

MONEY MATTERS

This document covers some of the basics of Personal finances, Insurance and Superannuation specifically for the community at high risk of breast and ovarian cancer

The information provided in this document is intended to be general in nature. It does not take into consideration individual circumstances, personal details and should not be relied on as advice under any circumstances.

Before proceeding with any financial decisions or purchasing any financial product, you should seek professional advice to ensure it is appropriate to your needs.

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FINANCIAL MANAGEMENT

Household Budget

A budget is the foundation and the most important starting point when considering your financial position.

A budget can be as simple as writing down how much money comes in (income) and how much money goes out (expenses). It is also helpful to include the types and regularity of income and expenses.

This will give you a picture of where your money goes, enabling you to plan for things like excess medical bills, holidays, rent, mortgage payments or other larger one-off expenses.

A budget will help take control of your money. Pink Hope has developed a Household Budget Template for you to download to assist in producing your own household budget.

Once you've been able to build your household budget, you need to keep an eye on things to ensure you remain on track with your finances. There are a number of readily available options online such as MoneySoft (<http://www.moneysoft.com.au>) or Pocketsmith (<https://www.pocketsmith.com>) to automate this while producing an easy to see snapshot of where you're at.

Transfer the details of your Pink Hope budget into the software and start saving today.

Medical Budget

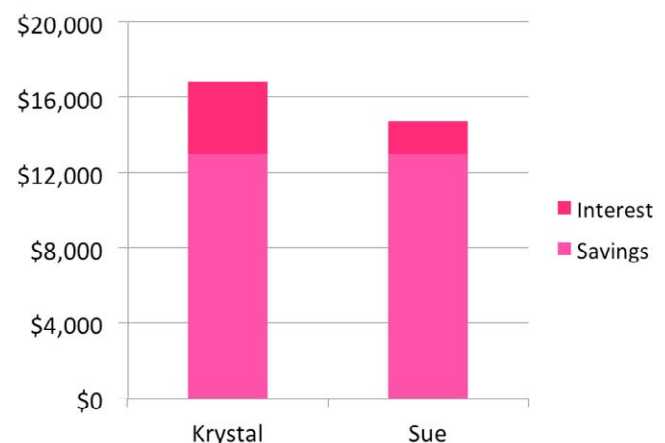
Pink Hope has developed two templates to help you plan and track medical expenses; Medical Estimated Expense Template and Payments and Rebates Template.

Savings and Planning

One of the easiest and most effective ways to build your savings is by making regular amounts over time, where the effect of Compound Interest gives your money a nice boost.

Compound interest works by paying interest on the interest you've already earned. Over a period of time, this has a big impact on your savings as you can see from the illustration below:

Krystal saves \$25 per week for 10 years @ 5%. \$16,863
Sue saves \$50 per week over 5 years @ 5%. \$14,767



If you are planning on elective surgery or medical treatment, start saving today. A regular amount saved over time goes a lot further than larger amounts on an ad hoc basis.

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Further Information

Compound Interest explained - <https://www.moneysmart.gov.au/managing-your-money/saving/compound-interest>

Compound Interest Online Calculator - <https://www.moneysmart.gov.au/tools-and-resources/calculators-and-tools/compound-interest-calculator>

Loans and Credit Cards

Loans and credit cards can be a valuable financial tool but it is easy for high interest debt to quickly get out of hand.

Tips to consider

1. Consider using any savings or available redraw on a mortgage to clear credit card debt.
2. Use loans of lesser interest rates (over a similar payment period) to consolidate debts.
3. Refer back to your household budget to identify possible savings and extra repayments.
4. Sell what you don't need or no longer use – eBay, Gumtree etc. A few extra dollars can make all the difference from items no longer used or valued.
5. Ask for help – don't be ashamed or think your financial problems will just go away. Approach your lender, speak with your accountant or financial adviser to talk about repayment plans and options.

Home Loans

The great Australian dream of owning your own home can quickly become a nightmare if your ability to service the debt becomes too much. In the pursuit of this, many have pushed themselves to their limit ignoring their personal budget for the sake of their dream home.

When considering a mortgage, it is important to look at your own budget and financial position rather than what a bank will lend you.

Once you have a mortgage, often the best financial option available is to repay it as fast as possible which can result in savings of tens to hundreds of thousands of dollars. Some of the ways you can achieve this are:

- Make additional repayments – tax refunds, bonuses, salary increases etc
- Changing your repayment frequency, for example to fortnightly, will mean you pay more off your loan more frequently thus paying less interest.
- Consider the use of an offset account.

