15 savvy things to do with your money in your 30s

A checklist of insider tips for your fourth decade

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CANSTAR

Your thirties can feel like you've arrived into adulthood with a thud.

This is a decade where financial decisions can become more complex and costly as you may travel through some common rites of passage, like career changes, getting married, starting a family and buying your own home.

Not only must we cover the costs that arise as we experience these significant life changes, many of us are conscious of preparing for the decades to follow.

Despite this being a decade where you may ramp up your career as you progress towards what could be your peak earning years, you may also have greater financial responsibilities to consider. So, it's important to develop your fiscal fitness to stand you in good stead for the years ahead.

Here are 15 of our top financial ‘to dos'

to help build and protect your wealth during these crucial years of your life. Your future self will thank you.

Step 1

Kick your career into gear

Your thirties are a great time to assess whether your career goals are on track. According to a study by Seek, 62% of participants felt they weren't reaching their full potential at work. Whether you are in need of a career change or are keen to move up the ladder, there are a number of things you can do to move closer to your vocational goals.

Because every significant work achievement starts with an idea, it's worthwhile spending the time reassessing and mapping out your dream career and working out a plan of attack. If you're in need of some motivation, why not check out a free career planner that may help you focus on your career goals and plan your trajectory?

It's well established that making connections and speaking with people in the industry can also go a long way in helping you form a plan of attack, so it could be time to get your networking hat on. Depending on your industry, there may be an opportunity to boost your earning potential through further study. Whether you want to move up the ladder to that dream position, or bring more to the table in your current role, a new qualification may help you progress to new heights.

If you are unsure of where to begin, Vocational Education and Training (VET) offer thousands of full-time and part-time qualifications. Some can be completed online, allowing you to mould the course around your schedule. You can search or browse for courses through the My Skills government platform. For further inspiration you could check out job listings on Seek or CareerOne to gauge the type of qualifications your ideal employers are looking for.

Perhaps you love your job but feel underpaid. There are several online tools that allow you to check whether your salary is on par with others in your industry, such as the Fair Work Ombudsman's Pay Calculator.

If you feel you are due for a pay rise, it helps to thoroughly plan and prepare a pitch to your employer. Documenting why you deserve a pay rise (based on the value you bring to your employer) before approaching your boss for a pay review meeting is always wise, as well as being prepared for whichever way the negotiations go. If they offer a pay rise that is much smaller than you'd hoped, why not request some non-salary rewards into the deal, such as extra training or greater flexibility to work from home or modify your hours?

Step 2

Revamp your budget

Having a household budget can be an indispensable way to plan household finances and develop a good savings pattern. If you started a budget in your twenties, you will likely need to adjust it as your financial needs grow.

If a wedding is on the cards during your 30s, it's certainly worth planning ahead as ASIC's Moneysmart website quotes $36,200 as the average cost of a wedding in Australia. The same goes with family planning, with the Australian Institute of Family Studies reporting a first child can cost on average $4,910 during their third year of life.

Depending on whether you buy new or second-hand goods, have private health cover or go all out on luxury items, we've crunched the numbers to show babies can be very expensive little creatures. You may want to factor saving for the cost of education into your budget, but not at the expense of your retirement savings.

If you feel an entrepreneurial itch, you're not alone. Demographers have discovered a growing trend of people choosing to leave full-time employment in their thirties to launch their own businesses. If this sounds up your alley, it could be a good idea you calculate the start-up costs so you can adjust your budget accordingly. The Australian Government provides an online template that can help you to identify and add up costs relevant to your situation.

A budget is the cornerstone of a financial plan for many people. In fact, ASIC tells us about half of Australians who have a budget mostly stick to it. Budgeting tends to make managing personal finances easier and can help make sure your needs, both short and long-term, are being fulfilled before your wants.

Try Canstar's budget planner calculator to get you started.

"Our life plateaued, comfortably, the year we turned 32. We'd moved home from London, bought a bigger house, and started trying for a family. The fundamental concept that proved most valuable was understanding our net worth, creating a personal balance sheet each month showing our assets (property, superannuation, cash in the bank) and liabilities (thankfully, just our mortgages).

