

**YOUR  
GRADUATION  
HANDBOOK**

# GET SMART *for* LIFE

**eBook**

**Dave Broadbridge**



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HANDBOOK**



Dave Broadbridge

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### **About the author:**

Dave Broadbridge is the Managing Director of Get Smart Education, a boutique education company founded with the purpose of helping students to maximise their tertiary entrance score.

As well as holding a Bachelor of Commerce from UNSW and a Diploma in Education from the University of New England, Dave is the author of a number of incredibly helpful supporting texts for Year 11 and Year 12 Business Studies students including the Qantas Business Case Study which has sold over 60000 copies.

Dave is passionate about education and has more than 25 years' experience teaching students in leading independent schools where his students were consistently ranked top in the State. Dave is an engaging presenter and lectures countless business studies students at schools across Sydney and regional NSW. As a teacher and mentor his input has been impactful and inspirational to many students.

The word "Foreword" is written in a bold, white, sans-serif font. It is centered within a white rectangular area that has a dark, textured, brush-stroke-like border. The background of the page is a light gray.

# Foreword

The end of school life is an important milestone. You are undoubtedly looking forward to the freedom of leaving school, and this exciting time can also be very rewarding if you are prepared for what life will throw at you now that you're an adult.

Get Smart for Life aims to give you the understanding and confidence to make informed decisions to help you transition successfully to that next stage in your life. This practical book is a tool kit that you can use to get reliable information when you need it. Use it to avoid financial pitfalls, remove unnecessary stress, be more independent, better plan for your future, and make choices that give you greater enjoyment of life.

Good decision-making is dependent on two essential components: knowledge and action. Possessing the proper knowledge and being determined to follow up with the right action are crucial to making wise decisions.

Get Smart for Life ticks both these boxes. Each of the 19 chapters gives you a wealth of knowledge and concise factual information on critical areas relevant to your stage in life, from higher education fees, budgeting, investing, borrowing money, superannuation, leaving home voting, buying a car, travelling overseas, avoiding scams, and much more.

**Now, let's get on with it. It's time for you to get smart for life.**



# Higher Education Fees

## Free for Some, Not for Others

If you ask your parents, they will most likely tell you they had access to free university education. As year 12 completion rates increased, so did the pool of prospective tertiary students, making the cost of providing free higher education to Australians too high. As a result, in 1989, the government introduced a student loan program for university education fees. Initially called HECS (Higher Education Contribution Scheme), these loans are now referred to as HELP (Higher Education Loan Program).

## Investing in Your Future Through University Education

If you plan to attend university, you will likely use the HELP program to fund your studies. While nobody likes debt, and most would prefer university education to be free, studying is still seen as an excellent investment as it can allow you to earn more income in the future. Studies have found that university graduates can potentially earn more than \$800,000 than school leavers over their lifetime.



**While nobody likes debt, and most would prefer university education to be free, studying is still seen as an excellent investment**

## Enjoy the Benefits of Government Subsidised Study

Commonwealth-supported places (CSPs) are places at a university where the federal government pays part of your fees. This means your course fees are largely subsidised by the Australian government,

with the remainder becoming your HELP debt. CSPs are available to domestic students in all undergraduate and some postgraduate courses at public universities, as well as in select ones at private universities.

In Australia, university students are generally charged fees for each unit of study (also called courses or subjects) rather than the full degree. Each semester, students will receive a statement telling them how much they owe for each unit. Some subjects have higher tuition fees than others, and the exact cost of a degree will vary depending on what subjects a student chooses to study.

It's possible to pay these fees upfront, but very few people can afford to do so since the total degree cost can be well into five figures. For this reason, around 90% of students elect to defer these fees through the use of HELP.

## How do I apply for a CSP?

CSPs can be applied for through your chosen tertiary institution's online enrolment system. If you are offered one of these places, you will have to complete a 'Request for Commonwealth Support and HELP' form before the census date associated with your enrolment. Once approved, you will continue receiving Commonwealth support throughout the duration of your chosen course. You will only need to reapply if you change your course or university.

Tuition fees are charged to your student debt immediately after the census date, which is a point in the study term where enrolments are finalised that usually occurs a few weeks into each university semester. As such, the census date is the last day you can withdraw from a course without having to pay the associated fees. Leaving a course at any time after the census date will incur the regular fee attached to that course or unit of study.

For more information on study fees, check out <http://www.studyassist.gov.au/>.



## The Least Detrimental Debt You'll Ever Have

Unlike a loan for a car or a house, HELP debt does not attract any interest. Instead, it is tied to the Consumer Price Index (CPI), meaning that its raised each year in line with the cost of living and never at a rate higher than inflation.

Another benefit of HELP debt, when compared to other forms of debt, is that there is no repayment deadline. You are only required to start paying back your debt once you earn above a certain amount. The repayment threshold will generally change from year to year, but it's currently set at an income of \$45,881 before tax. If you are just above the cut-off, you will have to pay 1% of your total income, and as you earn more, this percentage increases.



## Some Degree Prices Are Changing

With the introduction of the Australian Government's Job-Ready Graduates Higher Education Reform Package, from 1st January 2021, the amount students will pay for each unit of study has changed significantly. In order to encourage students to study certain fields where there are more job opportunities, the cost of some disciplines has increased while others have decreased. These changes are another reason why you should always work out a rough estimate of your degree cost before committing to studying.

## Full Fee Paying University Students

Generally, most postgraduate courses and courses with private universities are not subsidised by the government since the education providers set tuition fees. However, as a full fee-paying domestic student, you may be eligible for a FEE-HELP loan from the Australian government. The amount you can borrow under the FEE-HELP system in your life is a fixed amount and any amount borrowed becomes part of your accumulated HELP debt to be repaid through taxes once you meet the current salary threshold.

Unfortunately, there is a catch involved with FEE-HELP loans. If you take out one of these loans, you will have to pay a 20% loan fee. For example, if you study a unit that costs \$2,000 and use a FEE-HELP loan for the entire amount, the loan fee is

\$400 (20% of \$2,000). You also need to ensure that you pass at least 50% of your units of study; otherwise, you will be forced to pay the tuition fees upfront until you improve your pass rate.

## What If I'm Enrolled in Vocational Education?

CSPs have not yet been made available to those studying Vocational Education and Training (VET) courses. However, much like HELP debt, VET student loan programs allow students to repay their tuition fees for any approved diplomas or advanced diplomas at a later date. Fortunately, unlike FEE-HELP loans, there is no loan fee.

### Higher Education Action Steps:

- Check if the course you want to study accepts CSPs and find out the costs before you apply.
- Follow the instructions in the letter sent by your provider to accept your offer. The letter will outline whether the place you have been offered is a CSP or not.
- Complete the online form given to you by your provider prior to the census date. If you don't submit your HELP loan form by the census date, you won't be eligible for a HELP loan during that period of study.
- If you are going to withdraw from a course, make sure this is done before the census date to avoid facing financial or academic penalties.
- Contact the enrolments/student administration office at your chosen tertiary institution if you have any questions about the process.
- Be aware of your obligations to repay your debt. You can view your outstanding HELP debt online by visiting the myGov website.

# Government Support for Young People

## There might be more options than what you think

The Federal Government provides financial help to Australians of all ages for several reasons, such as if they lose their job, get sick, as well as offering opportunities to receive support if they are studying and training. Services Australia (commonly known as Centrelink) is the department responsible for government payments and financial support, and there are plenty of ways for young people to get help.

## Payments to help you while you study

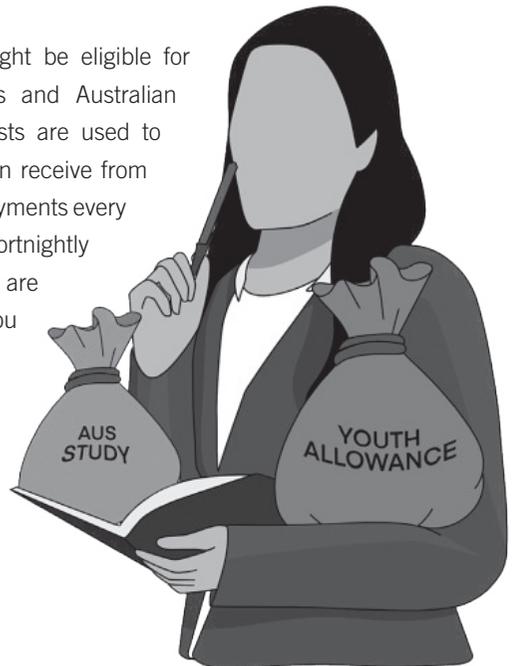
Financial help is available to eligible students studying an approved course full-time or doing an Australian Apprenticeship. While the requirements do differ, these payments assist with your cost of living and study expenses.

### Youth Allowance

If you are 24 or younger, you might be eligible for the Youth Allowance for students and Australian apprentices. Income and asset tests are used to work out how much money you can receive from this scheme, and you will receive payments every fortnight. You will get a higher fortnightly payment if you can demonstrate you are independent of your family and you aren't subject to a Parental Income Test to determine your eligibility.

### Austudy

Austudy is the main income support payment if you are 25 or older. Unlike Youth Allowance, there is no requirement to satisfy



independence criteria to receive the higher fortnightly payment. A partner and personal income and asset test will apply to ensure that you fit the needs to receive payments. They involve declaring how much money you earn and the value of your assets (such as if you own a house or have shares). If you have an official partner (such as a defacto or spouse), they will also have their income and assets measured.

## Payments for job seekers

The government also provides financial help for job seekers looking for work, or who are temporarily unable to work. Youth Allowance assists young people under 21 years, and JobSeeker payments help young people for over 22 years. Many more young Australians qualified for these payments when their work situation changed because of COVID-19, and they will continue to be available for people out of work.

The amount you get depends on your situation. Factors include whether you have a partner, if you have children, and how much income you and your partner have earned recently.

## Mutual obligations

When accepting JobSeeker payments, there are some mutual obligations needed for you to qualify. They are in place to assist you with finding more work and are formally known as your “job plan”. Although it might not sound too fun, you will have to do things such as attending appointments with an employment services provider and doing approved activities to find a job. These activities can vary depending on your situation, but they can include undertaking job searches, applying for jobs, and doing Work for the Dole or other approved activities such as study, training, paid, or voluntary work.



**JOHN**

John found himself without a job when the restaurant he worked in as a chef closed down. John qualified for the JobKeeper payment as he was over 22, and he met the residency rules and income and assets tests. He made a claim through Services Australia by signing into his myGov account. Within a few weeks, John received his financial help in the form of JobSeeker payments which went into his bank account fortnightly. As part of his mutual obligations, he had to do approved activities to find a job as part of his Job Plan. John was only temporarily out of work and found a new job in three months.

## Rental assistance programs

If you are having trouble paying your rent, you might be eligible to receive Rent Assistance along with your Youth Allowance, JobSeeker, or Austudy payments.

How much you can receive depends on how much rent you pay per fortnight since there is a minimum amount you need to pay. Like with other programs, these figures vary depending on your situation. For every \$1 of rent you pay above the amount

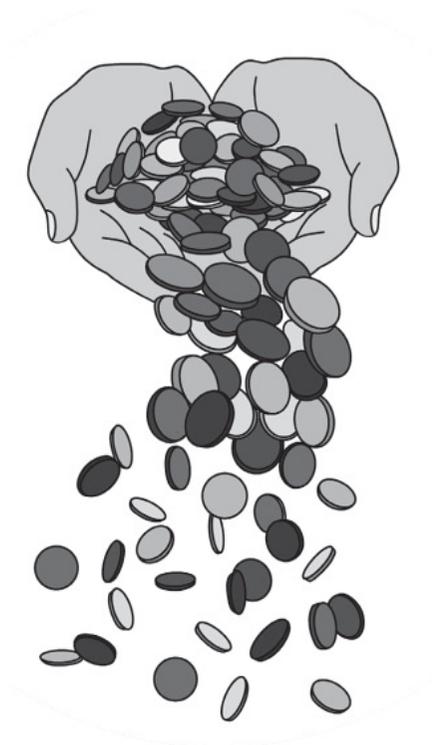
**there are plenty  
of ways for young  
people to get help**

relevant to your circumstances, you will get 75c. You can't get more than the maximum amount available.

One of the benefits of Rent Assistance being tied to your other government support services is that you won't need to apply for it. Services Australia automatically checks to see if you are eligible when you claim a payment, so all you need to do is provide proof that you pay rent and complete a rent certificate, which will be sent to you for completion.

### **Government support to young people action steps:**

- Check your eligibility and payment options through the Services Australia website.
- The fastest way to claim a Services Australia payment is through your online account.
- Create a myGov account so that you can begin the process: <https://www.servicesaustralia.gov.au/individuals/online-help/create-mygov-account>
- When you sign in, you will be prompted to complete an 'intention to claim' for a Services Australia (Centrelink) payment if you have not done so previously.
- To make a claim, sign in to myGov and go to Services Australia (Centrelink). Select Payments and Claims from the menu, then claims.



# Buying a Smartphone

## Focus on value for money

For better or for worse, phones are an essential part of your day-to-day life. Today's smartphones are super-sophisticated and chock-full of handy features, but they are also more expensive than ever. Flagship devices from Apple and Samsung can now cost over \$1500, and the new foldable smartphones are looking likely to go for at least \$2000. It's a relentlessly competitive market with manufacturers constantly trying to outdo the tech innovations of their rivals.

## Choose your operating system: Android (Samsung) or IOS (Apple)

The two most prominent players in the smartphone market are, of course, Apple and Samsung. As the world's two biggest cell phone manufacturers, they have been able to place a veritable lock on the market with their cutting devices and

advanced technologies. We could sit around all day arguing about which mobile phone operating system is best; all you really need to know is that they are both excellent, support a wide variety of apps and games, and they both take a short while to get used to. So, answering the question of 'Apple or Samsung?' really comes down to personal preference. If in doubt, stick with what you know.



## Should I buy a phone outright or through a plan?

To buy a smartphone outright means you will pay the total cost of the phone upfront, then choose a prepaid or SIM-only plan for calls, texts and data. While this option does cost more at the outset, it gives you the freedom to switch plans or providers whenever you want.

Due to the hefty price tag of a brand-new smartphone, most young people prefer to get their phone on a plan and pay it off over time. These plans usually range from

12 to 36 months. There are no upfront costs associated with these plans; instead, you will pay for the phone and any included services in monthly instalments. Remember that you will need to commit to paying the amount specified every month until the contract is over if you choose this option. Ending the contract early in most cases will incur additional fees.

