



Tips from the coach

STORY
SUSAN HELY

You can get affordable help from an expert if you're struggling with your finances

If you can't afford to see a financial planner but don't qualify for a financial counsellor, where do you go for advice with managing your money? You typically fall through the cracks. And with readers feeling cost-of-living pressures, *Money* has been inundated with requests for advice about getting on top of their finances through budgeting and saving.

A recent widow, Prue Armstrong, asked how she could refresh her skills with budgeting, saving, juggling the bills, using credit cards wisely and finding the best deals. "I really need help as I don't know where to start regarding a budget, the mortgage is getting higher and I cannot afford to make mistakes," she said.

At the same time there have never been so many self-help online budgeting and saving apps, blogs and books to provide advice. But even people who sign up for the apps or buy the books often need extra help.

That's where a new group of money coaches – called spending planners – fits in. They help with budgeting, spending and planning ahead for all expenses. Unlike some businesses

that take control of your bank accounts and pay your bills, spending planners don't run your accounts, so you keep control of your finances and you learn how to do it yourself.

Spending planners see themselves as educators who personally guide people step by step to manage their cash flow. They sit down with you and work out your spending patterns, then help you overcome any debt problems so you can reach your goals.

David Wright, founder of the Spending Planners Institute (spendingplannersinstitute.com), has been helping people by running workshops and selling his Simply Budgets software for over 20 years. He has sold 30,000 copies and says he has a lot of satisfied customers who attended his cash flow workshops and believe his approach to money helped them start saving and turn their lives around.

One of the main features of Wright's budgeting model is that it anticipates expenses that could potentially wipe out savings. Plenty of budgets are based on what you spent in the past but it is important to factor in expenses that are coming up, such as replacing an old

fridge or putting a new roof on the house or tyres on a car. "We stop people from getting into crazy situations," he says.

One of Wright's clients, Anthea Falkiner, agrees. "You can look at your account and see how much you need to have."

Spending within their means is a challenge for many people, particularly if they use credit cards regularly and don't pay them off in full. Almost one in five consumers are weighed down by credit card debt. ASIC found that almost 550,000 people were behind in what they owed on their credit card, with an additional 930,000 in persistent debt and 435,000 more repeatedly repaying only small amounts.

"This is at a time when interest rates have never been lower," says Wright. "There are a huge number of people who are really struggling and wages growth is really slow."

He says clients of the 100 or so spending planners around Australia range from late teens up to people in their 60s and 70s.

There is a well-known financial saying: "It isn't how much you earn, it's what you spend that matters." People with big salaries can be

financially stressed because they over-commit to big mortgages, flash cars and private school fees. On the other hand, people earning much less can be financially secure because they don't spend so much.

Cut up the credit card

Wright used to be a teacher who had reached the top of his pay scale. Because he couldn't earn any more he had to make his money work harder. He sliced and diced the way his family (wife and three kids) spent money and came up with a unique system. He used to tell his kids that they had only \$300 to spend on the power bill every quarter and if there were any savings he would give them the excess. "My kids would follow me around the house switching off the lights," he says.

A couple of years ago Wright decided to add personalised coaching to his budgeting work because he had found there were always some people who bought his software but didn't use it. Some didn't even open the packaging. They would eventually call him and ask for help setting it up. And they wanted to keep in touch.

"They wanted someone to hold their hand - to explain it and make it happen," he says.

Then in 2015 he formed the Spending Planners Institute, which uses his budgeting software as well as his debt-busting program. Every spending planner runs their own business. Some work with clients of financial planners and mortgage brokers who want to save more.

The value that spending planners add is that they regularly check in with their clients to help keep them on track. The practical coaching means that people stop procrastinating about their finances. And if the spending plan isn't working or there are problems, the spending planner can help work out a solution.

Some of Wright's happy customers, such as Falkiner in NSW and Carolyn Moes in Queensland, signed up to become spending planners themselves when the institute began three years ago.

