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Diana Clement

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### Diana Clement: No excuses for not saving or acting your wage

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Some people need a hit between the eyes to come to their financial senses.

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#### **In-your-face money tips for people who think their credit limit is how much they should spend on their card.**

By Diana Clement

Some people need a hit between the eyes before they'll change their errant financial ways.

Nice advice doesn't sink into people's psyches when it comes to money. It invites readers to make the case for their situation being "different".

That delusion is fine if you've got sufficient money to live your dotage in comfort once New Zealand Super has been whittled down to virtually nothing.

So I thought I'd bypass the nice stuff, get some input from straight-talking financial professionals and come up with 18 in-your-face money tips for people slow to change their ways:

**1** You're broke because you choose to be. No one else makes you broke.

And you're only fooling yourself if you blame someone else. It's not the fault of the Government, your employer or your husband or wife.

**2** Grow up and take responsibility for your choices. That's from personal finance coach and author Lisa Dudson.

"Stop blaming everything and everyone else for your financial situation," she says.

Some people on the minimum wage find ways to save and buy their own homes. So why shouldn't you? Ask mortgage brokers if you don't believe me.

"Life's not fair and never has been, so it's how you deal with it that makes the difference," says Jeff Matthews, senior financial adviser at Spicers Wealth Management.

**3** Your credit limit is not your money. "Don't act like it is," says Sorted blogger Tom Hartmann. A credit limit is not there for day-to-day spending. It's meant for emergencies. Cut up the plastic card if you can't behave in an adult fashion with it. "I want, I want, I want," is the behaviour of a child.

**4** Most debt is just dumb. This is one of Hartmann's favourite lines and the basis of a Sorted television campaign. He's right. If you always have a credit card balance then there is something wrong with you. And, rant on as much as you like about interest-free periods, but you won't convince me. HP establishment fees add cost.

Debt is dumb. Most people with a car on finance have bought a vehicle that matches their ego, not their bank balance.

**5** You will never get out of credit-card debt if you continue to use the cards. "If you want to get out of a hole, first you have to stop digging," says Jill Porter of Financial Clarity. "Remember that research shows people spend more when using credit cards than when spending cash. Almost certainly the air points will not be saving you that amount."

**6** Most things we buy we don't actually need. When was the last time you actually honestly "needed" something you bought other than basic food? Learn your needs from your wants. Otherwise when you really do need something, you won't have the money to buy it.

**7** You have to actually do something to get out of debt. Stop whining and take action. Remember, if you're in debt bank shareholders are creaming off your hard-earned earnings and they need the money less than you do. Do you really want to work until you die - as the cheery BNZ advert says? If you don't get out of debt that's exactly what you will do. If you've not seen the advert check it out: [vimeo.com/63308557](https://vimeo.com/63308557)

**8** You need to work to get out of debt. No one else will do it for you. Only you can make the changes - and changes are needed - that will result in a better financial future. If other people can work second jobs or better jobs, so can you. Work, as American personal finance writer Dave Ramsey says, is "a sure-fire money-making scheme".

**9** Get a budget. If you want to be a little bit richer by next week, write a budget and stick to it. That way you won't waste money unnecessarily. As financial adviser Marie Quinn of Marie Quinn Financial Services says: "How come you have all this income and you are scared stiff of finding out where it all goes?"

**10** Act your wage. This is another Ramsey quote: "Don't go broke trying to look rich. Act your wage."

I'm sorry, but you (and I) don't deserve consumer goods that we haven't worked for. Buying them on tick just brings long-term financial struggle. Ramsey, as usual, put it very succinctly: "Debt has become a part of who we are. It's become that spoiled child in the grocery store with their lip stuck

out: 'I want it. I want it. I deserve it because I breathe air!.'

**11** If you're not in KiwiSaver you're an idiot. KiwiSaver minimum payments are the equivalent of five lattes a week or four cigarettes a day. "KiwiSaver is the greatest source of free money for New Zealanders ever - everyone who has ever begrudged paying tax should sign up and get some back," says Tony Vidler of Strictly Business.

And if you don't own your own home and you're not in KiwiSaver then you're doubly stupid.

It's easy to save a first-home deposit through KiwiSaver. You can withdraw both your contributions and your employers' towards a first home and may be eligible for Government subsidies of up to \$10,000 a couple.

**12** The people who need insurances most are the ones that say they can't afford it.

Insurance is important and Kiwis need to budget and make sacrifices to pay for it. "If they cannot live a month without their income then how the hell do they expect to get by if they can't work for 12 months or more?" says Vidler. You can't buy insurance after you need it, adds Michael Cave, financial adviser at Quantum Broker Group. "When I am sick or my car has been stolen, it is too late to buy insurance."

**13** Save for the things you know will come up. Don't try to claim that your car rego, WoF, insurance and other bills are a surprise.

"I know, you know, we all know we'll have to pay those costs monthly, quarterly, yearly," says Julie Navatsyk at Christians Against Poverty (CAP).

**14** Don't let the tax tail wag the investment dog. "If you are investing for tax reasons you are investing for the wrong reasons," says Terry Baucher of Baucher Consulting. If you can't fund your property or other investment without a tax rebate don't do it or you'll be hung out to dry financially when the rules change.

**15** Christmas is not an emergency. You shouldn't be shopping for Christmas on credit.

Nor should you be buying luxury goods such as Sky TV, iPhones and day-to-day items such as petrol with credit cards designed for emergencies.

**16** You cannot give what you don't have. Another gem from Hartmann. "You can try, but you'll end up either stealing or sinking into debt." Budget advisers in particular see a lot of people who can't make ends meet yet are far too generous.

**17** It isn't how much you earn that matters, it's how much you save.

Being successful financially has more to do with your behaviour than your income.

Financial consultant Cam Watson makes one of my favourite points: "I know of people earning huge salaries who spend more than they earn and save nothing," he says.

Whether you're on a high wage or a low one, says Vidler, "the best financial advice ever for anyone - but especially the young - is put aside 10 per cent of everything you earn into long-term savings and investment. Live on 90 per cent (and) you'll be able to stop working for someone else way before your friends can."

**18** Never assume interest rates won't change. I wonder how many home buyers have taken advantage of our historically low home loan rates and will then squeal when rates rise a per cent or two? I can see the headlines about mortgagee sales.

They'll be saying how unfair it is and blaming others for their lack of foresight.

Finally, none of us can get out of a financial rut without admitting what is wrong with us.

If your knee-jerk reaction is to look for ways to criticise this article, then you're probably not ready to make financial progress.

Your financial life will turn around when you take responsibility for it.

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