Before making a decision, it's a good idea to shop around compare the prices, conditions, and plans of different network providers. The right plan for you will depend on your circumstances and the way you use your phone. To ensure you choose the best plan for your needs, you should first try to estimate your usage needs, including roughly how many calls you make, how many messages you send, and how much data you use in a month. After you chose your plan, make sure you understand the contract's ins and outs and responsibilities.

## Be data savvy

Streaming videos and downloading files can quickly eat up your monthly data allowance. Whenever possible, you should use Wi-Fi instead of 3G/4G/5G to save on data when surfing the web, watching videos, or downloading apps on your phone. Be wary that some mobile phone plans will automatically 'top-up' your data if you exceed your monthly limit. This can be expensive, with many providers charging around \$10 for an additional 1GB of data.

Some mobile phone plans are available that do not attract an additional charge for excess data usage. Instead, they will limit the download speed available to the user after a particular amount of data has been used in the billing period.



**CHARLIE**

Charlie returned from an epic surf holiday in Bali to a massive phone bill. He watched a few surf videos and played some games on his trip which resulted in a big international roaming bill. Next time Charlie is going to add a travel pack to his existing plan or buy a travel sim. Or better still disable his data usage and just use free Wi-Fi to stay connected.

## Research your network coverage

It's important to make sure that your chosen mobile service provider has a strong signal in the places you spend most of your time, such as where you live and work. Check the service provider's website to see where you will be able to get coverage for mobile phone use.

## Phone insurance – yay or nay?

Many people are prone to dropping or losing their phone, so taking out mobile phone insurance can offer peace of mind. A mobile phone policy may cover a new replacement phone if yours is lost or stolen, free repairs if your phone suffers accidental damage or an electronic failure – plus a loaner phone while yours is at the shop and a limited amount of coverage for unauthorised usage charges.

Keep in mind that this extra coverage comes at a price, and you may be required to pay an excess if you make a claim, so it's worth doing some more research to see if phone insurance suits your needs.

**Streaming videos and downloading files can quickly eat up your monthly data allowance**

**Buying a smartphone action steps:**

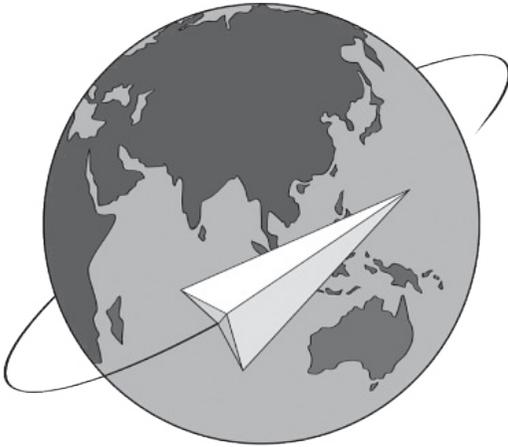
- To make sure you have the right phone and plan for your needs, compare offers from various providers.
- Always read the contract – you can't rely on what a salesperson tells you. A mobile phone contract is legally binding and is usually complex and expensive to cancel.
- Pick a carrier that offers good coverage in your area, ensuring you have a strong signal.
- Check your data usage frequently – it will help to avoid large bills.
- Use Wi-Fi whenever you can and set your phone to connect to Wi-Fi at home automatically.
- Wait until you have access to Wi-Fi to download apps/games, watch movies/videos, and stream music.
- Turn off roaming if you are travelling overseas.
- Consider taking out insurance to help cover the cost of repair or replacement if your mobile is lost, damaged, or stolen.

# Travelling Overseas

## Expanding your horizons can improve your quality of life

Travelling abroad is part of youth culture and can present you with new skills and experiences that benefit you for the rest of your life. Getting out of your comfort zone can be scary at first, but it will make you a wiser and more competent individual by connecting with people from all walks of life and navigating foreign environments.

Traveling can also build confidence. As you begin to overcome the obstacles that come with travelling abroad, you will start to see them less as hindrances and more welcome challenges.



Lastly, travelling allows you to develop cultural sensitivity. Cultural sensitivity is essential when it comes to understanding international issues and conflicts as well as living and working in multicultural societies.

## Planning your trip

Planning an overseas trip can be a daunting task. Sometimes, events can happen out of your control (such as the Australian government banning international travel in response to the COVID-19 pandemic) and it's easy to get overwhelmed, especially when you haven't done something like this before. There is a firehose of information out there in the form of blogs, social media, and guidebooks, making the task of planning a trip even more challenging and overwhelming.

These are the most important steps to keep in mind when planning your trip:

## Make a travel itinerary

Making a travel itinerary may sound trivial, but it's definitely worth the effort. A well-made itinerary lays out all of the information you may need on your trip, which means you can spend less time trying to organise yourself and more time exploring or relaxing.

Your itinerary will be a day-to-day timeline of your trip and provides easy access to other important information such as flight dates and times, car rental information, addresses, and phone numbers.

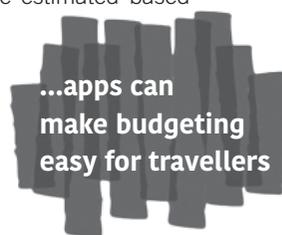
The free Evernote app is a great place to create and store your travel itinerary. The app can be accessed on any device and can store maps, photos, and links to important websites.

## Prepare a travel budget

Establishing a travel budget is essential to ensuring that you have a stress-free trip without worrying about money. A carefully prepared travel budget will allow travellers to manage their finances properly and guarantee that they have enough money for their trip. It's also important to remember that your travel budget is a guide and not a restrictive set of rules. Aspects of the budget will be estimated based on the information you have on hand, and it's possible that this information might not be up-to-date or that you will make mistakes.

The first thing to consider when making a travel budget is your preparation expenses. The most significant expense will usually be your airfare and any other costs involved with actually getting to your destination. The next big chunk will likely be any pre-booked accommodation. Other preparation expenses include your passport and visa, travel insurance, luggage, and other travel accessories.

After considering your preparation expenses, you should estimate the actual day-to-day costs of the trip. These daily expenses can include food and drink, guided tours, other activities, transport, and shopping.



When preparing your travel budget, the final step is to keep some extra money for unexpected expenses you may not have planned for. These could include medical emergencies, hidden fees, or even happy accidents, such as a spontaneous activity you are invited to while on the road.

These days, apps can make budgeting easy for travellers. Some great apps currently available include Trail Wallet and Travel Spend.

## HOLLY



Holly set up a travel budget for her skiing trip to Queenstown, New Zealand. Her preparation expenses included airfare (\$1300), accommodation (\$420), lift tickets (\$400), ski hire (\$280), travel insurance (\$150), a new passport (\$300), and some additional snow gear (\$650). She allocated \$120 a day for her trip expenses to spend on food and drink and an additional \$80 a day for shopping. She also factored in \$500 as her emergency fund, making a grand total of \$5400. Holly found having a travel budget an extremely helpful guide to setting up a realistic savings goal and making the best spending choices throughout her trip.

## Get the right official documents

Several important documents are necessary when travelling to another country. Firstly, you cannot travel internationally without a passport. A passport is a government-issued document that certifies your identity when traveling between countries. Passports can be applied for online via the Australian Passport Office ([www.passports.gov.au](http://www.passports.gov.au)).

After applying, you will need to print your application and lodge it in person at an Australia Post outlet. In addition to your application form, you will also need to provide documents proving your identity (such as an Australian birth certificate) and have your photo taken. This process usually takes about three weeks; however, you can pay an additional fee to expedite the process if you need a passport urgently. The



standard passport fee is currently about \$300 for an adult passport, which is valid for 10 years. It's important to remember that your passport is a precious document and must always be kept in a safe place.

Depending on where you are going, you may also need a specific type of visa. A visa grants non-citizens permissions to enter, transit through, or remain in a particular country. Each country has its own set of rules and processes for visa applications and approvals. You can find information for each country from their Australian embassy or consulate website.

## Decide on how to pay for things overseas

There are a variety of options for storing and spending your money while travelling overseas.

### Option 1: Cash

It's usually recommended to carry at least some foreign currency when travelling, particularly in developing countries with less advanced technology and limited access to electronic payment methods. Australian currency is easily converted into foreign currency at many places, including banks, airports, and post offices. Before converting your Australian currency, it's essential to compare the exchange rates on offer from different providers to ensure that you are getting the best rate. In some foreign countries, carrying large quantities of cash can make you an ideal target for pickpockets. To avoid this, you should split your cash – carry only what is necessary in your wallet and store the remainder in the safe at your hotel.



### Option 2: Travel Cards

Travel cards are a lot like cash, just without the hassle of physical money. These cards allow you to preload the money of your chosen destination at a fixed exchange rate and can be used wherever cards are accepted. Conveniently, if you plan to visit multiple countries during your trip, you can add several local currencies to one card.

**...you must remember to pay off your balance in full...or end up with a considerable holiday debt**

Another advantage that travel cards have over cash is safety since most prepaid cards come with pin code security. Additionally, if you run out of money while travelling, you can top-up your travel card electronically via your bank account.

### **Option 3: Travel Credit Cards**

Travel credit cards can be used both at home and abroad. They differ from standard credit cards as they charge very low foreign exchange commissions, with some cards charging no exchange fees at all. Some of the more competitive travel credit cards come with other additional benefits such as 24/7 worldwide concierge facilities and complimentary travel insurance. Much like with regular credit cards, you must remember to pay off your balance in full at the end of the month, or you could end up with a considerable holiday debt.

### **Option 4: Travel Debit Cards**

Travel debit cards are ideal for when you want the comfort of a credit card without the risk of racking up a huge bill as you are spending your own money. It's best to find a debit card that doesn't charge any ATM fees or foreign exchange commissions. If your travel debit card does happen to charge an overseas ATM fee, you should try to withdraw larger amounts of money in one go, avoiding the bite of multiple fees.

## **Buy travel insurance**

Many people tend to think, 'I am healthy, I probably won't get sick during my trip,' so they don't buy travel insurance. Remember though, it's always better to be safe than sorry. Most travel insurance policies are cost-effective and will cover you for any medical treatment you receive overseas without having to pay out of your own pocket. For example, if you are hospitalised in South East Asia for a week, you can generally expect to pay around \$6000 or more. In two weeks, you are looking at a bill of \$10,000+. In addition to medical expenses, travel insurance will have you covered for multiple situations, such as if your flight is cancelled, a family member dies and you must come home early, or if your possessions get stolen.

## Consult your doctor before you go

It's recommended that you consult your doctor before any overseas travel. Depending on where you are going, you may need vaccinations and a vaccine passport as proof of vaccination. Travelling in countries in specific areas such as Asia, South America, and Africa can have a higher risk of being exposed to conditions not commonly found in Australia, such as malaria, dengue fever, measles, and other tropical infections.

Fortunately, many of the most widespread travel-related illnesses can be prevented with vaccines, meaning a simple visit to your doctor before you depart can drastically reduce your risk of coming home sick. It's recommended that you make an appointment at least six weeks in advance as some vaccines will require several weeks to take effect.

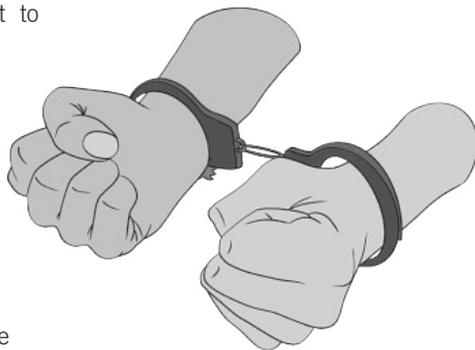
COVID-19 vaccines are likely to be required in order to travel overseas.

## Understand the risks associated with travelling to certain countries

Australian tourists, particularly those younger and less experienced, must remember that Australian laws are unique to Australia.

When travelling overseas, you will be subject to all local laws and penalties, even those that appear harsh by Australian standards. It's your responsibility to research and follow the local laws in the country you are visiting.

While travelling overseas, you should never consume or carry illegal drugs. You should also be aware of what is in your bag and never carry anything for someone else, especially while crossing international borders.



The Australian justice system is much more lenient compared to others. The past 20 years have seen numerous cases of Australian tourists facing severe charges involving long jail sentences and, in some cases, execution. The last thing you want is to be the next Schapelle Corby.



**There is a firehose of information out there in the form of blogs, social media, and guidebooks, making the task of planning a trip even more challenging and overwhelming.**

## Know where to go for help if things go wrong

Most young Australians have a great time overseas, completely free of worry. However, sometimes things don't go as planned.

Lost passports, hospitalisations, and arrests are just some of the ways young Aussies have gotten into trouble overseas. It's important to remember that while you may face difficulties during your travels, there is always help available if you need it. If you need assistance, contact the nearest Australian Embassy or phone the Consular Emergency Centre on 1300 555 135 from within Australia, or +61 2 6261 3305 from anywhere in the world, 24 hours a day.

### Travelling overseas action steps:

- Make a digital travel itinerary by putting all of your travel information in one place
- Set up a realistic travel budget to keep track of your finances
- Make sure you have a current passport and apply for any necessary visas
- Decide on how you are going to pay for things while you are overseas
- Buy travel insurance
- Visit your doctor and get any necessary vaccinations
- Understand the risks and dangers of travelling aboard
- Contact the nearest Australian Embassy or phone the Consular Emergency Centre if things go wrong while you're overseas

# Getting a Job

## A meaningful step on the path of adulthood

After years of study at school and university, there comes a time to enter the workforce and start your career. The hunt for work itself can sometimes feel like a full-time job, so here are some valuable tips for a successful transition.

### Write a great resume

A resume is the first impression a company will have of you, so it's vital to put in extra effort to make it look impressive. Getting this step right will see you well on your way to securing your dream job. Get it wrong, and no matter how perfect you are for the role, you will struggle to even get your foot through the front door.

A good resume should be professional and concise. When it comes to resumes, it's often said that brief is best. Avoid using cluttered or complicated layouts and stick to one modern, standard font that anyone can easily read and understand. Write clearly about your work experience, skills and qualifications to demonstrate and showcase them to your potential employer. Also, check that your references are still relevant and contactable at the email addresses and phone numbers listed.