Suddenly, our monthly budgeting became easier. We were less concerned about every small expense, and more focused on the bigger picture. It encouraged us to save more and invest more for our future. Four years later, and several hundred thousand dollars ahead, we're halfway to our financial independence number and we now have a much larger base of assets working for us as well."

Jacob Aldridge

International Business Coach, www.jacobaldridge.com

Step 3

Be wise with that increased cash flow

Your thirties can be a time when you start to make headway in your chosen profession and your salary can begin to increase. While it is common for some people to reward their hard work by relaxing their budget, an increase in earnings presents an opportunity to boost your savings or grow your wealth through investing.

Rather than living from pay check to pay check, it is always wise to put that pay rise to work for you. If you prefer a low-risk approach, you can commit your extra earnings to a high-interest savings account, where you can slowly build up your cash. If that is up your alley, we'd recommend comparing your options to find the best savings account or term deposit for your needs. Both have pros and cons to consider, and since interest rates are currently low, it may be worth thinking about investing your extra earnings in other areas (see Step 9 for more insights).

Alternatively, funnelling your savings into a mortgage offset account if you're a home owner can help you reduce the total loan amount on which you pay interest.

Step 4

Reduce your credit card debt

One of the golden rules of financial planning is often to clear your most expensive debts first. In the world of borrowing, there is good debt, and there is bad debt. Good debt is attached to an asset likely to increase in value over time or increase your prospects of building wealth, such as a property or shares.

Bad debt, on the other hand, is likely to reduce in value quickly and is unlikely to generate a long-term return, such as a personal loan for a holiday. When it comes to bad debts, high-interest credit card debt is a prime example. A debt of $2,000 could take you more than 10 years to pay off and cost you an additional $1,709 in interest if you paid only the minimum repayment amount and made no additional purchases on the card. (This takes into account a credit card interest rate for purchases of 16.80%, a minimum repayment of the greater of $25 or 2.5% of the outstanding balance and a credit card with no annual fee).

If you can't eliminate your debt entirely, consider a balance transfer or switching to a low-rate credit card. A balance transfer will allow you to transfer the balance of your credit card to a new credit card from a different financial institution with little or no interest for anywhere from 12-24 months. As well as the promotional interest rate, make sure you consider fees for the cards and the interest rate the card transitions to after the low interest or interest-free period when comparing. Also, be aware each application you make is added to your credit file, meaning it might not be a good idea to switch too often.

"Now that I have a young family and have started investing, I don't have as much free cash as in my 20s and I have become much more careful about 'money waste'. As I progressed through my 30s I realised there must be a better way to manage my money including paying off and cutting up my credit cards. Getting rid of the credit cards was the best step I have taken financially.

I have also set up multiple savings accounts for different needs – we now have separate funds for fun, savings and bills. It's paid off as we've saved enough to pay for our first family overseas holiday to Fiji."

Jim Randall
Registered Nurse

Step 5

Be 'super' picky

Choosing the right superannuation fund in your thirties can play an important role in securing a financially stable future. Despite super often being critical to our retirement plans, it is an aspect of our finances that doesn't always get the attention it deserves. Our thirties is a prime time to engage with our super, one of the most powerful ways Australians can accumulate wealth.

There are many important factors to consider when choosing the super fund right for you, including the fees charged, performance, insurance offering, education and advice on offer.

When comparing your options, you may wish to check out Canstar's seven 5-Star recipients for Outstanding Value announced through our 2018 Superannuation Star Ratings.

Step 6

Raise the roof on your mortgage repayments

According to a recent ABC News article, Australians are taking longer than ever to pay off their mortgages. It shows mortgage debt burdens among those nearing retirement have soared over the last 30 years. If you're a home owner, paying off as much as you can afford during your thirties could help you to own your home sooner while saving money on the cost of the loan.

If you borrowed, say, $600,000 at 4.42% interest, and paid the loan off over 25 years instead of 30, you could save over $160,000 on the overall cost, excluding any fees that may apply and assuming interest rates remain the same over the life of the loan. If that figure has got you motivated, Canstar's Extra Repayment Calculator shows how much you could potentially save by making extra repayments on your loan.

