money saver HQ

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ONE SCORE: Finances in your 20s

Clean up and save cash

Tidying your finances takes time, a bit of elbow grease and some tough decisions but will leave your savings in better shape, writes **Emma Blake**

SORT IT OUT: Shaynna Blaze from Selling Houses Australia. Picture: EUGENE HYLAND

CLUTTER is a part of modern life.

Unless you are organised it is hard to avoid cupboards, drawers and files filled with items you no longer need.

It's a situation that has become familiar on many lifestyle programs where experts head into someone's home and help them unburden themselves of all their unused clothes, toys, gadgets and the rest.

Shaynna Blaze, interior designer and host of Foxtel's *Selling Houses Australia*, says de-cluttering improves your general motivation – and your budget.

"Clearing your spaces can show you how much money you waste from having useless things in your life," Blaze says.

"You don't always make great money by selling the goods but you can save money by not refilling the space."

The same approach can be taken to bank accounts, super funds and insurance. Once a year it's worth having a clear-out so you understand where your money is, so here are three ways to de-clutter your finances.

1. STATEMENT SCRUTINY

Collect bank and credit card statements from the past six to 12 months and make sure you can account for every transaction.

Fraud on payment cards rose 33 per cent to $387 million in 2014, according to the Australian Payments Clearing Association, compared with a 5 per cent rise in spending on cards to $657 billion.

The rise of online transactions and the global nature of the internet has had a huge impact on this form of fraud. The best way to make sure you are not a victim is to check your statements regularly and inform your bank if you see something out of the ordinary.

At the same time, you may find you have direct debits from gyms and other services that you no longer use.

"If you have memberships you don't use you're not getting value out of it," says Luke Shrewsbury, financial adviser with Yellow Brick Road.

It may be cheaper to make one-off payments to use a gym irregularly.

Blaze constantly checks her bank statements as it is easy to think you are buying something once and then find it is a continuing payment if you don't cancel it.

"It could also be a case of thinking you have a membership for one year but it rolls on if you don't (cancel it) in writing."

2. SUPER SEARCH

If you move jobs frequently there's a good chance you have multiple superannuation accounts. If you have never done a search for lost super through the Australian Taxation Office's Mygov.com.au website you may be in for a treat as there is more than $16 billion waiting to be claimed.

Once you've gathered them together it is usually worth merging them into one, says Shrewsbury as you're probably paying multiple management fees.

"Also (if you have three funds) you might have three different types of insurance that overlap," he says. "Typically you wouldn't be able to claim all three if you need to so it is not worth paying for three policies."

While you're at it, why not start making voluntary contributions from your pre-tax earnings and really start revving up your retirement savings? And make sure your super fund has your tax file number so the ATO is not creaming off more tax from your contributions than is necessary.

3. TAKE ACCOUNT

Sometimes having a number of different savings accounts can be useful, says Shrewsbury. For instace, you may open a separate account to save for a holiday.

But once it has served its purpose it may be worth closing it to avoid any fees. Accounts that are rarely used can also be exposed to fraud.

Find the highest-paying saving account and put everything in there or, if you have a mortgage, you'll make more by putting money into an offset account.

Most first home buyers do it with a partner

SOPHIE ELSWORTH

CRACKING into the housing market has become tougher than ever, forcing many Australians to rely on someone else to be able to get their foot in the door.

An exclusive report released by St George Bank quizzed 1000 first-time buyers and found that 66 per cent had purchased property with their partner, family or a friend, while the rest went it alone.

The bank's general manager of retail, Ross Miller, says this trend is helping to make the dream of owning a home become reality faster. "The research shows by teaming up with a family, partner or friend, it can often save costs and help achieve the great Australian dream," he says.

"First home buyers are aware it's time to get their foot on to the property ladder and teaming up helps them with the costs to be able to do that."

Of course it also brings it own risks especially for parents who use their own homes as collateral to help their children with a deposit.

Data from the Australian Bureau of Statistics shows in the past 12 months property prices across all states have increased, pushing the average loan sizes up to $416,300 in NSW, $367,900 in Victoria, $305,400 in Queensland and $277,800 in South Australia.

And conditions for first home buyers are likely to remain tough, according to Mortgage Choice chief executive officer John Flavell, as more owner-occupiers and investors take advantage of low interest rates.

"Moving forward, it is likely we will continue to see property prices (and therefore loan sizes) grow, as both owner-occupiers and investors look to take advantage of the low-rate environment," he says.

"If this happens, it may make it even harder for first home buyers to get a foot on the property ladder."

While interest rates are at historic lows earlier this month Bank of Queensland raised its variable rate loan rates despite no move on the cash rate from the Reserve Bank.

Borrowers should expect more lenders to follow suit – BOQ raised variable loan rates by 12 basis points for owner-occupiers and 25 basis points for investors.

The top strategies first home buyers use to save are:

- **Being frugal** with household expenses (60 per cent),
- **Cutting back** on eating out/entertainment/shopping and holidays (55 per cent) and
- **Living** with family (29 per cent).

Flavell says making compromises is essential for first-time buyers.

"For those who have to make compromises, it is important for them to remember that they are buying their first home – not necessarily their forever home," he says.

Westpac's Miller says 60 per cent of first-time buyers funded the majority of their deposit through a dedicated savings plan.