Before submitting your resume and cover letter to any prospective employers, make sure that it has been proofread and that a spell and grammar check has been run to weed out any errors. It's also important to make sure that your email address is professional. If in doubt, it might be worth setting up a new account just for job applications.

**The hunt for work itself  
can sometimes feel like a  
full-time job**



Cover letters should be specifically tailored to every application. Be sure to thoroughly read the job advertisement and research the company before you begin writing. Highlight the skills and experience you have that align with the job you are applying for. This makes it easy for the hiring manager to see why you could be a good fit for the role and improve your chances of getting an interview.

## Use job search websites

Online job search websites have made it easier than ever to find new roles. Data shows that Millennials who took their job search online were able to secure a position almost a month sooner than their peers who didn't.

Popular job search sites include Seek, CareerOne, and Jora. Sites such as these allow you to set up job alerts, making you the first to know when new jobs in your industry or field are posted. When you find a suitable job, you can apply instantly by filling out an online application and submitting your resume and cover letter to the employer.



## Spend time as a volunteer

Volunteering is a great way to build new skills, meet new people, and broaden your professional network. It also looks great on your resume as it shows your willingness to work hard and your ability to work alongside a diverse range of people. These are all essential attributes to bring to any workplace.



Your volunteering experience will also give you a few different talking points to use when answering some of those common interview questions. You can provide details on your various skills, how you applied them in a real-world setting, and how you used them to benefit your community.

## **Take an internship to gain valuable work experience**

It might amaze you to hear that Bill Gates, Steve Jobs, Oprah Winfrey, Tom Hanks, and Steven Spielberg all started their careers as interns. An internship is a short-term work experience offered by businesses to people (usually students) looking to get some entry-level exposure to a particular industry. It's as much of a learning experience as it is work.

Recent graduates usually lack the necessary work experience to get a full-time position in today's competitive job market. Many people looking for work encounter the catch-22 of not being able to get any experience without already having experience. Internships can be a fantastic way to gain skills to list on your resume.

An internship will help you to stand out amongst all the other recent grads with the same qualification. It will also offer you the chance to try out a job or industry to determine if it's a good fit for you. Also, companies often use internships as talent pipelines to fill their open positions, so if you work hard, it may even lead to a full-time job.

## **Manage your personal brand**

These days, employers will search the online presence of potential employees to decide if they are suitable for the role and accompanying workplace culture. Social media can be an excellent way for potential hirers to get an idea of what type of person you are. Make sure to behave yourself on social media, keep it clean, and don't post anything embarrassing or that you wouldn't want potential employers to see. Alternatively, you can take advantage of your privacy settings, so your accounts aren't visible to strangers if you want to keep a separation between your private and professional life.

## **Prepare and practice for the interview**

If you are offered an interview, it means that an employer likes what they have read in your resume and cover letter and wants to find out more. The most effective way to ensure you go into your interview feeling confident is to prepare beforehand. The better prepared you are, the more relaxed and comfortable you will be when the questions begin.

Before the interview, you should do as much research about the company as you can. On the day of the interview, make sure to look the part since dressing neatly and professionally is a great way to make an excellent first impression. Arrive at the interview a few minutes early and double-check that your phone is turned off.

During the interview, it's important to explain everything you have included in your resume and cover letter, including examples of your previous experience. Speak clearly and confidently about why you want the job and why you want to work for this specific organisation. Should you feel yourself becoming nervous or stressed before or during the interview, taking a deep breath and drinking some water will help you calm down. Some other good tips to keep in mind for your interview are to treat it as a two-way discussion, answer honestly and directly, ask specific questions, and leave the interview on a positive note by thanking the interviewer for their time.

It's a good idea to practice your interview answers by getting a friend, or group of friends, to ask you sample questions. Some common interview questions might include 'tell me a bit about yourself', 'what attracted you to this job?', 'how do you work under pressure?', 'what were your day-to-day responsibilities in your last job?', 'describe a situation where you had a conflict in the workplace and how you handled it'.

### **Action Steps For Getting a Job:**

- Update your resume, make it professional, and tailor it to specific positions every time you apply.
- Maximise your online search using sites like Seek and OneCareer.
- Consider volunteering to gain real-work experience to add to your resume.
- Get an internship to gain valuable work experience to get a leg up when it comes to landing your first job.
- Behave yourself on social media or keep your privacy settings tight so your accounts aren't visible to the public.
- Prepare for your interview so you can be confident in your ability to answer any questions.

# Earning An Income

## Am I full-time, part-time, casual, or an independent contractor?

A crucial piece of information you need to know when starting a new job is how you are classified. Your type of employment will affect how many hours you work, your pay rate, and even some of your entitlements. You should ask your employer what your employment type will be before you start your new job to ensure that you are happy with the work arrangement.



This chart shows the differences between employment classifications:

| <b>Full-time</b>                                    | <b>Part-time</b>                                  |
|---|---|
| Set hours (average 38 hours per week)               | Set hours (less than 38 hours a week)             |
| Regular pay   | Regular pay                                       |
| Tax deducted from pay                               | Tax deducted from pay                             |
| Entitled to annual leave and sick pay               | Entitled to annual leave and sick pay             |
| Superannuation                                      | Superannuation                                    |
| <b>Casual</b>                                       | <b>Independent Contractor</b>                     |
| Hours can vary each week                            | Set own hours and rate of pay                     |
| Hourly pay at a higher rate than full and part-time | Payments can be unpredictable                     |
| Tax deducted from pay                               | Pay own tax bill at the end of the financial year |
| No sick or annual leave                             | No sick or annual leave                           |
| Superannuation                                      | Voluntary super contributions only                |

## What award or agreement covers my employment?

Your new job is likely to be covered by an award or enterprise agreement. These are legal documents that provide entitlements such as rates of pay and the types of leave you can use.

An award automatically applies to employers and employees working in an industry or occupation. To find the award that applies to your new job, visit [www.fairwork.gov.au/awards](http://www.fairwork.gov.au/awards).

An enterprise agreement sets out the terms and conditions of employment between a group of employees and one or more employers. For an enterprise agreement to apply to your employment, it needs to have been approved by the Fair Work Commission. Enterprise agreements override any award provisions, although they do need to meet the minimum wage provided in the award. For information on agreements, or to search for the agreement that applies in your workplace, visit [www.fwc.gov.au](http://www.fwc.gov.au)

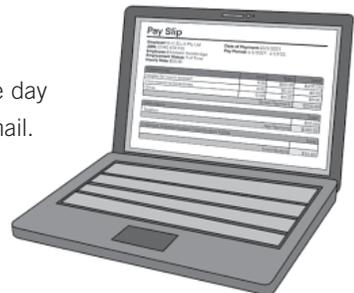
## How much should I be getting paid?

Wages in Australia can legally be paid in cash, cheque, or electronic funds transfer to your bank account (EFT). Rates of pay in awards and agreements will depend on your duties, age, experience, and qualifications. You must be paid at least the minimum wage in your award or agreement.

If the industry that you work in doesn't have an award or enterprise agreement, you must be paid at least the National Minimum Wage. This is the minimum pay rate in the Fair Work Act 2009 and is reviewed each year. It's currently about \$755 a week for a 38-hour week or \$20 an hour. If you are a casual employee, you will get at least an extra 25 per cent, known as "loading", since the number of hours you legally work is not guaranteed.

## You must get a payslip

As an employee, you are entitled to payslips within one day of payment. These are usually issued online or via email. Payslips have to cover details of an employee's pay for each pay period and typically include the amount of pay, both gross (before tax) and net (after-tax),



any loading or penalty rate entitlements, superannuation contributions, as well as HELP loan repayments (if you have a student loan).

## JULIAN



Julian loved his new job working as a casual in a surf shop while studying at university. He believed that his employer had miscalculated his pay because they failed to pay him penalty rates. Before Julian asked his employer, he researched the award for his industry of work and found that he was entitled to penalty rates for working on weekends. Though a bit nervous, Julian flagged it with his employer immediately and was able to get his pay resolved without raising a formal complaint.

## What about taxation and superannuation?

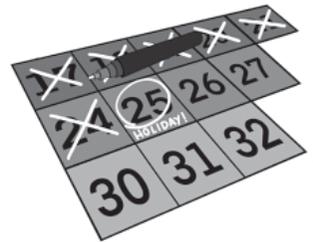
Your employer should deduct tax from your wages and pay this direct to the Australian Taxation Office. Your employer must also pay you super on top of your wages. The minimum superannuation contribution has just been increased to 10 per cent from July 2021, with further rises 0.5 per cent each year until 2025 which will take it to 12%.

## What about my leave entitlements?

Annual leave can be accessed at any time by agreement between the employee and employer if you work full or part-time. Full-time employees will accrue four weeks of paid annual leave per year, while part-time employees accrue annual leave on a pro-rata basis depending on how many hours are worked.

There is no 'cap' on how much leave an employee can accrue each year, and unused leave from one year will carry over to the next.

Sick and carer's leave come under the same umbrella in Australia and allow an employee to deal with a personal illness or taking care of an immediate family member. The paid leave entitlement is 10 days per year for combined sick and carer's leave and at a pro-rata rate for part-time employees, similar to how their annual leave amount is determined.



If you have an unused balance at the end of the year it can be carried over, and if you do use all of your sick and carer's leave, full and part-time employees are entitled to two days of unpaid sick and carer's leave.

## Other responsibilities of employers

By law, employers have to provide safe working practices to ensure that you are not injured or harmed because of your work. Every employer must take out worker's compensation insurance to cover your wages while you are not fit for work. Employers also have a responsibility to prevent discrimination, harassment, or bullying from occurring in the workplace so you feel safe and can do your job without fear or consequences.

**Employers have a responsibility to prevent discrimination, harassment, or bullying**

### Earning an Income Action Steps:

- Examine your contract to see which kind of employment terms you will be working under.
- Check your pay slip to ensure you are getting paid the right amount and the correct superannuation entitlements are being paid.
- Use the Fair Work Ombudsman calculator to find your base pay rate, allowances, penalty rates, and rates for overtime hours at <https://calculate.fairwork.gov.au/FindYourAward>
- If you think your payslip is wrong, flag it immediately with your employer.
- If you cannot get the matter resolved, contact the Fair Work Ombudsman.

# Income Tax

## A reality of life

Paying taxes might not be the most fun thing to do in the world, but your hard-earned money provides the government with funds to provide services and amenities to all Australians. Without taxes, the government would struggle to provide services such as healthcare, roads, schools, defence, pensions, and community amenities. Most of the federal government's money is collected in the form of income taxes, with other taxes such as GST and company tax making up the rest.

## How do I become part of the tax system?

In Australia, each individual is allowed to earn an income of \$18,200 per year without paying income tax, which is called the tax-free threshold. If your income is more than \$18,200, you will most likely have to pay income tax.

The first thing you need to do is get a Tax File Number (TFN), a unique nine-digit number that serves as your identification with the Australian Taxation Office (ATO). Your TFN is unique to you, and you retain it for the rest of your life. It can also be used when registering with other organisations, particularly government agencies such as Centrelink. The easiest way to lodge a TFN application is via Australia Post. You will need to complete an online form and then attend an interview within 30 days where you'll need to bring documents to verify your identity, such as your birth certificate.

## People with higher incomes pay a higher tax rate

Australia has a progressive income tax system, so the higher your income, the higher the rate of tax you need to pay. The lowest tax rate in Australia is 19%, kicking in on the first dollar you earn over the tax-free

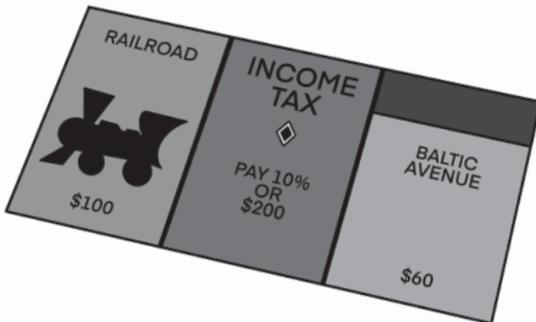


threshold of \$18,200. The highest tax rate is currently 45% which is charged on income over \$180,000. Most people will end up paying a rate somewhere in between the two.

## How do I pay income tax?

If you work for an employer, income tax will automatically be deducted from your wage or salary and paid directly to the ATO, which means the amount you receive in your bank account on payday is the amount after tax. If you run your own business or receive other forms of income, such as bank interest, you have to account for income tax yourself.

At the end of each financial year (from July 1st to June 30th), most people will be required to lodge a tax return with the ATO to work out their tax liability. This



is commonly done online through myTax or with the help of an accountant or tax agent. If you are lodging your own tax return, it's due by October 31st, and those using an accountant or tax agent will have until May the following year to complete the return.

## What counts as taxable income?

Your taxable income is the income you must pay tax on minus your tax deductions. Taxable income includes wages from your job, profits from your business, government payments, and returns from investments such as bank interest and dividends. Deductions can be claimed for certain expenses incurred by your work activities during the year, such as purchasing tools and uniforms, paying for travelling, or ongoing education expenses. These deductions will reduce your taxable income.

## Income tax is based on self-assessment

The Australian tax system is reliant on taxpayer's self-assessing. This means that you are responsible for working out how much you can declare and claim on your yearly tax return. To prepare an accurate tax return, you have to show how you

**...keep careful records, in a paper or digital format, of income, expenses, and donations**

arrived at these self-assessed figures. This means keeping careful records, in a paper or digital format, of income, expenses, and donations. They must be kept as evidence for five years after lodging the tax return.

## Should you file your own taxes?

The main advantage of filing your tax return yourself (using myTax) is that it is free of charge, and any refund you are entitled to will generally be received within two weeks. If you have a basic tax return with one full or part-time job (and no other earnings other than interest) and minimal deductions to claim, it's likely that lodging the claim for free online will end up saving your money.

## Potential benefits of using a professional

On the other hand, using an accountant or tax agent does have its advantages. These professionals know the ins and outs of the tax system and can often help you claim additional deductions you might not have been aware of, which can maximise your return. Accountants and tax agents are also helpful for people with more complex returns who require additional assistance. You will have to pay a fee to use their services; however, this fee is tax-deductible.

## Will I get a refund?

Often you will find that your employer will already have paid enough tax on your behalf during the year, so you will not owe any extra to the taxman. It is also likely that

you will have paid a little bit too much tax, and you will be eligible for a refund. If you earn any other income outside your job, or if none of your income is from a paid job, it's most likely that you will have to pay tax.