Step 7

Boost your credit rating

A poor credit rating can affect your chances of being approved for a loan. Most people buy their first home around age 32, which means now could be a good time to act if you need to repair your credit rating.

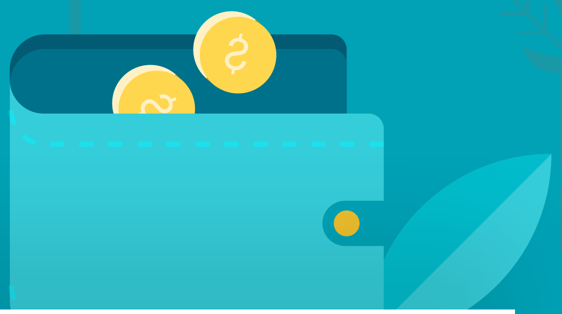
As a first step, it could be worthwhile checking your credit score for free with a reputable credit reporting body.

It can take as long as seven years to repair your credit rating, so the sooner you start, the better. Paying back old debts and making sure repayments are made on time are just two ways you can demonstrate to lenders you have turned a new leaf.

Be wary of companies such as credit repair agencies who charge a fee to fix your credit rating, and consider doing the legwork yourself.

Step 8

Put your best foot forward when seeking a loan



Your credit score is not the only aspect lenders consider when assessing a loan application. The Australian Prudential Regulation Authority (APRA) has tightened lending practices in recent years to ensure borrowers can afford to repay their mortgages.

Some simple steps you can take to help present your best self to your lender of choice include:

- Having all income and expense documents at hand (such as your payslip and regular bills)
- Making sure you have repaid as much of your 'bad debts' as possible
- Reducing your credit card limits as much as possible
- Being able to document a pattern of savings

Step 9

Consider investing

Your thirties can be a prime time to think about investing in riskier investment options, as you still have time on your side and will likely be less impacted by short-term volatility. This means you may be in a position to take on more risk that could result in higher returns over the long term.

If you decide to speak with a financial advisor for guidance on your investment choices, consider seeking one that is independent. It’s important to be aware many financial advisors are aligned with institutions.

Investing in your thirties

3 tips from Canstar's General Manager Wealth, Josh Callaghan

1. Start Small

In our thirties we don't often have a large amount of money to set aside for investments, however creating even small investment habits can help you build wealth over time. Some managed funds will accept $100 monthly payments, making it possible to set aside $50 from each fortnightly pay to invest. Investing in a managed fund could possibly give your money a growth profile, creating a savings pattern and keeping your money out of reach, while potentially generating dividends and capital.

2. Consider higher-risk investments

The investment time horizon is long for most people in their thirties because retirement is still 30 years away. This provides leeway for higher risk investments with the potential for stronger long-term returns. It is worth considering higher risk investments compared to placing all your cash in a traditional savings account, especially as we are in a low-rate environment. Do your research and look into shares or managed funds to see if these options could suit your situation and acceptance of risk.

3. Multi-sector funds

Consider choosing multi-sector or multi-asset funds, which can allow you to manage risk by diversifying your investments. A fund manager will typically invest your funds across different asset classes, such as commercial property, shares and bonds. Multi-sector funds are the most popular choice on the Canstar website for people looking for managed funds and can be a good way to manage risk for people who are time poor, as the fund manager will monitor the market and buy and sell shares based on performance.

Step 10

Protect yourself against loss

It is important to make sure you are adequately insured as your assets grow, especially if you have dependants to look after. Despite what many think, life insurance is not just for older people. It can also be relevant for families with young children who may be at risk should an unexpected illness, injury or death occur. It may also be important to consider protecting your salary and assets if you experience a significant increase in wealth during this decade.

It is important to choose the best cover for your situation to avoid finding yourself underinsured if you ever need to make a claim. It could be a good idea to look into the insurance offered through your superannuation, including income protection, total and permanent disability (TPD) insurance and death cover, and compare to a tailored product to make sure you find the best coverage for your needs.

Step 11

Shop around for insurance

It's important to compare home and contents, health, car and life insurance policies each year before you renew. If you don't, you could be hit with the lazy tax.

