



Financial
education

Shaping your
future



Money Survival Guide for Women



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Money wise **WOMEN**

Welcome to Citibank's Money
Survival Guide for Women.

Today we are better educated, better paid and enjoy broader career opportunities than at any time in Australia's history. It paves the way for women to embrace the option of building their wealth and lay firm foundations for financial independence.

But women also face unique challenges. We enjoy greater longevity (an average of 82 years compared with 77 years among men), so we need to work harder at building a retirement nest egg. And as we'll see, taking time out of the workforce to meet family needs can make it challenging, though not impossible, to accumulate a decent retirement pool.

If that wasn't enough, the increasing trend towards a 'single person' culture, is another reminder of the need to plan for own financial well-being... independent of the male race.

The trouble is, it can be hard knowing where to start. With a mind boggling number of financial products and options to choose from, it is difficult - and at times confusing - to know what choices are right for us.

The good news is that sensible money management isn't complex. Overcoming financial limbo and developing some financial know how is something we can all do.

And it's as simple as setting a few goals and developing a pattern of saving and investing that fits your lifestyle, your needs and your aspirations.

This booklet is designed to help you do just that, with plenty of ideas, hints and tips about charting a sensible financial course. It's not aimed at providing all the answers you need - but to engage and kick start your appetite for financial control.

There's no magic to it. You don't need to be a financial expert. And it doesn't involve radical changes. Like a successful exercise regime, developing sound money habits involves small steps we can comfortably live with. Take a look through our Money Survival Guide for Women, share it with friends and colleagues, and above all, take action. The earlier you start, the sooner you'll reap the rewards of being a money wise woman.

Joanne Morgan
National Manager Investment
Sales - Citibank

Certified Financial Planner™

A quick money medical

Let's get started by measuring your financial well-being. Take our five-point quiz to test your money mojo.

1. How do you feel about your financial future?

Points

Very optimistic	10
Optimistic	5
Worried	0

2. You manage to save money

Every pay day	10
When you can	5
Rarely	0

3. When it comes to repayments on your credit card, you

Pay the balance in full each month	10
Pay more than the minimum	5
Make only the minimum repayments or less	0

4. Your retirement savings are

On track	10
Something of a mystery but you tuck some money away	5
What retirement savings?	0

5. On the topic of investing (say in the share market)

You know exactly what to do	10
You have some idea of what to do	5
You have no idea where to start - or what to do	0

Your score:

50 to 35 points: Congratulations, you're on your way to being a money wise woman! Stay on track with your sensible approach to money management and enjoy the rewards of a financially secure future.

35 to 15 points: Okay, you've mastered the basics, but with a little extra fine-tuning you could put your finances in tip top shape. Read on to see how small changes can make a big difference.

15 points or less: Warning! Your 'leave-it-to-chance' approach is a wealth hazard. Take a look through the rest of our booklet for simple ways to firm up your finances.

Chart a course



Achieving your financial goals is not as hard as you may think - all it takes is some planning and a healthy dose of commitment. Start out by drawing up a plan of what you want to achieve. Treat it like a road map that shows where you are heading as well as providing a benchmark for your achievements.

Start by dividing your goals into short, medium and long-term ones.

Short-term goals may include:

- Making extra repayments on your credit card
- Starting a savings plan

Medium-term goals may include:

- Paying off personal loans
- Buying a house or apartment
- Building a portfolio of investments

Long-term goals can include:

- Growing superannuation savings
- Paying off the mortgage

Use our action plan (at the end of this booklet), to record your goals.

TIP

Goals are more achievable if they are specific - and realistic. Aiming to save \$100 each month is a more concrete goal than simply 'aiming to save more'.

Break the 'living month to month' pay cycle



Are you one of those people who regularly finds themselves counting down the days to the next pay day? There is a way to stop living from one pay day to another.

Track your spending

It's impossible to gain control of your money unless you know where it's all going. Chances are you're spending a lot of cash on small luxuries (the daily latte, music downloads, magazines, even cosmetics). It all adds up.

Keep a spending diary for a week. It's like a calorie counter in reverse, telling you what's going out, rather than what's going in! It's a great way to identify where cutbacks can be made.