### Income tax action steps:

- Obtain a tax file number from Australia Post
- Keep careful and accurate records of income, expenses, and donations in print or digitally
- Lodge your tax return by October 31st if you are doing it by yourself online or by the end of May the following year if you are using an accountant or tax agent



# Superannuation

## Understanding Australia's retirement savings scheme

Superannuation is generally out of sight and mind as you enter the workforce but being aware of its ins and outs can make your life much easier when the time comes to clock out of work for good.

Since the early 1990s, employers had a legal obligation to pay 9.5% of your wage into a super fund if you earn more than \$450 in a calendar month. That percentage has just been increased to 10 per cent from July 2021, with further rises 0.5 per cent each year until 2025 which will take it to 12%. In addition the \$450 a month threshold has been scrapped. This means you'll have more money when it comes to retire and these will be less pressure on the age pension system.

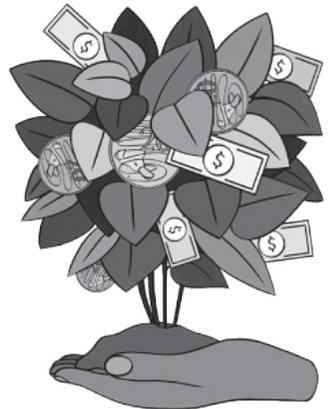
**...the easiest way to hack your retirement**

## Super is your hard earned money

In a nutshell, the gains accumulated from your super combined with the beauty of compound interest is the easiest way to hack your retirement. Without you having to dedicate extensive research into learning all about the stock market, your superannuation fund will do the heavy lifting for you by investing your money and reinvesting the growth to (hopefully) continually increase your balance.

## The power is in your hands

You have the power to make a lot of decisions regarding your super, even more so than previous generations. While you can't withdraw money from your super account unless there are particular circumstances, they are taxed less than regular savings accounts. For this reason, it is an excellent long-term investment if you don't need that money right away.



Along with your employer contribution, you can also add to your super account (up to \$25,000 a year). If you are a lower-income earner under \$37,000 a year like many people are once they leave school, the government lends a little helping hand. An annual payment of up to \$500 is made to your super account as part of the Low Income Super Tax Offset (LISTO) so that you can keep building your nest egg.



To get LISTO, all you have to do is make sure that your super account is linked to your tax file number. Once you do your tax return each year, the payment is automatically added to your super account if you qualify.

Another recent development is the First Home Super Saver Scheme (FHSS) that allows you to save money for your first home inside your super fund. While this probably won't matter for you right now, it is something to consider later down the line if you would like to increase your deposit amount for your house.

## Focus on low-fee accounts and compare your options

Most people can choose which super fund they would like to use, and there are some simple ways to make sure you get the most value for money.

For the first few years of your career, it is unlikely that you'll have a lot of money in super. Every account will come with fees, but high fees can unnecessarily chew away at your super balance. You also want a fund that delivers strong returns, and Canstar is a great place to start when looking for an account. This website compares super funds by weighing up individual fund performances and the fees you will pay.

Most super funds let you choose from a range of investment options, including growth, balanced, conservative and cash. Since it will be a long time until you access your super, most financial planners would recommend a growth fund with as low fees as possible.



## TARA AND KRISSY



Tara and Krissy started work the same day on the same salary. Tara did her research on Canstar and chose a super fund with a record of high returns and low fees. Krissy opted for the default Super fund nominated by her employer which had high fees and a poor track record. After 5 years Tara had \$70000 in her Super fund whereas Krissy only had \$58000.

### Stick with one account

The Australian Tax Office (ATO) has revealed that there is \$17.5bn in unclaimed super waiting to be found across 6.2 million accounts. This is mainly due to money sitting in separate funds or lost accounts that are paying flat fees. More than 60% of young Australians have multiple super accounts, with 30% reporting trouble in finding their old accounts.

### You don't want to add to this statistic.

If you have been working a part-time job while in school, you may already have a super account, so it's worth taking the time to check. To do this, create a myGov account if you haven't already and link it to the ATO. Under the 'super tab', you can see whether you already have an account.

### Review your payments

Whether it be by total accident or design, sometimes your employers can miss super payments. Double-checking your payslip and super account transaction records is a really fast way to make sure you are getting the contributions you are legally entitled to.

### Superannuation Action Steps:

- Consider opening a low-fee, high-growth account and making contributions if you are in a position to do so.
- Don't waste your money by having multiple super accounts – choose one and close any others.
- Make sure you are actually receiving your super. Check both your payslips and super statements every quarter.



# Start an Emergency Fund

## Be prepared for anything

An emergency fund is extra money put aside in addition to your savings that should only be used to cover urgent or unexpected costs. No one wants to spend their time contemplating potential emergency scenarios, but should an emergency happen when you aren't prepared, the fallout can have serious financial consequences.

You are  
young; you are  
healthy – what  
can go wrong?

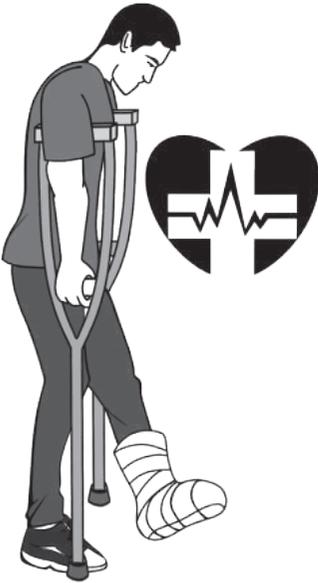
## Enjoy the feeling of comfort

Even if you think your parents will cover your expenses should something unexpected pop up, it's essential to have your own emergency fund just in case. Having an emergency fund creates a financial buffer that gives you peace of mind in knowing that you will be prepared for any situation. Some of the other benefits of these funds are that it prevents you from taking on debt (such as from credit cards) that have high interest rates and avoiding the need to have to sell off your assets if you need cash in a hurry. During the COVID-19 Pandemic, nearly 1 million Australians applied to withdraw \$10,000 from their superannuation. While some had legitimate reasons to do this, many individuals could have avoided it by having an emergency fund.



## Typical emergencies you may face:

**Job loss:** Young people can sometimes lose their job unexpectedly. Having an emergency fund will ensure you have cash available to pay for your rent, utility bills, car repayments, and any other expenses that you might have. It will help you to continue making ends meet and to make a thoughtful choice about your next career move as you will not feel as pressured to take the first job that you're offered, regardless of whether it is a good fit for you or not.



**Medical and dental bills:** You are young; you are healthy – what can go wrong? A lot, actually. From unexpected illnesses (such as needing your wisdom teeth taken out or even a major accident), one of the main reasons for building an emergency fund is so you do not find yourself with significant medical expenses and no way to pay for them. Even if you have medical or dental insurance, there is no guarantee that you won't have to pay for part of your care out-of-pocket, and some procedures might not be covered at all. It is easier to focus on getting better when you don't have the cost of your medical bills weighing on your mind.

**Auto repairs:** Anyone who has owned a car will tell you to add expensive car repairs to the list of typical emergencies. Having a working car is critical for many because not everyone has easy access to public transportation and relying on Ubers or taxis can quickly become expensive. Even if your car is insured, you may still have to pay the excess in the event of an accident, and car repairs (like blowing a head gasket or replacing a transmission) can cost thousands.



## How much cash should I have in my emergency fund?

The right amount for you depends on your current financial circumstances, but a good rule of thumb is to have enough to cover three to six months' worth of living expenses.

## Set up an emergency fund by automating your savings

It's a good idea to set up a separate but still easily accessible high-interest savings account to use as your emergency fund. Because an emergency can strike at any time, having quick and reliable access is crucial. The account that you use should also be separate from the bank account you use daily so that you aren't tempted to dip into your reserves. An easy way of making sure money is always going into your emergency fund is by setting up an automatic transfer from the account that your wage is paid into.

**...having quick  
and reliable  
access is  
crucial**

### JOSH



Josh had a scary wipeout while snowboarding in Thredbo. He ended up tearing his ACL, which required surgery. Even though he had private medical insurance, there were a lot of unforeseen, out-of-pocket medical expenses. In addition, he was in a brace and was unable to work as a personal trainer for three months. Fortunately for Josh, he had been putting aside \$50 a week into his emergency fund via automatic transfer for the past 18 months and had grown the fund to \$4000. Josh was relieved that his emergency fund was able to cover his medical costs and living expenses until he could start working again. After his accident, Josh has kept his automatic transfer in place, so his fund will begin topping up again if he needs it again.

**Emergency Fund Action Steps:**

- Create a separate savings account that has a high-interest rate and easy access.
- Set up an automatic transfer of an agreed amount per week until you have at least three to six months of living expenses in your emergency fund.
- If you need to dip into your emergency fund, remember to top it up again afterward.
- Draw a line between emergencies and everything else to ensure your emergency fund is used only for emergencies.



# Controlling Your Spending

## Resist the urges to spend what you don't have

People have become hardwired for instant gratification, but temptation can get expensive, especially if you put yourself into debt while trying to satisfy these ever-growing desires. Credit and debit cards are straightforward to use, which means it's also easy to overspend. If you can exercise self-control in the short term, it can lead to a much bigger payoff in the future.

## Take your time before you buy

You should always resist the urge to purchase an item on an impulse; instead, take time to cool off and think about it. Focusing on your financial goals (like going on a trip) will help serve as motivation next time you think about making an excessive purchase.



Retailers dump a lot of money into understanding consumer behaviour to increase the chances of you making a purchase. They work hard to make it simple to buy their products, and online shopping has also made buying things so easy that we often do it without even thinking. Because of these factors, it's more important than ever to take your time before making non-essential purchases.

## Credit cards make it hard to exercise self-control

Credit cards can be a convenient way to manage your finances, but they can also be expensive and risky. Often credit cards don't feel like real money, which makes them easy to use, overspend, and potentially go into deep debt. Despite this, credit cards are currently the most popular payment method in Australia. There are currently

13.5 million credit cards in circulation with an average balance of \$2800, and it doesn't seem like their use is slowing down anytime soon.

### Perks of paying with plastic

Despite the risks, there are also some benefits to using credit cards. They can be quickly cancelled if you lose your wallet, and banks will generally have several security processes in place if there is any evidence of fraudulent use of your card. Credit cards can also act as a financial safety net if you don't have enough money to cover an emergency.

If you are diligent about paying your balance in full before the statement period ends, you might find yourself rewarded with interest-free days on future purchases for a set period of time. This is a great way to build a good credit rating which shows lenders that you can be trusted with a loan.

Some cards also come with complimentary extras such as travel insurance, but the benefits aren't that impressive in some circumstances.



### Cons of using credit cards

The main danger of using credit cards is if you don't pay off your outstanding balance in full, it carries over into the next month. If this happens, you will be forced to repay the outstanding amount with higher interest rates, often reaching 20% or more. Because of these extra repayments, you can end up paying hundreds or thousands more than you initially intended, so if you don't stay on top of your payments, they can quickly snowball out of control. Lenders will also see these missed repayments and outstanding debts on your credit file, which may impact your chances of getting a large loan down the track.

In addition to fees for missing payments, you may have to pay a fee just for having the card, if you use it overseas, or spend past your credit limit. Some businesses will also charge you a surcharge when you pay with a credit card that will make your purchase more expensive than you initially expected.

**KELLY**

Kelly got her first credit card, and suddenly she had access to more money than she ever before. She quickly maxed out her \$10,000 limit and found that she couldn't afford to repay the balance in full, and some months she was only able to make the minimum payment. She quickly got sucked into debt, and it took her years to pay off her balance thanks to the hefty interest charges.

## Be wary of buy now, pay later services (BNPL)

It's not just credit cards that are tempting. Many Aussie retailers, both online and in-store, offer buy now pay later options from providers like Afterpay, Zip Pay, Humm, and Pay Right. These services will generally accept cash, debit, and credit cards as payment methods, making it easy to overspend or overcommit to purchases you can't afford.

BNPL services generally involve the provider paying the retailer for the goods upfront, allowing customers to take their purchases home immediately. The customer then pays for the goods in instalments directly to the BNPL provider.

BNPL services are often advertised as 'interest-free', but they have found other ways to make money from their users, including implementing late fees, account keeping fees, payment processing fees, and establishment fees. These can add up quickly, so make sure you read the fine print before committing to using one of these services.

**Fees can add up quickly, so make sure you read the fine print before committing to using one of these services.**



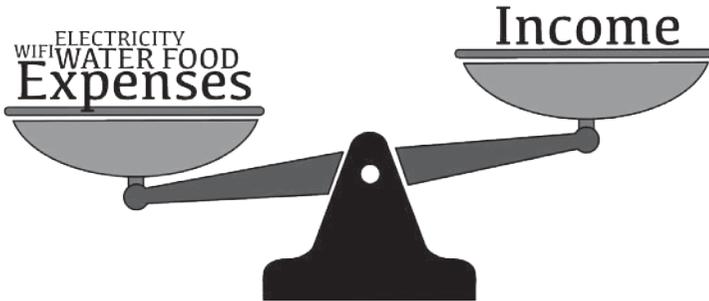
### Controlling your spending action steps:

- Limit your expenditure and start saving for the future.
- Be realistic and ask yourself if you really need something before making a purchase.
- Stick to a debit card if you think you might have trouble paying off your credit card debt in full each month.
- If you do sign up for a credit card, try only to use it on essentials such as petrol and groceries, and make sure to pay the statement balance in full to avoid paying interest charges.
- Don't use your credit card for luxuries that you couldn't otherwise afford.
- Do not apply for multiple credit cards.
- Know the costs before signing up for a BNPL service, as there can often be hidden fees involved.
- If you currently have BNPL payments due, set reminders in your phone about when they are scheduled to be deducted from your account.

# Budgeting

## Know where you spend and how much you save

A budget is a financial plan that involves calculating how much money you will earn, what expenses you will have, and whether you can put aside money for the future. It's not uncommon for those who start budgeting to wish they had started doing so years earlier. A recent study revealed that a staggering 86% of Australians don't know how much they spend each month. The same study also showed that 59% of Australians worry about their financial situation.



## Budgeting is about taking control of your money

Budgeting is a handy tool that encourages you to live within your means and direct money towards your priorities. A good budget clarifies how much money is coming in, how much is going out, and where it's going to. Having all of this information clearly available saves you the grief of overspending, having to borrow money to survive, or in dire circumstances, going bankrupt. Some of the other benefits of budgeting include ensuring that you always have enough money to cover your expenses (such as rent and bills) and reducing the stresses of debt since you know exactly how much of it you can realistically take on if you choose to do so.