Falkiner completed Wright's cash flow program 10 years ago when she and her husband were both self-employed with two young babies and a crippling mortgage that they kept drawing on. She recalls her father saying they were a train wreck waiting to happen. After the course they sold their home and with the small amount left over moved out of Sydney. "It totally transformed our lives," says Falkiner. "I suddenly knew what my bank balance needed to be on any given day to cover all of my predictable and unpredictable expenses."

She was one of the first to sign up to be a spending planner and now runs a business called Bright Spenders. "It is so rewarding. I had a personal experience that was phenomenal," she says. She shares her experience with clients and explains how she got on top of her finances. She specialises in helping people cut costs, repay debt and accumulate wealth. In many cases this has a profound impact on their lives.

In the too-hard basket

Falkiner estimates around 25% of her clients have a budget, often on a spreadsheet, but 75% don't use any system. The problem is that when people are winging it without a buffer they can get hit by a big expense or an unexpected event such as losing their job and they start to use credit cards.

Often the reason for financial stress is credit card debt. "I say to my clients that from this day forward you are not to use a credit card and to cut it up," says Moes.

"They are blindsided and it becomes an internal crisis," she says. "They feel like they don't have any control and they are going backwards really, really fast. The worst thing they can do is to continue to put it in the too-hard basket."

Falkiner says she helps people switch from feeling constant fear about their finances to understanding what they can afford and feeling secure. They can see their surplus every month.

Spending planners review their clients' bills, living expenses and income as well as bank accounts, mortgages and insurances to make sure they are paying competitive rates.

They go through clients' bills and accounts to work out their annual income and outgoings. They anticipate certain expenses so that clients will be prepared for any big unforeseen bills. It is a flexible budget system that can be modified depending on what happens.

Spending planners crunch the numbers for you. For example, if a couple spend \$300 a week on cigarettes Moes will point out that \$15,600 a year goes up in smoke. It is not rocket science but people don't consider the long-term costs, she says.

Or people spend too much on food. Moes recalls asking one young couple who were spending \$400 a week on food why it was such a high amount. They admitted they couldn't cook. She talked them into buying a slow cooker and gave them recipes to encourage

them to do their own meals. They have halved their food bill and actually enjoy cooking.

Often Falkiner's clients ask her what is normal to spend on groceries or clothes. "The data is really great for opening up their eyes," she says. They see that if they keep spending they won't have any money left in a few months, or that by tightening their belt and saving \$250 a month they will be able to pay off their personal loan much faster.

Falkiner explains what she does to keep her own bills low, such as putting a certain amount each week into her spending account and if she runs out of money she eats what she has in her cupboards. She shops at a no-frills supermarket.

How long does it take? Everyone is different but after setting up their cash flow often people like to have help for six to eight months. Falkiner says this typically costs around \$1000. Some clients want ongoing assistance that can include a 30-minute mentoring session once a month.

Moes says many of her clients like the ongoing support and appreciate having "someone on their side". It helps people to stay on track with their spending and saving. She offers different packages costing from \$295 to \$1250.

Moes' clients fall into two main demographic groups. There are couples aged 25 to 40 with kids who are saving for a home deposit or paying off a mortgage. "This is where I work the most," she says. She also sees a growing number of retirees, some widows, who haven't had to run their own finances before. "I love empowering older women."

Some clients are juggling multiple credit cards. One client in her mid-50s with around \$150,000 in debt had worked out that it would take her over 60 years to pay it off.

In such situations Moes' debt-busting advice is to contact all the financial institutions, explain the situation and ask them to reduce the rates, then pay off the debts with the highest interest rate first.

She also identifies how to cut spending and then use that money to pay down the card debt.

Moes says the client has renegotiated well and is on track to pay off her debt in seven years. "I have clients who say that being out of debt has given them the freedom of knowing that every day all their bills are paid on automatic debit." **M**

WHAT SPENDING PLANNERS DO

- Help you set up a financial blueprint for your future.
- Encourage you to stick to the plan and reach your goals.
- Modify the plan when things change.