Draw up a budget

Okay, no one likes budgeting. So make an occasion of it. Chill a bottle of wine, put on your favourite music and use our budget planner to work out where the money's coming in, and where it's going out. You'll feel thoroughly virtuous at the end of it. Better still, you'll be able to see where you're overspending, or how much you could be saving on a regular basis.

Pay yourself first

No time to budget? No problem. There is an alternative. Simply pay yourself first. Nominate an amount to set aside into a separate high interest savings account each pay day and arrange to have part of your regular salary debited to this account, or organise a direct debit of your own.

Paying yourself first means the money remaining in your everyday account is yours for the spending. Just don't dip into the honey pot!

TIP

Use your annual tax return to start a savings regimen. Deposit a tax refund worth \$1,000 into an account paying 6.5% annually, add just \$10 each week, and after five years you'll have amassed a handy \$4,400. Now that's making your money work hard! Make it an annual habit and watch your nest egg grow even faster.

Big bills, no trouble

Unexpected expenses can throw a curve ball at our financial plans. And whether it's insurance, rates or car registration, big bills have a habit of arriving close together or when we least have the cash. The best way to avoid financial meltdown is by planning ahead.

Use our calendar to note down when key expenses are likely to fall due. It lets you tuck some cash away in anticipation of the expenses rather than resorting to high interest debt.

Financial planning calendar	Anticipated amount
January	
February	
March	
April	
May	
June End of financial year	
July	
August	
September	
October Tax return due for lodgement - 31st	
November	
December	

Develop your own fiscal flair



Blonde, brunette, redhead? You know the look that suits you best. Now get to know your financial style. It means getting the most from, and paying the least for, financial products.

Save on everyday bank fees

How often do you tap into your transaction account? If you access your account just a few times each week, you could cut back on fees by opting for a fee-free account that offers a limited number of transactions each month. If you access your cash more frequently, think about a flat-fee account offering unlimited transactions. Some accounts even waive the monthly account keeping fee if you have your salary credited into the account each month.

Tailor your credit card

If you carry a debt on your card each month, opt for a low rate card to save on interest. Or, if you pay off your card in full each month, look for a card offering a generous interest-free period or worthwhile rewards.

Hunt down the right home loan

Now days as many as 18% of women go it alone when buying a home¹. So when you speak... lenders listen. With a multitude of mortgages available, it's important to find the loan that's right for you. Look for useful features, a consistently low rate and the flexibility to make extra repayments at no additional cost.

¹ *First National Real Estate, April 2006*

TIP

Websites like www.ratecity.com.au and www.infochoice.com.au are useful starting points to compare mortgages.



TIP

Only 30% of Australian credit card holders read through their statements in detail². But checking your statement is a must to discover any fraudulent transactions. Your card issuer generally allows a minimum period for you to query any unauthorised transactions. After this, you could be responsible for footing the bill.

Debt, savings and emotion

Born to shop? Born to stay in debt is probably more like it.

Shopping is definitely more fun than saving - no arguments there. However the 'see, want, buy, borrow' approach sacrifices financial security for short-term gratification.

Recognising the cues that can trigger a spending/debt binge is an essential step in taking control of your money. Take a look at our hints below to avoid the triggers that encourage us to spend rather than save.

- Develop your own unique style. Taking consumption cues from the rich and famous is a sure fire way to have a bulging wardrobe...and an empty purse.
- Avoid shopping as a leisure activity. Instead of hitting the shops with a few friends, why not meet for coffee. Or start an investment club.

- Retail therapy is not a medically recognised cure. Whether it's a tough day at work or a rocky relationship, spending sprees aren't the answer. Give the shops a miss and get the endorphins flowing with exercise instead. Your body will love you for it (and so will your bank balance!).
- Who can resist a bargain? All of us. A bargain is only a good buy if you really need the purchase. And if you're paying with a credit card, high interest charges can quickly take the shine off any savings.
- Take five for impulse buys. Impulse buys have the same effect on our finances that chocolate mud cake has on our waistline. Disastrous! So take the dieter's approach. Walk away from an impulse buy for five minutes - chances are you'll re-think the purchase.