Regularly comparing your options can help you save thousands and ensure you are getting the most bang for your buck. Canstar lets you quickly compare policies across 13 different types of insurances, including pet insurance and funeral insurance.

Step 12

Increase your emergency fund

It is wise to have an emergency fund in case you are hit with some unexpected expenses. How much is enough? This will depend on your weekly expenses as well as the number of dependants you support.

It is a good idea to consider having two emergency funds – one for minor incidents, such as the fridge breaking, and another for more serious events, such as serious injury or illness.

"The best financial decision that I've made so far in my 30s is to put a little money aside each pay for each of my children. My eldest is now almost four years old and he already has a reasonable little balance of shares that will create opportunities for him in the future.

One thing I wish I'd done earlier in my 30s was consolidate my superannuation. I had my retirement savings split over three different funds with varying degrees of performance, insurance costs and ongoing fees. Pulling them all into the one fund has made it much simpler to track how I'm going and ensure I have the right levels of insurance cover in place. It's also saved me a lot of money annually which will compound to make a big difference when I retire."

Josh Callaghan
Canstar's General Manager Wealth

Step 13

Get your will in order

Contrary to popular belief, planning for your death doesn't need to be seen as morbid. It is sensible, and an important consideration once you enter your fourth decade. In fact, death is the only certainty in life, so it makes sense to clearly document how you would like your wealth distributed.

The fact is that if you die without a valid will, your assets may not be distributed as you had hoped. Despite this reality, it's estimated half of all Australians die without having a will in place.

Given the importance of this legal document, we encourage people to think carefully about writing their own will using a DIY will pack. It can be worthwhile seeking help from a solicitor or public trustee to ensure your wishes are properly recorded.

For those in their thirties with a family, it can be worth learning about the pros and cons of trusts, which can be a way of protecting your assets.

Step 14

Embrace DIY

Skilling up around the house could potentially save you thousands on maintenance, cleaning and repair costs. Granted, this doesn't play to some people's strengths. However, given you don't have to be a tradesperson to take on basic jobs such as painting the odd wall or replacing the flyscreens on your windows, flexing your DIY muscles can pay off.

Websites such as Family Handyman and This Old House offer simple how-to guides and video tutorials on a range of DIY topics. Just remember to know your limits and err on the side of caution, as some more major jobs, such as electrical work, construction or plumbing, should be completed by qualified tradespeople.

Doing your own housework and reducing takeaway costs by cooking more at home can also be worthwhile - both financially and therapeutically. It could save you money and allows you to scrub or cook away whatever frustration you have experienced during the week.

Step 15

Don’t try to keep up with the Joneses

It can be tempting to “live large” by trying to keep up when others around you are spending big on houses or holidays, however this is rarely wise.

Be especially careful of overspending on your house or car and make sure you don’t accumulate more liabilities than you can afford. It’s also important to avoid falling into the trap of overspending as you earn more.

Regularly “rewarding” yourself with gadgets or expensive holidays can prevent you from building a nest egg and reducing your debts. Remember - keep your eye on the prize – that way you can make informed decisions that could add to your financial security as you enter your next decade.

We hope this guide has armed you with some extra insights to build healthy habits during your thirties.

As Australia's biggest financial comparison site*,

make sure you visit us along your journey whenever you need a hand making financial decisions with confidence.

*We are Australia's Biggest Financial Comparison Site. Click here to learn more

Checklist:
15 pointers for your 30s

We've compiled this checklist to help you put the foundations in place so you can work towards entering your forties a step ahead.

Task	
1. Assess career path and consider further education or negotiating a pay rise	☐
2. Ensure budget is up to date	☐
3. Consider savings accounts or offset accounts	☐
4. Reduce credit card debt or consider a balance transfer	☐
5. Take a look at superannuation performance and compare	☐
6. Set aside additional payments for mortgage	☐
7. Check credit rating and work towards repairing if necessary	☐
8. Gather supportive evidence for loan application	☐
9. Consider long-term investment options	☐
10. Evaluate need for life insurance	☐
11. Avoid lazy tax by shopping around for domestic insurance	☐
12. Grow emergency savings	☐
13. Make sure will is in order	☐
14. Think about increasing DIY around the home	☐
15. Focus on personal goals, not what others are doing	☐