

Fact Sheet – Your Cashflow

The key to managing your cashflow is to **live within your means**. This is easier said than done. Unless you manage your cashflow it can slip through your fingers.

The way to stop losing track is to **set priorities** and use a **proven system**. Always aim to spend less than you earn. And unless you are paying off a mortgage, which is a form of forced saving, try and put at least 10% of your income away for when you need it – **for a rainy day**.



*"Annual **income twenty** pounds, annual **expenditure nineteen** [pounds] nineteen [shillings] and six [pence], result **happiness**. Annual **income twenty** pounds, annual **expenditure twenty** pounds [n]ought **and six**, result **misery**."*

Charles Dickens, David Copperfield

Living within your means does pay off! Think of your available income as being 90% of your total income. **If you can spend even less – that's great!!**

Most of us are not able to keep track of our spending and struggle because we do not have a workable and easy to use system. Setting a Budget and tracking to budget works for some but not for most people.

Managing your cashflow is very important and needs to be a life skill – both when you are working, and later when you are retired and living off your savings and wealth.

The key is using a cash reserve and using it as a **buffer** and a cashflow **gauge**.

Dipping below the cash reserve level indicates that you are spending more than the annual level you have set. Building up funds above the reserve level indicates that you are spending less and have funds available for reinvestment.

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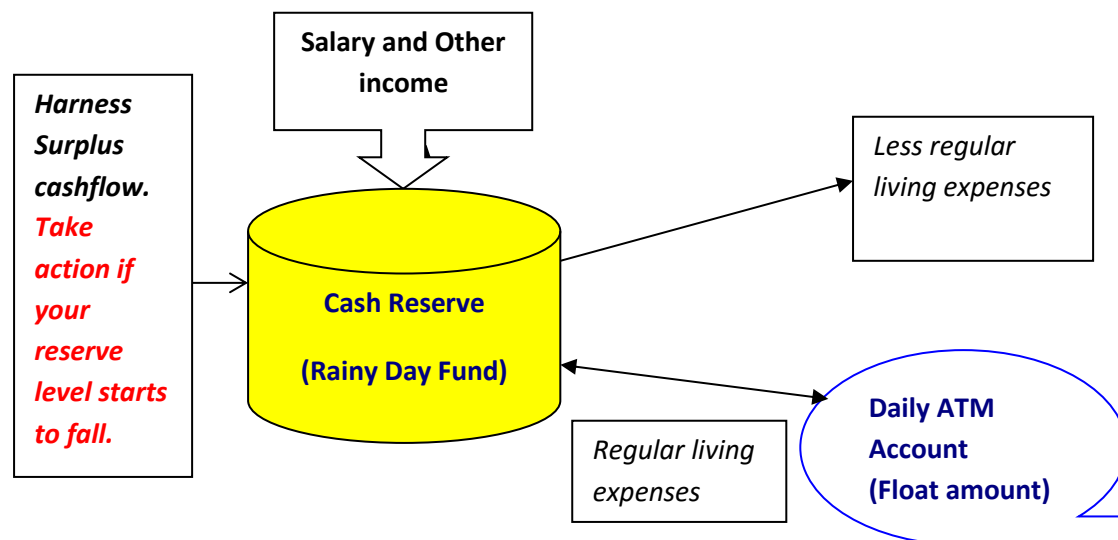
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A good workable Cashflow Management system that you can use all your life is as follows:

- Set affordable **Expenditure targets**.
- Establish a **Cash Reserve** - "Rainy day" Fund or Emergency Reserve.
- This reserve must be liquid, **secure**, have online access/visibility and earn a **competitive interest** rate – to keep this fund working for you.
- Pay all your income into this account.
- Use a **daily banking account** to receive your weekly, fortnightly or monthly drawdown of your regular (cash) living expenses – a portion of your income.
- Your daily account must have ATM, card and on line access and visibility.
- Use your Cash Reserve to pay your other living expenses.
- **Monitor** your Daily and Cash Reserve Accounts. **Reinvest** surplus funds.
- **Dipping below the cash reserve level is a warning sign!!**



Don't get caught short!

- ✓ **Set affordable expense targets – to live within your means,**
- ✓ **Use a cash management system to monitor your cashflow,**
- ✓ **Take action to spend your income wisely, and**
- ✓ **Stop your income from slipping through your fingers.**

A professional can review your income and expenditure position and show you how to improve and harness your cashflow!

Contact us Today!

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