2 Source: Citibank Payment Evolution Report, July 2007

Girl power - you've got it!

Women often have the right stuff to be successful investors. Kath Bowler, Financial Planning Policy Adviser, CPA Australia, explains, "When it comes to investing, women tend to be more conservative than men. On one hand, that's a good thing because we tend to adopt a more considered, well-researched approach to our investments.

But this conservatism can be a hindrance as well as a help. Sometimes we don't take adequate risk with our investments - and it can cost us dearly in terms of overall returns.

On very long term assets like, superannuation, women can afford to be more aggressive than they normally would in order to maximise their nest egg."

Get a slice of sharemarket action

Already 37% of Australian women own shares directly³. With a proven track record of strong long term returns, it makes sense to put a slice of the sharemarket action in your portfolio.

If you're confident investing alone, consider using a discount online broker - it doesn't take a lot of cash to get started and many offer excellent facilities. If you need a little more guidance initially, a full service broker can advise you on the shares suited to your goals.

Alternately, consider a managed fund. Simply choose the fund, deposit the required initial investment (in some cases as little as \$1,000) and harness the power of professional investment expertise.

³ *Australian Stock Exchange 2006 Share Ownership Study*

TIP

For free information on getting started with investing, log onto the consumer website of investment watchdog, ASIC at www.fido.gov.au.



**“Women often have
the right stuff to be
successful investors”**

Kath Bowler

Embrace the power of one

Consider this: Around one in four Australian women may never marry⁴. So delaying your financial plans until Mr Right comes along could be a mistake.

It doesn't take a man to get your finances in order. You have control over your own financial destiny.

However there is one life partner who can make a significant difference.

Form a life partnership... with your financial planner

Good financial advice goes a long way at every stage in life.

Together with your adviser you can find ways to reduce debt, get your cash under control and start a savings and investment plan to realise your dreams.

When it comes to finding the adviser that is right for you, word of mouth recommendations are a good starting point. With similar interests and circumstances, there's an excellent chance your friends can put you in touch with the professional adviser who can meet your needs.

4 ABS Cat 4102.0 - Australian Social Trends, 2007

A photograph of a man and a woman. The man is on the left, looking slightly to the right. The woman is on the right, looking directly at the camera. They are both wearing light-colored clothing. The background is plain white.

Til debt do us part

Being a money wise woman doesn't end when you form a lasting partnership. In fact when two people work together they can achieve a great deal.

The problem is that we often feel uncomfortable talking about money matters and in some households it can be completely taboo. But discussing shared goals and financial values does more than help you plan for the future. It could also protect you from any nasty surprises further down the track.

So chose a quiet moment, take the phone off the hook, dim the lights...and talk about money.

And remember, when it comes to debt, 'What's mine is yours' doesn't always apply. Be wary of taking on responsibility for your partner's debt. Think twice before saying 'Yes' to joint credit cards or shared bank accounts. And always read through any contract your partner asks you to sign. Protect yourself financially - you're worth it!

A portrait of Pauline Vamos, CEO of the Association of Superannuation Funds of Australia (ASFA). She is a woman with short, dark, wavy hair, smiling warmly. She is wearing a black blazer over a red top and a thin gold necklace. The background is a plain, light grey.

Be a 'super' woman

Pauline Vamos, CEO of the Association of Superannuation Funds of Australia (ASFA) explains the importance of superannuation for women.

With so many demands on our income, it's easy to overlook our retirement nest egg. Research shows that 56% of fully and semi retired women aged 55 and over plan to rely on the pension to fund their retirement compared with 38% of men who consider superannuation as their primary income pot⁵

"In 2006/2007, the average retirement payout for men was around \$130,000 compared to just \$45,000 for women. Yet our research indicates that to live a 'comfortable' retirement lifestyle, a single person currently needs an annual income of around \$36,000. Even a 'modest' lifestyle calls for an annual income in retirement of about \$18,600. The age pension is well below these levels.

Rising divorce rates, widowhood, and greater female longevity mean that women need to plan independently for their old age - we simply can't rely on 'someone else' to take care of it.