**a staggering  
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each month**

## Don't be afraid

If you've never made a budget before, it can appear to be an intimidating task. We often tend to put off getting started on our budget because it seems complicated, boring, and like it will suck the fun out of life. However, making a budget should not feel like a punishment. It's a plan for all of your money, and that includes what you can spend on fun stuff too.

## The step-by-step guide to creating a budget

Budgets are usually made on a fortnightly or monthly basis, so choose whichever one you are more comfortable doing. Every fortnight seems to be the most popular choice for first-time budgeters since you don't have to plan out as far in advance.

### Calculate your expected income after tax

The first step when making a budget is to assess your income. That is all of the money you have coming in and where it comes from. Examples of income can include wages, payments from Centrelink, and gains from investments.



### Determine your expected expenses

Once you have assessed your income, it's time to evaluate your expenses. That is how much money you spend and where it's being spent. Examples of expenses include bills, transport costs, food, gym memberships, rent, and entertainment. The easiest way to work out your expenses is to view the outgoing transfers from your bank account since it will show you what you usually spend your money on.

### Calculate your bottom line

Your bottom line is your income minus your expenses. It's a great feeling to find that you have extra money, and you should carefully plan what you want to spend it on



to make the most of your surplus cash. If you find that you have debt, you should use your leftover budget money to pay it off as fast as possible.

## Remember your savings and investments

After you know your bottom line, it's a good idea to set a savings goal that you can strive towards. Your savings should include an emergency fund for any unplanned expenses, as well as money that you are saving up for large purchases or future use, such as a holiday or a new car.

Investing some of your extra money, whether in the stock market, cryptocurrency, or by other means, can grow to impressive levels over a long period of time. Remember, do a lot of research before deciding how to invest your money because it can vanish in an instant.

## Adapting is key

At the end of each budget cycle, you should compare what actually happened to what you planned and decide whether you need to readjust for the next period. Budgets should be flexible rather than rigid and should change as your circumstances do. The idea is to make your budget as personalised as possible, and remember, surprises (and mistakes) can happen. If they do, don't freak out; just adjust and adapt.

## Choose your tools

There are lots of great budgeting tools available at our fingertips. You can choose to use a good old Excel spreadsheet or download a budget template from a website such as Moneysmart. If you aren't too good with computers and want to speed the process up, many apps can help you with your budget. Some popular ones are PocketGuard, You Need a Budget (YNAB), and Goodbudget, all of which allow you to automate many of the steps involved in making a budget. These apps can sync up with your banking, credit, and investment accounts to categorise and track your purchases and income, resulting in a personalised budget for your exact needs.

## THOMAS



Thomas has just gotten his first job as a graphic designer and has decided to make a budget to help him organise his spending and savings. After assessing his expected income, expenses, and formulating a savings goal, he came up with the following fortnightly budget. He plans to stick to this budget while also reviewing it over time.

| 1. Thomas Income  |           |
|---|-----------|
| a. <b>Take-home pay</b> (Wages)   | \$1980.00 |
| b. <b>Additional income</b> (Interest, dividends, etc.)                 | \$20.00   |
| Total income  | \$2000.00 |
| 2. Thomas Expenses  |           |
| a. <b>Housing</b> (Rent)  | \$600.00  |
| b. <b>Transportation</b> (Car payments, petrol, insurance, tolls, etc.) | \$250.00  |
| c. <b>Utilities</b> (Gas, electricity, etc.)                            | \$75.00   |
| d. <b>Subscriptions</b> (Netflix, internet, cell phone, gym, etc.)      | \$150.00  |
| e. <b>Groceries</b>   | \$200.00  |
| f. <b>Medical</b> (Health insurance, prescriptions, etc.)               | \$50.00   |
| g. <b>Dining, travel, and entertainment</b>                             | \$200.00  |
| h. <b>Other discretionary</b> (Hobbies, personal care, etc.)            | \$50.00   |
| i. <b>Debt payments</b> (Credit cards etc.)                             | \$100.00  |
| j. <b>Savings</b> (Regular savings plan)                                | \$200.00  |
| k. <b>Emergency Fund</b>  | \$50.00   |
| Total expenses  | \$1925.00 |
| 3. Thomas Bottom Line   |           |
| Income minus expenses   | \$75.00   |

### Budgeting Action Steps:

- Identify how much money you have coming in
- Record and track all of your expenses by checking your bills and bank statements
- Don't forget to include a savings goal
- Calculate your bottom line. If your expenses are greater than your savings, then you have two options: make more money or spend less
- Determine what to do with your surplus funds
- At the end of every cycle, look carefully at your budget to figure out what worked and what might need adjusting

# Start Investing

## Save before investing

Unless you happen to fall into some cash, saving money will always come before investing. If you are careful to always spend less than you earn, these savings can go to work for you and will form the foundation upon which your finances are built. Before investing, it's crucial to ensure that you have an adequate amount of money saved in an emergency account and that any credit card debt is cleared. As mentioned in previous chapters, some simple ways to save include tracking your spending, preparing a budget, automating your savings, and controlling your impulses.



## The power of compound interest

Compound interest can be defined as the interest calculated on your initial investment plus the accumulated interest of previous periods. For example, if you have a savings account, you will earn interest on your initial savings and any interest you have already earned. It's essentially interest on interest.

The benefit of this compounding interest is that it allows you to save even more money. It's so powerful that Albert Einstein famously called it the "Eighth Wonder of the World." An excellent analogy for compound interest is the snowball effect. When you push a snowball down a hill, it continuously picks up snow, and by the time it has reached the bottom of the hill, it's a giant snow boulder. If your money continues to compound, it will end up like a giant snow boulder.

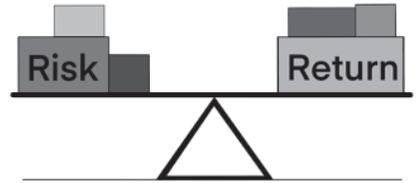
## The risk-return trade-off

In investing, risk and return are highly correlated. Increased potential returns on an investment usually go hand-in-hand with increased risk. Some investments are riskier than others, meaning there is a greater chance you could lose some, or all, of your money.

An example of a low-risk investment is keeping your money in a savings account. You are unlikely to lose any money; however, the return is relatively low. Shares, on the other hand, have a potentially higher return but are much riskier. If the company is unsuccessful, you could stand to lose a lot of money.

## Diversification helps you to reduce risk

Diversification is the process of spreading your investments around so that your risk exposure is limited. Diversification reduces your overall investment risk and leaves you less likely to be affected by a single economic event. So, if one sector or asset performs poorly, the other areas of your investment may not be as severely affected. This safeguards you as you don't have all of your eggs in one basket.



## Investment options: the good, the bad, and the ugly

If you want to grow your wealth, investing is one of the best ways to do this, and there are lots of options out there. Before you invest, make sure you research your chosen investment to understand how it works and what kind of returns it could generate. An informed investor is a good investor, and as Warren Buffet said, risk comes from not knowing what you're doing. It's also worth consulting a financial advisor before investing so you can get professional advice.

The following are the most popular investment options:

### Option 1: Cash

Types of cash investments can include savings accounts and term deposits. Savings accounts let you earn interest on the money you deposit, and the more money you put in, and the longer you have it in there, the more you will earn.

A term deposit is similar to a savings account as you deposit money with a bank and leave it to earn interest over time. Usually, the longer the term you choose to invest your money for, the higher your interest rate.

The most significant difference between a term deposit and a savings account is that there is no easy way to withdraw from a term deposit. Once you have deposited

money into your account, it will stay there until the end of the agreed-upon term. While this means less flexibility, it also removes the temptation to break from your savings plan and dip into your savings. With term deposits, there is also no need to worry about meeting conditions, such as regular deposits, to keep enjoying a higher interest rate. Many banks require a minimum term deposit of \$5000; however, some will allow deposits as low as \$1000.

The best thing about cash investments is that they provide stable, low-risk income. They are a good option if you are risk-averse or trying to meet short-term savings goals. They are also the most liquid of all asset classes, meaning, as their name suggests, they can be readily converted to cash.

The worst thing about cash investments is the low returns. Recently the Reserve Bank cut the cash rate to an all-time low, resulting in meager interest rates. Cash investments are not a fast-track to becoming fabulously wealthy – it can take a long term to earn any significant amount of interest from this investment option.

### **Option 2: Government and corporate bonds**

When you invest in bonds, you are essentially lending money to the government or your chosen company. In return for this, you get regular interest payments, called coupon payments. If you hold the bond until maturity, you will be paid back the initial investment amount. Australian Government bonds are the safest on offer; corporate bonds usually offer a higher return but are much riskier. Government bonds are bought and sold on the Australian Stock Exchange (ASX), while corporate bonds are purchased directly from the issuer through a public offer (called a prospectus).

The best thing about bonds is that they are a defensive asset. They provide a stable source of income while protecting your money. They are less risky than other investments, such as shares, and the interest rate you can earn on a bond is generally higher than a savings account or term deposit.

The worst thing about bonds is that they generally tend to underperform over the long term compared to other assets such as shares. When it comes to corporate bonds, they are only as strong as the company issuing them. Another big concern with bonds, especially these days, is that when interest rates rise, any bonds purchased will fall in value as a result.

### Option 3: Shares

Shares (also known as equities or stocks) in their simplest form represent ownership in a company. Companies such as the Commonwealth Bank of Australia, BHP, and Woolworths are listed on the Australian Securities Exchange (ASX) – more commonly known as the stock market or stock exchange. Although these big names are among the most well-known, more than 2000 companies are currently listed on the ASX. When you buy shares in one of these listed companies, even if it's only a small number of shares, you now own a part of that business.

**even if it's only a small number of shares, you now own a part of that business**

To buy or sell shares, you need to use a third party, called a broker, to conduct the transaction. Depending on your comfort level, you can use a discount broker like CommSec or Nabtrade, who execute any trades you place in the market. Another alternative you can use is a full-service advisory broker who will provide you with advice or recommendations regarding stock market investments. The brokerage costs will vary depending on the broker you use, with prices ranging from as low as \$14.95 for discount brokers, or 1% or more for an advisory broker.

There are two main ways that people aim to make money from investing in shares. First, an increase in share price, known as capital gain, is made from buying shares before selling them for a higher price. Second, receiving a percentage of the company's profits, known as dividends. These payments are a portion of the company's profits paid out to shareholders, usually twice a year.

The best thing about shares is their excellent track record of generating wealth. They usually provide better returns than other investments, and technology has made it easy to buy and sell shares with the click of a mouse. Furthermore, shares are liquid assets. If you need cash in a hurry, shares can be sold on relatively short notice. One last benefit of owning shares is that they can also allow for tax advantages through franked dividends.

The worst thing about shares is that their values can be volatile and can suddenly fall dramatically in price, resulting in significant losses on your investment. Unexpected events, like COVID-19, can seriously affect share prices. Share markets are also susceptible to crashes and can take time to return to their subsequent level. If you are impatient or haven't diversified your investments, you can easily lose money in shares.

#### Option 4: Managed funds

A managed fund involves pooling together money from different investors, which is subsequently invested and controlled by a professional investment manager. A managed fund can focus on one asset class; for example, an Australian shares managed fund will only hold shares in Australian companies, or it can be diversified, including a mix of cash, shares, and property.

When you invest in a managed fund, you are allocated a number of units, and any growth or earnings are then divided amongst all investors depending on how many units each investor owns. Units can be purchased from a fund by sending in an application form. The returns you get from managed funds usually come in one of two forms: income, which is paid to investors as a distribution, or capital growth, which only occurs when the unit price itself increases in value.

The best thing about a managed fund is that they are low stress; all of the investing is taken care of by an expert fund manager. They also make it easy to diversify your investment portfolio as the pooling of money with other investors allows for the purchase of lots of different stocks. There are usually low minimum requirements on how much you need to invest, and there are also lots of managed funds to choose from with differing levels of risk.

The worst thing about managed funds are the various fees they charge in exchange for managing your money that can have a large impact on your returns. They also take away some of your freedom as an investor as you don't have a direct say in where your money is invested. Lastly, they aren't as liquid as other forms of investments, and getting your money out will usually take several days.

**MEL**



Mel had \$10,000 to invest. Realising that she could only buy 2 or 3 shares directly, she decided to pool her money with other investors in a managed fund, allowing her to benefit from diversification. Mel picked a balanced fund that contained a mix of shares, bonds, and property. She liked the fact that the fund was managed by an expert as she did not have the time, or confidence, to watch the market and make investment decisions. Mel is planning to add additional money to her managed fund in the future in order to build a bigger portfolio.

### Option 5: Exchange – Traded Funds (ETFs)

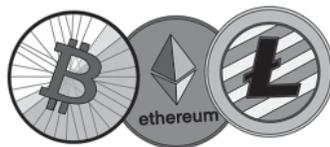
In many ways, ETF's are similar to managed funds. Investors contribute to a pool fund that invests in certain assets, and a professional is paid to manage these investments. ETF's are designed to track the value of an underlying asset or index – be it a commodity like gold or a basket of shares like the ASX200. The value of the ETF will then move in line with the value of the asset or index it tracks. Unlike a managed fund, an ETF is traded throughout the day on the ASX like shares.

The best thing about an ETF is diversification and how easy it makes stock trading. They allow you to spread your money across a range of investments, and they are also pretty liquid as investors can sell their investment as long as the ASX is open and trading. Generally, ETF's are relatively inexpensive and have lower fees than managed funds; they also, unlike managed funds, allow you to see live prices throughout the day.

While they can be lower-risk options than just trading individual stocks, the worst thing about ETF's is the volatility. Because of the way they are traded, prices change continuously throughout the day.

### Option 6: Cryptocurrency

'Crypto' is all the rage right now. There are currently thousands of different types on offer, with more and more popping up every day. We have all heard of Bitcoin, but plenty of young Aussies are also investing in other digital coins such as Ethereum, Ripple, and Dogecoin.



Cryptocurrency is a form of digital payment system that doesn't rely on banks to verify transactions. It is a peer-to-peer system that can allow anyone, anywhere, to send and receive payments. Unlike physical money, crypto is a virtual currency that exists in the form of a digital token. These digital tokens are created from code, using an encrypted string of data blocks, known as the blockchain.

