spending when you want to feels tempting.

TIP

- Debt is legally enforceable; items can be repossessed or sold to recover debt
- Legal action can be taken
- Creditors have rights – always negotiate with them at the first sign of financial trouble
- If you agree to be a guarantor for a loan for another person, you may be liable for the entire debt
- Legal Debt Agreements are an act of bankruptcy
- Some debt consolidation loans are Debt Agreements – read the fine print

If you have debt that you are struggling to manage, a free financial counsellor can assist you to work out the next steps, help you advocate to creditors and negotiate better outcomes on your behalf if needed. See tips below.

TIP

Write down any debt you need to follow up, then talk to the creditor to work out a plan to pay.

- Have a plan to repay debt (bills)
- Make sure the plan is affordable (check what you can afford beforehand)
- Stick to the agreement you have arranged with the creditor
- Add debt payments to your budget

If you don't know what to do, contact a financial counsellor by calling the National Debt helpline on **1800 007 007**.

Find a free financial counsellor near you by going to

 moneysmart.gov.au/managing-debt/financial-counselling

THINGS THAT CAUSE FINANCIAL TROUBLE

The things below are well known to cause financial trouble but they can be avoided with some planning.

- **Making late payments on any kind of credit**
Attracts fees and charges and starts to escalate debt.
- **Investing in things you don't understand**
Always understand the product in which you want to invest, including fees and charges to manage the investment, and recognise the difference between investing and speculating / gambling.
- **Using Buy-Now-Pay-Later schemes (BNPL)**
BNPL companies count on you overspending, being late with payments and then paying extra fees. It's how they make a profit.
- **Getting scammed**
Scammers target people of all backgrounds, ages and income levels across Australia so don't think it couldn't happen to you. Go to [scamwatch.gov.au](https://www.scamwatch.gov.au) and find out about popular scams and how they target their victims. If you know what to look out for, you'll be less likely to get caught out.
- **Stolen identity**
Identity theft is becoming more common and can be often associated with scams. If you think your identity has been used by someone else to obtain credit or sign contracts, contact [idcare.org](https://www.idcare.org).
- **Not submitting your tax return or submitting late without a tax agent**
Late or unsubmitted tax returns can attract penalties and increase money you owe to the ATO. The ATO pursues debt and adds interest along the way. Talk to the ATO if you have any debt and make affordable payment arrangements.

TIP

- Make payments on time every time
- Don't invest in things you don't understand or cannot afford
- Try not to use BNPL
- Look out for scams
- Submit your tax return before October 31 each year

FINANCIAL ADVICE AND FINANCIAL COUNSELLING

The terms **financial adviser** and **financial counsellor** are often confused. That's understandable because they are so similar, but they are a world apart.

Financial advisers (aka **financial planner**) are licensed to offer 'personal financial advice' under an Australian Financial Services Licence (AFSL) issued by the Australian Securities and Investments Commission. 'Financial advisers' charge fees in various ways and you need to understand how they do this and how much is charged.

Financial counsellors are qualified professionals who work with clients to assess their financial situation and offer options, advice and strategies to people facing serious financial difficulties. Financial counsellors have an exemption from holding an AFSL. Their services are free.

TIP

Read our information and watch a short video about financial advice Getting Financial Advice [adfconsumer.gov.au/getting-financial-advice](https://www.adfconsumer.gov.au/getting-financial-advice)

Find a financial adviser through the ADF Financial Advice Referral Program and get financial investment advice and other financial advice about assets and retirement planning [adfconsumer.gov.au/find-a-financial-adviser](https://www.adfconsumer.gov.au/find-a-financial-adviser)

If you are in financial difficulty, you can find a financial counsellor by going to [ndh.org.au](https://www.ndh.org.au) or phoning them on **1800 007 007**.

- Go to [adfconsumer.gov.au/immediate-money-help](https://www.adfconsumer.gov.au/immediate-money-help) and also to
- [moneysmart.gov.au/managing-debt/financial-counselling](https://www.moneysmart.gov.au/managing-debt/financial-counselling) to find out more about financial counselling or to find a face-to-face financial counsellor near you



INSURANCE

People often think that insurance is expendable, and it might not be in the list of 'needs' when creating a budget, and yet, not being insured can cause a lot of added financial stress.

Insure the things that you cannot afford to lose (or replace).

Make sure your insurance cover for things like your car, home and contents, is fit for purpose, up to date and that insured values are current.

- Before you renew an insurance policy, shop around to make sure you are still getting value for money. Pretend to be a new customer and check out a few other products
- Look at insurance comparison websites [iselect.com.au](https://www.iselect.com.au)
- Ask your current or new insurer to match best price
- Always read the Product Disclosure Statement (PDS)

Many insurers will give you a discount if you have more than one policy with them, but it's still important to check that even with the discount, you are getting value for money.

When comparing policies, take note of what is and isn't included (exemptions), insurance cover can be a total waste of money if it doesn't cover those things most important to you.

You can find out more about the product and what it covers by reading the PDS provided by the insurer.

TIP

- Protect the things that you can't afford to lose
- Shop around before you sign up or renew
- Make sure cover is up to date
- Make sure insured values are current
- Take note of what is and isn't included (read contract and Product Disclosure Statement)
- adfconsumer.gov.au/general-insurance-review-before-you-renew

WILL AND POWER OF ATTORNEY

Things are changing for you and whether you are staying or changing your job within Defence, it may mean you need to update your Will.

If you have made a Will while in the ADF and things are about to change in your career and your life, check your Will now, before things change, to make sure it reflects your current and upcoming needs. You can do this by emailing your.will@defence.gov.au

Major milestones in your life are flags to review your Will; if you get married, divorced or have kids, this should prompt a review of your Will. e.g. marriage voids a Will, but divorce does not.

Equally if your financial circumstances change, it might affect your assets and if it does, consider if anything needs to change in your Will.

If you have a Power of Attorney (POA), consider whether the person you chose is still appropriate or whether you need to make a change; or you might decide you don't need a POA right now.

When making any change to your Will or choosing a POA, remember to let the executor(s) of your Will and/or your Power of Attorney know of the change.

TIP

- Consider whether you need to update your Will
- Let your executor know of any significant change
- Review your Power of Attorney (POA) if you have one
- Let your POA know of any change

NEWSLETTER

The Centre's monthly e-newsletter is designed especially for you in this time of change. Each edition is filled with practical consumer tips and the latest financial insights and strategies to help you develop solid financial habits. Subscribe now to take control of your financial future.

Scan the code below to link to our newsletter



Newsletter Signup

ADF FINANCIAL SERVICES CONSUMER CENTRE

By Defence. For Defence.

Providing financial education to help you plan your future.

adfconsumer.gov.au

adf.consumercentre@defence.gov.au

Scan to visit our website for
more helpful tips and resources