Superannuation can provide women with a whole range of pluses:

- Greater financial independence in retirement - and the capacity to make your own financial decisions.
- A tax-friendly pool of retirement savings.
- Access to cost-effective insurance for death and total and permanent disability cover through your super fund. (Always check whether your super fund provides such cover.)"

Five simple ways to boost your super

- ✓ Locate any 'lost' super accounts you may have. The Tax Office has an online Super Seeker at www.ato.gov.au. It's a free service.
- ✓ Minimise the number of super accounts you have by consolidating them into one. This helps keep track of your nest egg, while cutting back on fees.
- ✓ Speak to your employer about adding to your super through salary sacrifice. It's a tax-friendly way to build your retirement pool.
- ✓ Find out if you're eligible for the government's co-contributions scheme. It's a great way to boost your super.
- ✓ Avoid schemes promising early access to your super. They're not just illegal; these schemes could leave you seriously short-changed in retirement.

*⁵ Citibank Retirement Index
September, 2007*

Money survival skills

CPA Australia's Kath Bowler recommends some simple strategies to stay on top of money matters. Adopt a few , or try them all, to improve your financial fitness.

1. Be aware of money matters

Simply being aware of your personal finances - your income, expenses and super - is a key step towards financial freedom.

2. Set financial goals

Without clear goals, it's impossible to know where you're heading.

3. Build assets

Aim to build a portfolio of income-producing assets - it will enhance your wealth over time.

4. Don't treat all debt as equal

Debt is not a problem when it's used to fund assets that will grow in value. It's when credit is used to fund lifestyle purchases that are 'here today, gone tomorrow' that it becomes a problem - leaving a legacy of little more than high-interest debt.

5. Go easy on credit cards

Regard your bank balance as your credit card limit, not the balance set by the card issuer.

6. Know your entitlements

This is especially important following the arrival of children. There is a whole raft of government entitlements available for families with children.

7. Listen to your intuition

Our legendary 'women's intuition' is a powerful tool when it comes to seeking financial advice. It can help you identify the advisor who is right for you - so listen to it.

Need more information?

Family entitlements:

www.cetrelink.gov.au

www.familyassist.gov.au

Investing:

www.asic.gov.au

www.asx.com.au

Debt management:

www.usecreditwisely.com.au

Super:

www.asfa.asn.au

www.simplersuper.gov.au

Financial products:

www.cannex.com.au

Managed funds:

www.morningstar.com.au

Office for Women:

www.ofw.facs.gov.au

Personal Action Planner

Take a minute to jot down five steps you can take to improve your money management over the next 12 months. Next, keep your Personal Action Planner in a handy place as a reminder of your plans and to help you track your progress. Good luck!


My 12 month goal is	
Step 1	
Step 2	
Step 3	
Step 4	
Step 5	

Budget planner

Be realistic! Don't put down what you think you spend, the aim is to know how much you actually spend. If you don't know how much you spend, keep a tally for the month...you may be (unpleasantly) surprised!

Income	Monthly amount
Regular income:	
After-tax wage or salary	
Overtime payments	
Bonus payments	
Centrelink/Family Assistance allowances	
Investment income	
Total income	
Expenses	Monthly amount
Living	
Groceries	
Clothing	
Health & medical	
Utilities - power, gas, water	
Phone & internet	
Motor vehicle (loan/lease/rego/repairs/fuel/insurance)	
Housing	
Rent/mortgage/board	
Rates - council/water/strata levies	
Home & contents insurance	

Maintenance	
Furnishings/appliances	
Work	
Lunches	
Transport (fares/tolls/parking)	
Clothing/uniforms	
Income protection insurance	
Lifestyle & leisure	
Dining out	
Holidays	
Sport/hobbies	
Entertainment (alcohol, music, movies)	
Magazines/books	
Beauty (hairdresser, fake tans, treatments)	
Finance	
Personal loan repayments	
Credit card repayments	
Super contributions	
Other	
Other	
Gifts	
Charity donations	
Anything else?	
Total Expenses	
Income less expenses	



35% of Australian women say they have a good or very good understanding of personal finance compared to 46% of men

Source: Citi FinQ Survey, 2007

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