If you are looking to buy crypto, you will need an app called a 'wallet' to store your currency. Most cryptocurrency exchanges will allow you to create an account, then transfer Australian Dollars to buy currencies, such as Bitcoin. In addition to creating a wallet to store currency, a growing number of cryptocurrency exchanges will also allow you to buy and sell currencies on their platform.

The best thing about crypto has been the spectacular gains people have been able to make, with a lot of investors becoming quite rich. In 2016 you could buy a single Bitcoin for around \$1000; today, it's worth many times that. There is no minimum amount you need to get started and crypto markets are becoming more and more accessible. They are also becoming way more acceptable as big banks, MasterCard, PayPal, and retailers such as Booking.com are all jumping on board to allow customers to pay with certain crypto coins.

The worst thing about cryptocurrency is that it's still incredibly speculative. Unlike investing in a company, crypto is not a productive asset; it generates no cash flow, and is really just a token that trades at whatever price people are willing to pay. For you to profit, someone has to be willing to pay more for the currency than you did.

### **Option 7: Micro-investing**

Micro-investing is another one of the latest trends to hit the investing world, recently becoming extremely popular with younger people. Micro-investing is about making small and irregular investments from everyday transactions. Micro-investing apps round up your purchases to invest your spare change, much like using a piggy bank. For example, a small skim latte at \$3.50 will be rounded up to \$4 with the 50 cents being invested. Micro-investing apps currently available in Australia include Raiz, Spaceship Voyager, Commsec Pocket, and Sharesies.

The best thing about micro-investing is that it's convenient, easy to use, and makes investing easier and more accessible for beginners as it requires virtually no effort. Setting up a micro-investing account takes only a few minutes, and from there, you can view your investment options and track your portfolio. Unlike traditional forms of investing, which require anywhere between \$500 to \$5000 to get started, you can get started with your spare change.

The worst thing about micro-investing is that it does not yield very high returns, and any returns you do get can be eaten into by fees.

### **Option 8: Property**

An investment property is a piece of real estate purchased to generate income in the form of rent, and/or an appreciation in value. Currently, in many markets, real estate is ridiculously expensive, making it a difficult investment option for young people. You need to get an initial lump sum together as a deposit which can prove to be a major savings hurdle.

The best thing about property investment is that it is often seen as less risky than other forms of investment. You can offset most property expenses against rental income, including interest on any loan you may have used to buy the property. Some people also enjoy investing in bricks and mortar, which is something you can physically see and touch. Lastly, if you want to sell the property in the future, it's likely that you will benefit from capital gains.

The worst thing about property investment is the high entry and exit costs. Buying property has a lot of expenses attached to it, including stamp duty, legal fees, real estate agent fees, and insurance. It's also pretty inflexible and not particularly liquid – you can't just sell off a bedroom if you need cash in a hurry. If you are looking to rent out your investment property, there is also the risk that you may not be able to find a suitable tenant.

## Ethical Investing

Ethical investing is about using your money to make a positive impact in the world whilst also generating an investment return. It means investing through a socially responsible lens by incorporating environmental, social, and management values into the investment process.

It might mean investing in sustainable businesses that use clean technology while refusing to invest in less responsible businesses that produce pollution and greenhouse gas emissions or deal in products such as tobacco, gambling, weapons, testing on animals, and controversial medical research such as stem cell research, live animal exports, and sweatshops.

### Start investing action steps:

- Remember to have an emergency fund and clear any credit card debt before you invest.
- Consider getting financial advice to help you choose where to invest.
- Diversify by spreading your money into different investments so you don't have all your eggs in one basket.
- Think about your risk tolerance and take into account the fees and charges which will affect the return you achieve from your investments.
- Keep track of your investment's performance.

# Buying a Car

## How to Make a Smart First Car Purchase

Making your first car purchase is a huge decision that can have a range of implications. Depending on your lifestyle, a car might be a wise choice, or it may not be necessary. These are some things to keep in mind before you potentially hit the road in your new or used wheels.

## Key Benefits

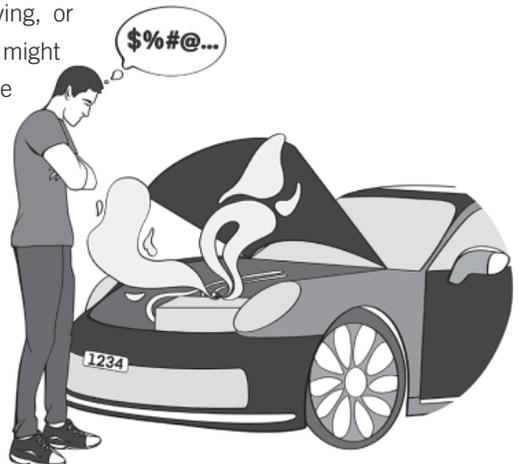
For many Australians, having your own car is seen as a rite of passage. It's one of the first chances to experience independency and autonomy, so owning a car can make you feel like you can go anywhere and do just about anything. Having your own car can also help you save time, increase your privacy, and be a tremendous asset during emergencies.

## Potential Disadvantages

While owning a car can be great, they are expensive, and having one might not be necessary depending on where you live and your lifestyle. After the initial purchase, there are substantial upkeep costs to owning a car, including fuel, vehicle registration, mandatory Compulsory Third Party insurance, car damage insurance, and repayments if you financed the car. For people who have just left school, are still studying, or aren't working that many hours, a car might be too much of a financial strain to be worth it.

## Pick a Budget and Stick to It

If you have decided that buying a car what you want, the first step in the process is setting a budget. Keep it flexible, but



always have a maximum price – and make sure you stick to it. Ensure that your maximum budget includes all other previously mentioned associated costs so you don't get outside your financial safety zone.

If you are buying your first car, the odds are it'll be a used one because they are much cheaper. On average, a new car loses 11% of its value the moment it leaves the lot. Every following year for the next five years, the car depreciates by 15% to 25%. And after five years, a car is worth about 37% of the new car price.

## Research, Research, Research

There are so many different makes and models on the market, so putting in some time to do some research will help you narrow down your search and save you precious time. Think about what you will use the car for, and decide what things are the most important to you, such as whether you want it to be fuel-efficient. Also, be aware that P1 and P2 provisional licence holders under 25 must comply with the high-powered and performance vehicle restrictions, so your chosen car will have to meet these criteria.



**...as with any contract, never sign one you don't agree with or completely understand**

## Choosing a Seller

In Australia, you have three main options as to where you can buy a car from.

### Option 1: Car Dealerships

Dealers are usually the safest way to buy a car, although they are usually the most expensive. Buying both used and new from a dealer gives you more protection if your purchase isn't what you expected. You get a three-day cooling-off period to cancel the contract, as well as a Certificate of Registered Interest that tells you the car hasn't been stolen and no money is owing. Used cars purchased from dealerships also come with a three-month/5,000 kilometre warranty if the vehicle is under 10 years old and has travelled less than 160,000 kilometres.

If anything covered under warranty goes wrong, you can legally return the car to the dealership and have them fix the problem. Even though there is a three-day cooling-off period, as with any contract, never sign one you don't agree with or completely understand.

## Option 2: Private Sellers

Buying from a private seller involves more work on your end and is a little riskier. You still get a Roadworthy Certificate, but you don't get a cooling-off period, a warranty, and it's your responsibility to check that the car is not stolen and there is no money owing on it. Before buying a car from a private seller, make sure to do a free instant online check using [revs.com.au](http://revs.com.au) to confirm there are no loans against the car.

Since private sellers don't have any overheads and there are fewer assurances on what you are buying, you should expect to pay a much lower price when buying privately. For some people, the risks aren't worth it, but the chances of finding a great deal are much higher.

## Option 3: Auctions

Online and in-person auctions (operated by companies such as Pickles) offer the potential for the lowest prices of all three options, but they are also the riskiest. You don't get a warranty, there is no cooling-off period, and you don't get the opportunity to test drive the vehicle before you buy it. However, in some circumstances, you can still inspect the car before bidding, and the cars that are auctioned off come with a road-worthy certificate and a clear title, so you know it isn't stolen or has any money owing.

Buying your first car from an auction is uncommon, and those who do so usually have close friends or family members that are mechanics or experienced in the process.



## Inspections and Test Drives

After you've narrowed down your choices and have found something you are interested in, a self-inspection is a must. Check its logbook to make sure the car has a full-service history, open the hood to look for a clean engine bay (which shows it has been maintained), and check the oil to see if it's in good condition. When the hood is open, you should turn on the car and look for damage, unwelcome smoke, or nasty fumes. Other important areas to check include the tyres, lights, and of course, air conditioning.

A test drive is also a must. When taking it for a spin, the car should start immediately and have no worrying or uncomfortable sounds that don't sound normal. When driving, test the feel and function of the steering, the brakes, and the gears. Suspension should be quiet and smooth on bumpy roads. If the car groans and is a bit twitchy or overly bouncy, it may have problems with one or more of these systems.

The safest thing to do is get permission from the seller to take the car to a trusted mechanic. You will have to pay for the inspection yourself, but its money well spent since your mechanics' expert opinion could be a deciding factor in whether you make the purchase or not.

## COREY



Corey had dreamed about buying a Ford Ranger for years. He spotted one on Gumtree at a great price. Corey decided against getting the car professionally inspected because the seller said he had to travel overseas and sell in a hurry. Not long after he took it home it started having problem after problem. He would repair something, then in a few weeks later he would have to repair something else. Eventually the whole transmission would have to be replaced. In the end he spent \$7000 on a car he paid \$15000 for.

## Insurance Options

If you've found the right car for your needs, the first thing to do after buying it is making sure you are insured. Many different providers offer car insurance, so to find the right level of cover and the best value, shop around and get quotes. This can be online at websites such as [comparethemarket.com.au](http://comparethemarket.com.au) or by calling different insurance companies.

While there are some optional car insurance policies, Compulsory Third Party (CTP) Insurance is payable as part of your registration renewal. Also known as Green Slip insurance, it protects vehicle owners and drivers who are legally liable for personal injury to any other road user in the event of a motor vehicle accident. Third Party Property Damage Car Insurance (also known as Third Party) provides cover for damage caused by the use of your car to someone else's vehicle or property. But you are not covered for any damage to your car if you are at fault. It can also include cover for fire and theft for an additional premium.

The most complete and expensive option is Comprehensive Car Insurance. Typically, it's the only type of car insurance that can also cover your car for damage sustained in an accident. Comprehensive insurance always includes third-party property

cover, and depending on the specifics of the policy; your car can be protected from hail, fire, theft, and vandalism. Some policies also include additional benefits like roadside assistance, cover for towing costs, and rental car hire. Comprehensive car insurance for drivers under 25 is more expensive because insurers pay more claims for this age group than any other.



## Registering Your First Car

The last thing needed to complete your car buying process is to transfer the registration into your name. This needs to be done within 14 days of purchase and can be done online or in-person at your local Roads and Maritime Services registry. Before the car can be registered, make sure the seller has submitted a Notice of Disposal form that states the car has sold. When registering your car be prepared to pay a transfer fee and stamp duty that varies in price from state to state.

### **Buying a car action steps:**

- Set your budget. Do not forget to include all the on-costs.
- Research to find a suitable make and model.
- Choose where you want to buy your car from (dealer, private, or auction).
- Inspect the car and look at its past service history.
- Take it for a test drive and get a mechanic to check it out.
- If buying privately, check with REVS to ensure there is no finance due on the car.
- Make sure you are insured (Third Party Property Damage at the minimum).
- Transfer the registration into your name either online or in-person at the Motor Registry.

# Borrowing Money

## Borrowing money comes at a cost

For many people, borrowing money is part of life. When you borrow money, you have to pay back the amount of the loan (called the principal) plus interest. Interest is a fee paid to the lender in exchange for using their money, and unlike in investing, when borrowing, compounding actually works against you. Borrowing money involves a contractual relationship between you and your lender. Any money borrowed will usually have to be repaid within a specific timeframe, and a failure to do so can lead to penalties and impact your credit rating.



The main types of credit products on offer for young people are FEE-HELP loans, credit cards, buy now pay later schemes, and personal loans. Whatever type of loan you use, being a responsible borrower in your younger years can enable you to build up your credit history. Doing this will allow you to access a wider variety of credit products of a higher value later in life.

## You may find it challenging to get credit

Young people might have a hard time trying to borrow money due to a lack of credit history. The younger you are, the less time you will have been working, which adds to your perceived risk and makes lenders even more reluctant to give you a loan. Your credit rating is critical because when you apply for a loan, the provider will check it to see if you have a good record of paying your bills and repaying debt on time.

Young people can be expected to have a poorer credit score than older adults as they have not yet had the chance to build it up. This lack of credit history can be a

problem, but lenders understand that young people need to borrow at some point, so credit cards, personal loans, and other credit products may still be available.

## Credit ratings measure your financial health

A credit rating (or credit score) is a numerical score that represents how trustworthy you are as a borrower. Lenders will use this score to judge whether or not they should lend you money or give you credit.

In Australia, there are three main credit reporting agencies: Equifax, Experian, and Illion, with each using slightly different methods of credit score valuation. When it comes to judging credit scores, higher scores are generally considered less risky and can lead to better deals for the borrower. A lower score indicates a bad credit rating which can affect your ability to get a loan or credit.

Your credit score is calculated using the amount of money you have borrowed, the number of credit applications you have submitted, and whether or not you have made your repayments on time. If you are curious about your credit score, it can be accessed online for free.



## FEE-HELP student loan

You might already have a student loan to pay for part, or all, of your student fees. If this is the case, you will have to start repaying this loan when you start working, and your income exceeds the minimum repayment threshold. Depending on how much you earn, you may find yourself paying somewhere between 1% to 10% of your income. Compulsory repayments are made through the taxation system, while voluntary repayments can be made at any time to reduce your loan balance.

## Credit cards

Credit cards the most common method of borrowing money in Australia. They are easy to use, let you carry less cash, pay for things with a tap or a swipe, and shop online. Unfortunately, this convenience can come at a high cost. If you do not repay your balance in full every month, you will be charged interest in addition to any fees that may apply. Interest rates on credit cards are usually relatively high, with some reaching as much as 20%. The trick to avoiding high-interest rates and unexpected fees is using your credit card wisely and always paying it back on time. The maximum amount you can charge to your credit card is known as your credit limit, and due to a lack of credit history, young people may only be able to access a small limit.