If you find yourself in a position where you're struggling to meet your mortgage payments consider:

Additional repayments – Use the extra funds you have paid to make payments.

Interest Only Period – Restructure your loan/change lenders to one that has an interest only period to free up some additional cash in the short term.

Repayment Holiday – Some lenders will enable you to take short break in your repayments while you get back on your feet. Remembering the effect of compounding interest as it works in reverse

Communicate – Talk to your lender, where possible anticipate the road ahead and don't ignore a problem.

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Life Insurance

Life insurance is the collective term used to describe a number of personal insurances linked to an individual's life. While each insurer has their own terms and definitions, generally speaking, the types of policies and purposes of each are as follows:

TYPES OF INSURANCE	TYPES OF PAYMENT	PAYABLE WHEN?	DESIGNED FOR
Trauma / Critical Illness	Lump-sum	Upon Diagnosis of range of illnesses: Cancer, Heart Disease, Stroke etc	Excess medical bills, debt reduction, family living expenses
Income Protection	Monthly payment	Upon inability to work through illness or accident.	Replace income & cash flow to meet regular bills while unable to work
Life Insurance	Lump-sum	Upon death or diagnosis of terminal illness.	Estates, Family, debts etc
Total & Permanent Disablement	Lump-sum	3 – 6 months after Suffering a Total & Permanent Disablement	Ongoing care, rehabilitation, medical expenses etc

Insurers assesses every applicant based on their individual and family health history however, for BRCA carriers, there are three areas which an insurance company will focus on in relation to the gene, these being:

- The **number of 1st degree, affected relatives in your family** – By law, insurers can only ask for first degree relatives, that is parents, sisters, brothers.
- The **age at which your relative was diagnosed with cancer**
- **The age of applicant**, that is you.

A BRCA gene mutation is viewed and assessed in much the same way as any other familial disease such as heart disease, cholesterol, blood pressure, diabetes etc.

Besides the genetic component, environment and lifestyle play a role, for example, smoking, BMI etc.

Be Aware

There are many companies offering all types of insurance policies and incentives, with the conditions and pricing ranging enormously.

For those who have **BRCA** mutation or a more complex health history, we **strongly advise you to seek professional advice** to ensure that there are no complications in the unfortunate event you need to claim on the policy.

Financial Adviser

You might like to consider using a Financial Adviser to help you obtain the best financial and insurance advice for your situation.

A Financial Adviser works with you to match the right policy to your circumstances and needs.

The **Association of Financial Advisers (AFA)** is an industry body for financial advisers. Their website includes a 'Find an Advisor' option <http://www.afa.asn.au/> to assist in the event.

Application Outcomes

Once you've submitted an application for life insurance cover, there are generally five options available to an insurer, which are:

1. Accepted – Standard Rates and Terms apply to your policy.
2. Accepted with Exclusion – The application will be accepted, however there may be exclusions for certain medical conditions or activities.
3. Accepted with Loading – The insurer can charge more than the standard rates based on their assessment of the level of risk.
4. Combination – An Exclusion and loading if there is an obvious and elevated risk.
5. Declined – Insurers in Australia are not obligated to accepted applications and are legally able to decline an application.

Working with a financial adviser who specialises in life insurance will ensure your best possible outcome from an application.

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Superannuation

Superannuation is designed to ensure you have funds available for when you retire. However for many, superannuation on its own won't be enough so there's a few small things you can do to help give it a boost along the way:

Tips to consider:

1. Take an interest – It could be one of your largest assets.
2. Insurance in Superannuation – Your superannuation fund may automatically include some life insurance.
3. Merge multiple funds – Don't collect super funds, merge multiple funds & save on duplicate fees.
4. Power of compounding – Superannuation is a form of regular savings which includes tax incentives and investment opportunities you may not otherwise consider.
5. Plan for your future – Take control of your budget and plan for your retirement and future. Consider making payments into your superannuation fund above the minimum that your employer makes.

Additional Resources

Websites

- Department of Human Services - <http://www.humanservices.gov.au/customer/subjects/medicare-services>
- Private Health Insurance Ombudsman - <http://www.privatehealth.gov.au/>
- Money Smart - <https://www.moneysmart.gov.au/> (includes calculators)
- Australian Taxation Office - <https://www.ato.gov.au>
- Association of Financial Advisors - <http://www.afa.asn.au>

Apps

Some apps you might like to download:

- Medicare
- Your private health insurance fund
- Your superannuation fund



For further information please contact:

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