**this convenience  
can come at a  
high cost**



## Buy now pay later

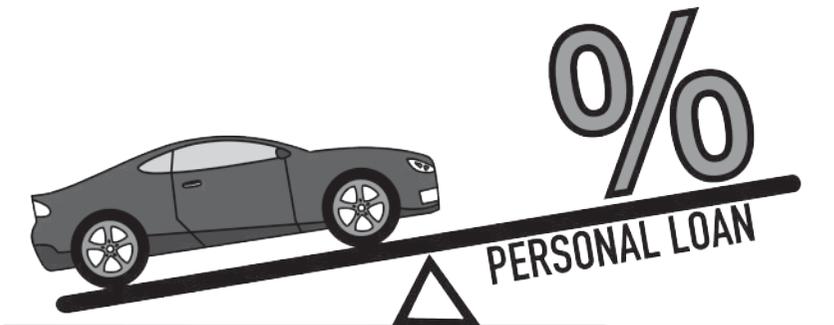
Buy Now Pay Later (BNPL) schemes are loans used for purchasing goods and services. After making the purchase, the loan is then repaid in instalments over time. BNPL lenders currently operating in Australia include Afterpay, Humm, and ZipPay. BNPL ticks many boxes for young people as it is convenient, easy to use,

and has minimal application requirements and easy repayment options. If you stick to the terms of your agreement, you are getting credit for free. The flip side is there is nothing to stop you from taking on multiple BNPL agreements, stretching your budget in the process. If you do not have the discipline to manage your budget and keep up with repayments, the penalty fees can soon add up.

## Personal loans

Personal loans allow you to borrow a specific amount of money to pay for a particular product or service, such as a car, wedding, or a holiday. You will then have to repay the money plus interest within an agreed timeframe, usually ranging from one to seven years. Taking out a loan with a longer term will usually mean you can get lower repayments; however, it also typically means you will pay more interest over the life of the loan.

Personal loans can come with either a fixed or variable interest rate. With a fixed interest rate, your repayments are fixed and will not change over the term of your loan. The benefit of this is that you will know precisely how much will come out of your bank account each month. With a variable interest rate, your repayments will change as interest rates change. If interest rates rise, your repayments will be higher, and if they fall, your repayments will go down.



Personal loans can also be secured or unsecured. With a secured loan, you provide an asset, such as your car, as security for the loan. Failing to pay your loan back on time means the lender can repossess your chosen asset and sell it. With an unsecured loan, you won't be required to provide any asset for security.

The interest rate charged on a personal loan is usually less than that charged on credit cards. As such, if you are making a significant purchase that you do not expect to be able to pay off quickly, you are probably better off with a personal loan rather than using your credit card. Personal loans also tend to be more flexible. Not only can you apply for the exact amount you need, but you can also seek a repayment term that meets your financial circumstances.

It's important to remember that banks love charging fees and do not miss when it comes to personal loans. Many personal loans will come with an application fee and may also charge monthly service fees, missed payment fees, early repayment fees, and fees for making extra repayments.

## MIKE



Needing money to pay for a car, Mike decided to go for a personal loan with a repayment term of four years. Before taking the loan, Mike prepared a budget to make sure that he could afford the repayments. As Mike had no prior credit history, his Dad agreed to act as a guarantor to help him qualify for the loan. He shopped around to get the best deal in terms of interest and fees, and he chose a loan with a variable interest rate because it had no fees if the loan was paid off early. Mike has already started making extra payments and is on track to pay off his personal loan in three years.

**Borrowing Money Action Steps:**

- Don't borrow money you can't afford to pay back (stay within your budget).
- Compare lending products to make sure you are getting the best deal.
- Try and repay your debts as fast as you can. The longer it takes to repay your loan, the more interest you will have to repay.
- Be aware that late payments will hurt your credit rating.
- Showing you are a reliable borrower is excellent for your credit history.
- Aim to pay off your credit card balance in full every month to avoid interest charges.
- Aim to have only one BNPL account at a time.
- If you are feeling overwhelmed by debt visit the National Debt Helpline website for advice.

# Leaving Home

## Living without your parents is a matter of time

The question is not should you move out of your parent's house, but when? Many young people tend to move out of their parent's house in their 20's; however, in recent years, more and more people have been opting to stay at home for longer. This is especially true in big cities such as Sydney and Melbourne, where real estate costs are constantly going up. Some home leavers will even 'boomerang' back after a short stint away to save money and prepare for the future.



## Gaining more independence is a big step

Making the transition into a more independent living situation is one of the first significant steps towards adulthood. Regardless of why or when you plan on spreading your wings and leaving the nest, you will most likely feel both nervous and excited to begin the next chapter of your life.

## You need a plan

Young people who move out of home without doing enough planning can often experience several setbacks. Some of the problems young people do not anticipate when moving out can include:

**Un-readiness** – Finding they are not quite ready to handle all of the responsibilities of living away from home.

Some home leavers  
will even 'boomerang'  
back after a short  
stint away

**Financial** – Not having enough money to pay the bills.

**Conflict with roommates** – Conflict can arise from not respecting others' needs, not finding suitable roommates, or having incompatible lifestyles.

**Violating lease agreements** – This can include not paying rent or damaging property.

**Poor study/work performance** – Not managing time properly or being distracted by household activities or worries can lead to poor performance.

**Homesickness** – For people who move a long distance from home to a new city or town, they may experience feelings of homesickness.

## What are the options available?

Depending on what you are planning to do when you finish school, there could be multiple housing options available. The following are some of the most common:

### Option 1: Shared accommodation

Many young people share accommodation with others to split the cost of rent and utilities. Saving money is the main benefit of shared accommodation, but it can also offer the opportunity to make new friends and the added security of living with others.



Some of the negatives of living in shared accommodation can include keeping the place clean, roommates who don't pay bills/rent on time, and differences in lifestyle or values that can lead to conflict.

It's best to deal with these issues by establishing clear ground rules with your fellow roommates at the start of the tenancy. This could mean making decisions about:

- Sharing the cost of rent and utilities
- Whether food is to be shared or everyone is to buy their own
- Dividing household chore responsibilities
- Rules about noise, visitors, and parties
- Withdrawal from the rental lease should someone move out

**MIA**

Mia was stoked to move in with her buddies Charlotte and Liam. They had all just finished uni and were now gainfully employed. Together, they found a great apartment for rent not far from the beach. At first, Mia loved her new lifestyle, hosting parties and watching Netflix with her pals. However, she also got to see all of their bad habits up close. Charlotte was disorganised, often paid her rent late, and routinely spent over an hour in the bathroom, which always seemed to coincide with Mia needing to use the toilet. Liam was super messy and used to his mum picking up after him, and he also had a habit of playing loud music in the middle of the night. He ended up losing his job and had to move back home, leaving Mia and Charlotte to pay extra rent while they looked for a new flatmate.

**Option 2: Residential colleges**

A popular accommodation choice for students, residential colleges offer excellent opportunities to meet friends while also providing the convenience of living close to your campus. Most residential colleges are full board, and your fee will include meals and other services. Some will also offer additional support, including academic pastoral care. The downside is that these rooms are often more expensive than living in a share house, and you might have to move out during the university holidays.

**Option 3: Private rentals**

If you have a steady income and prefer living alone, you might find it better to rent an apartment or home on your own. Monthly rental costs are usually less expensive than mortgage repayments, making private rental a good option for young people who don't want to commit to homeownership. Things to consider when thinking about leasing a private rental is making sure you can afford it, dealing with regular inspections, and the possibility of rent increases.

**Living out of home can be expensive**

Before you pack your bags, it's essential to sit down and make a budget that includes establishment (one-off) costs and ongoing (recurring) costs.

**Establishment costs can include:**

- Rental bond (usually one month's rent paid in advance)

- Rent in advance (usually two weeks)
- Costs of moving, including things like hiring a moving truck or removalist
- Connection fees for phone, gas, internet, and electricity
- Room furnishings along with kitchen, laundry, and bathroom equipment

**Ongoing costs include:**

- Rent
- Insurance
- Utility bills like gas, water, and electricity

**Arranging a lease**

A residential tenancy agreement (more commonly known as a lease) is an agreement between a landlord and tenant that outlines all the terms that both parties must follow. It's a legal contract specifying that you agree to pay a certain amount of rent for a set period (usually a minimum of 6 months) at specified intervals (usually weekly or fortnightly).



**Steps relating to arranging a lease include:**

- Signing the lease document
- Paying a rental bond (usually four weeks' rent) that will be returned to you if you look after the property when you move out
- Paying rent in advance from the first day of tenancy (usually two weeks' worth)
- Completing a condition report and returning a copy to the landlord or real estate agent within seven days of moving in. This report details the exact condition of the property when you move in, on a room-by-room basis, including fittings and fixtures. It is crucial to complete the condition report carefully as it can determine whether or not you receive your bond back when moving out
- Taking possession of the premises. This involves obtaining the keys and moving your belongings in

Residential tenancies slightly differ in each state, but they usually include:

## Tenant's rights

- To be given a copy of the residential tenancy agreement and a condition report completed by the landlord/agent
- To have the premises rented to you in a reasonable state of cleanliness and fit to live in
- To be given rent receipts (unless you pay rent into a nominated bank account)
- To be offered at least one means of paying the rent for which you do not incur a cost
- To be given 60 days written notice of a rent increase
- To have quiet enjoyment and use of the premises – the landlord/agent must not interfere with your possession of the premises
- To have reasonable peace, comfort, and privacy
- To have reasonable locks and security
- To have reasonable repairs and maintenance done
- To be given written notice of the landlord wanting to end the tenancy agreement
- To refuse the landlord access except in certain circumstances and with proper notice

## Tenant's obligations:

- To fill out the condition report and give the landlord/agent a copy
- To pay rent on time
- To care for the premises
- To pay for any damage caused by you or your guests
- To report the need for any repairs or maintenance
- Not to make alterations or additions without the landlord's permission
- Not to use or permit the premises to be used for any illegal purposes
- Not to interfere with the peace, comfort, or privacy of neighbours
- To give correct written notice when you leave
- To leave the premises in a similar condition to when you rented them, except for everyday wear and tear

**Action steps when leaving home:**

- Set up a budget to work out what you can and can't afford.
- Keep a copy of your lease, condition report, Rental Bond Number, and copies of any letters/emails you send or receive relating to the rental property.
- Discuss with your flatmates how rent and bills are to be paid and make some house rules.
- Be mindful of the legal implications of entering a new lease with the other members of the share house. When all names are on the lease, if one tenant doesn't pay their rent or damages the property, all of the tenants under that agreement will be held liable.
- Make sure you receive an email or SMS notification confirming your bond has been received.
- Take date-stamped photos to record the condition of the property when you first move in.
- Always pay bills and rent on time to avoid a bad credit rating. Apps like Mint send you regular reminders for when your bills are due.
- Never stop paying your rent, even if the landlord is not complying with their side of the agreement.
- Comply with the terms of your lease. Never make any alterations, keep a pet, or let other people move in without asking the landlord or agent for permission first.
- Consider taking out home contents insurance. It will cover your belongings in case of theft, fires, and natural disasters.

# Insurance

## Protect yourself from financial loss

Insurance policies are essential tools that can help protect yourself financially when things go wrong. The way they work is by pooling together the resources of many people who have similar risks to make sure that the few people who experience loss are protected. When you take out an insurance policy and pay an insurance premium, you are putting a little of your own money into that pool. The main areas of insurance applicable to young people are travel, private health, contents, and car insurance, but there are many more, including life, income protection, and home insurance.

## Insurance policies aren't free

The amount of money charged by the insurer is called the “premium”, and it reflects what the insurer believes is the likelihood you will make a claim. For example, if you have an expensive car and live in a suburb with higher car theft rates, you may have to pay a higher premium compared to someone else who has the same car but lives

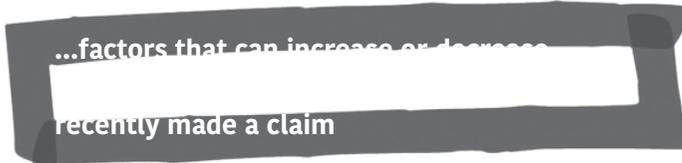
in an area with lower rates of car theft. Other varying factors that can increase or decrease premiums are your age and whether you've recently made a claim.



## Understanding excess

Insurance policies include an excess, which is the amount you have to pay if you decide to make a claim on your insurance policy. It's a way of you accepting a small portion of the risk yourself, and policies with little to no excess are always the most expensive since the out-of-pocket expenses are much smaller than policies with higher excess.

An example of paying excess would be if you crashed your car and the cost of repairing the damage was \$5000. If you had a \$650 excess, you would pay the first \$650 out of pocket that you can't get back, and your insurer would pay the remainder.



## Why travel insurance is important

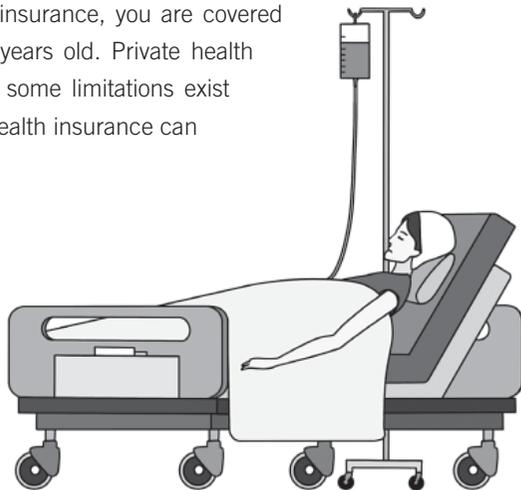
Thousands of Australians experience some kind of trouble when holidaying overseas each year, so travel insurance is as important as a passport for most people. This type of insurance can cover you from financial losses caused by travel changes, cancellation or interruption, medical expenses, baggage damage, or theft. Travel insurance is critical if you need medical assistance and aren't wealthy enough to pay for any emergencies in cash. Healthcare overseas can be costly, and most countries won't give you free care or subsidise the cost of your care.

## Private Health insurance

Private health insurance is an optional form of cover available in Australia that allows for increased access to certain services. If your parents or guardians have private health insurance, you are covered by their policy until you turn 31 years old. Private health insurance is not compulsory, but some limitations exist in the public system that private health insurance can assist with.

### Private health insurance pros

With private health insurance, you can select your doctor or surgeon, be treated in a private room, have shorter waiting times, and claim money back on non-Medicare



health services like dental (known as extras cover). Government policies that are income-tested also encourage you to have private health insurance.

By purchasing private health insurance, you will avoid the Lifetime Health Cover loading charge of 2% that is added to your private health insurance premium for every year you are aged over 30 and don't have hospital cover. Australian taxpayers who don't have private hospital cover may also face an extra 1% to 1.5% tax called the Medicare Levy. You could also qualify for the Private Health Insurance Rebate, where the government contributes to your private hospital health insurance cost.

### **Private health insurance cons**

Private health insurance can be expensive, and unlike many countries in the world, Australia has an excellent universal health care system (Medicare). Your policy may only cover part of the cost of a treatment or procedures, so you could still end having to pay a substantial amount.

If you decide to get a private health insurance policy of your own, there are two levels of coverage – Hospital Cover and Extras Cover (also known as Ancillary Cover).

### **Hospital cover improves your hospital experience**

Hospital cover puts you ahead of the public system (Medicare) queue if you need to go to a hospital. With hospital cover, you also get to choose what doctor treats you, along with having the added flexibility of timing your surgery or treatment to suit your schedule. Generally, once admitted to a hospital for a procedure, your health fund covers the cost of your treatment. This includes intensive care, theatre and accommodation costs, and doctors' fees.

The Federal Government has just reformed Hospital Cover, so hospital insurance policies must now be categorised into different health insurance tiers. Each tier has to cover a minimum number of treatments and services, so it is easier to see exactly what you are insured for through your policy. The four tiers – from highest to lowest – are Gold, Silver, Bronze, and Basic health insurance. The higher the tier, the wider range of hospital treatments and services covered.

**Extras cover saves you money on outside costs**

Extras cover pays you for out-of-hospital medical care. It's also known as ancillary cover, and it covers services Medicare doesn't, like dental treatment, optometry, and physiotherapy.

**Contents insurance**

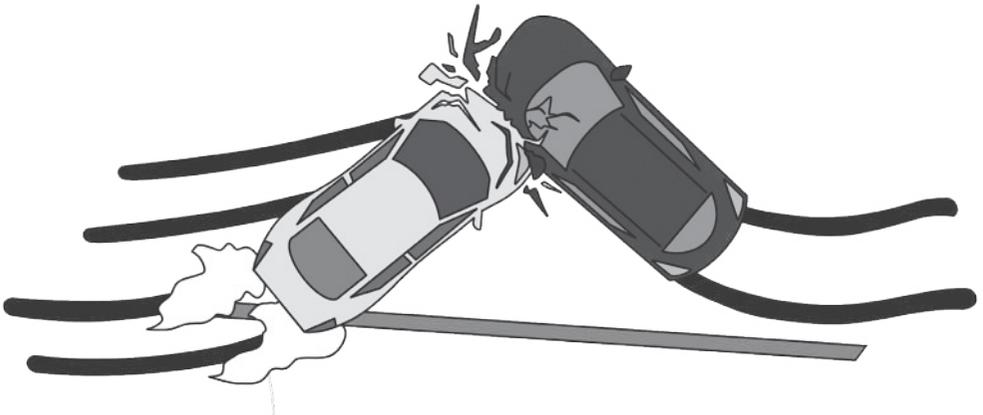
If you are a renter or tenant and want to insure your possessions, you will need to take out contents insurance. It protects your prized possessions inside your home, such as appliances, furniture, electronics, and sporting equipment if they are damaged, destroyed, or stolen.

Most policies offer consumers new-for-old cover. This means you are covered for the full cost of replacing lost or damaged possessions with new ones. If you only have a replacement value insurance policy, you are only covered for the value of your possessions which go down each year.

**Car insurance**

Compulsory Third Party (CTP) insurance compensates anyone you seriously injured while driving. It is a legal requirement for all registered vehicles in Australia, so you will need to have it if you are a driver.

CTP does not cover you for damage to your vehicle, other vehicles or property, or theft of your vehicle or its contents, nor does it protect your legal liability. Vehicle



## Car Insurance policies offer market or agreed value

owners face significant financial loss if they fail to take out other forms of motor vehicle insurance, so most people have other forms of cover, such as third-party property, fire and theft, or comprehensive.

**Third-Party Property Damage** Car insurance covers repair costs for vehicles and property owned by others, but it doesn't cover your own car costs if you are at fault. **Third-Party Fire and Theft** offers the same level of cover as Third-Party Property, as well as additional fire and theft protection.

**Comprehensive Car insurance** offers the greatest peace of mind to vehicle owners, and it's also the most expensive. This type of insurance pays for repair/replacement costs for your vehicle and others regardless of who is at fault.

Car Insurance policies offer market or agreed value. Market value is where the insurer determines the vehicle's value, usually considering the condition of the vehicle at the time, its age, and other factors. Agreed value is where the insurer and the owner agree on the vehicle's value at the time of taking out the policy.

### MATT



Matt had his Subaru Forester stolen at a music festival. He reported it to the Police, but the car was never found. Because he was under 25, Comprehensive Car Insurance was costly, so Matt chose to only have Third Party Property Insurance which was significantly cheaper. This did not cover the replacement cost of his car. Matt had to fork out another \$12000 for another car, so now in the future will be taking out Comprehensive Car insurance to prevent a massive out-of-pocket loss from happening again.

**Insurance action steps:**

- Shop around for insurance to ensure that you are getting the best rate. Do your research first before agreeing to a policy.
- If you are travelling overseas, taking out travel insurance is essential for most young Australians.
- Medicare provides a level of health cover for every Australian, so the option to take out private health insurance is entirely up to you.
- If you chose to take out private health insurance, make sure you are only paying for what you need and start a policy before you turn 31.
- Consider taking out private health insurance if you want additional benefits that aren't available in the public health system and if you want to lower your taxes.
- List all your belongings and assess how much it would cost to replace them. If you feel like it's worth getting them insured, do so.
- Keep receipts and take photos of your belongings in case you have to make a claim.
- Make sure your car is insured (Third Party Property Damage at the minimum).
- If your car is expensive, choose a comprehensive car insurance policy.
- Consider third-party property insurance if you have a low-value vehicle.

# Avoiding Scams

## Young people aren't immune to fraud and scammers

Australians lose millions of dollars to scammers every year, and while many people think scammers target older Australians the most, it's the younger generation that are reporting the highest losses – the reasons why are straightforward. Young people, on average, are more inexperienced when it comes to identifying scams, they have trusting natures, and often want to fit in. This combination makes them the ideal target for fraudsters and scam artists.

Scammers are a clever bunch. If you don't know what to look out for, anyone can fall victim to a scam. For them to be one step ahead, these people take advantage of new technology, new products, services and significant events to create believable stories that will convince you to part with your money or personal details.

**If you see  
something too  
good to be true,  
it probably is.**

## Common Australian Scams

Here are six common scams that target young people, most of which are conducted in online environments.

### Scam 1: Threat and Penalty

Using threats designed to frighten you into handing over your money, these types of scams are widespread. The scammer may call you and threaten you with arrest or

send you an email claiming you owe money for a speeding fine, a tax office debtor an unpaid bill. During the phone call, scammers will pressure you into paying immediately and tell you the police will be sent to your house if you refuse.



### Scam 2: Inexpensive Luxury Goods

Have you ever seen ads online for the latest iPhone, just-walked-the-red-carpet designer gown, or state-of-the-art headphones being sold at just a fraction of the retail price? These are scams promising luxury goods that will never arrive. Many of these advertisements are aimed at unsuspecting individuals looking for a good deal, so if you see something too good to be true, it probably is.

### Scam 3: Prize and Lottery

Usually conducted via email campaigns, these scams try to trick you into giving money upfront to receive a prize from a lottery or competition that you never entered. Scammers claim that you need to pay fees or taxes before your winnings or prize can be released, but in reality, there is never a prize.

### Scam 4: Identity theft

Most people associate scams with attempts to trick you out of your money, but your information is also precious to scammers. Your details can be stolen and in turn, be used to commit fraudulent activities like making unauthorised purchases on your credit card or opening new bank accounts. Taking out loans or doing other illegal business under your name can also occur, which can significantly impact your future.

A common way identity theft scams happen over the internet is through phishing. This is when a scammer contacts you out of the blue via email, phone, Facebook or text message pretending to be from a legitimate business such as a bank, phone or internet service provider. They direct you to a fake version of the business's website asking for your details to verify customer records due to a technical error. They can also offer prizes or rewards such as gift cards to well-known retailers in return for completing an online survey. The survey requires you to answer a range of questions, including disclosing important identification or banking details that will then be stolen from you.



### Scam 5: Charity

These involve scammers collecting money by pretending to work for a legitimate cause or charity, or a fictitious one they have created. Often scammers will exploit a recent natural disaster or crisis that has been in the news to take advantage of good-hearted people who just want to help.



### Scam 6: Shopping

Scammers can create very convincing fake retailer websites that look like the real thing and advertise them on social media. The biggest tip-off that a retail website is a scam is the payment method – be wary if you are asked to pay by wire transfer or other unusual ways that aren't the norm.

## Protecting Yourself

New scams pop up regularly, but you can stay one step ahead of the scammers by visiting [www.scamwatch.gov.au](http://www.scamwatch.gov.au). At Scamwatch, you can also receive free email alerts on new scams doing the rounds and learn more about how they work, how to protect yourself and what to do if you have been scammed.

If you come into contact with a scam, you can help others by reporting it to Scamwatch and in extreme cases, the police. Your information will help them build a better picture of the latest scams and warn other people about what to look out for, so it's well worth doing if a scam is attempted on you.

**Avoiding Scams Action Steps:**

- Be alert to the fact that scams exist. When dealing with uninvited contacts from people or businesses, always consider the possibility that the approach may be a scam.
- Remember, if it looks too good to be true, it probably is.
- Do not open suspicious texts, pop-up windows or emails—delete them.
- Beware of any request for your details or money.
- Question why there are unusual payment methods.
- Stop and think before filling in surveys, entering competitions, clicking on links or attachments.
- Know who you are dealing with. Verify the identity of the contact by calling the relevant organisation directly – find them through an independent source such as an online search.

# Voting in Elections

## Have your say in who runs the country

We're a lucky bunch in Australia for many reasons, one of which is that we can freely vote in our government elections. A healthy democracy relies upon the public being politically engaged, and recent protests against inaction on climate change, sexual assault and in support of the Black Lives Matter movement show that the youth of Australia are precisely that.

With opinion polls showing an ever-tightening gap between major political parties, young Aussies are poised to play a critical role in the upcoming years in deciding who represents them at their Local, State and Federal level. It's essential to make your views are heard, so have your say in who runs the country and grab a democracy sausage afterwards to celebrate.

## When can I vote?

Australian citizens over the age of 18 are legally obligated to vote, but before you head out to the polling booth, you need to be enrolled by joining the electoral roll. If you are eighteen or over, you must enrol by law, but you can also enrol before you turn eighteen so that you are ready to go.



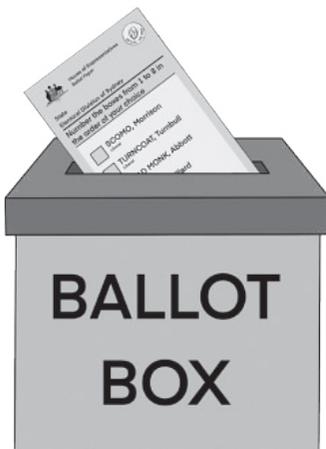
Enrolling to vote is super easy and won't take more than a few minutes. Just visit [www.aec.gov.au/enrol](http://www.aec.gov.au/enrol). If you think you may already have enrolled, you can make sure at [www.aec.gov.au/check](http://www.aec.gov.au/check). Remember: once you have enrolled, you are legally required to vote in all future Federal, State or Local Council elections. If you fail to vote, expect to be fined unless you can provide proof of circumstances that made voting not possible.

## Political Parties

A political party is an organisation that represents a particular group of people or set of ideas. It aims to have members elected to Parliament so their ideas can affect the way Australia is governed, and there are over 50 registered in Australia. The Australian Labor Party (centre-left political party) and the Liberal/National Coalition (conservative centre-right political party) are the two most popular, but other minority parties that generally have elected representatives include the Australian Greens, a left-wing environmental party, Family First, a Christian-influenced party appealing to social conservatives, and One Nation, the most right-leaning party.

## How should I vote?

Voting is a personal activity that nobody else should influence. Before an election, candidates' campaign to gain support from voters. It's essential to find out about the candidates, their political parties, and their views on issues that are important to you. You can read advertising, news stories and social media posts about the candidates, or even meet them in person. This will help you to decide how you vote.



Remember to do your research, form your own opinions, and vote for candidates (and in turn the political party they belong to) who you think will do the best job of representing you and what you care about.

## What happens on election day?

Elections in Australia are always held on a Saturday, and public buildings, such as local schools and halls, are used as polling places. Open between 8am and 6pm, polling places are run by polling

officials employed and trained by the Australian Electoral Commission. They are there to assist people in voting but have no authority to tell people who to vote for.

When you enter a polling place, a polling official will direct you to an issuing table. You will be asked three questions before being issued with ballot papers:

What is your name?

What is your address?

Have you voted before in this election?

The official will then check the certified list of eligible voters in the electorate, mark off your name, and initial each ballot paper in the top right-hand corner. The ballot papers are handed to you, and you are directed to a voting screen where you vote in secret.



**Voting is a  
personal activity  
that nobody else  
should influence**

## How do I actually vote?

Now you are signed in and ready to vote; how do you fill out a ballot? This all depends on what election you are voting in.

## Federal Election Voting

When voting in Federal elections (that are generally held every three years), you will fill out two different ballots: one for the House of Representatives (the lower house) and one for the Senate (the upper house).

For the House of Representatives, you number the candidates on a green ballot paper in the order that you prefer. This is called preferential voting. Voters complete the ballot paper by indicating their preferences for candidates in the boxes provided with a number '1' next to their first preference, '2' next to their second preference, and so on. If a voter's first choice of candidate is not elected, their vote may be re-examined, and their other preferences are taken into account.

By following this system, candidates can build an absolute majority of support (more than 50% of the votes) rather than the simple majority required under the first-past-the-post voting system.

The Federal Government is formed by the political party with the elected majority in the House of Representatives. The leader of that party becomes the Prime Minister.

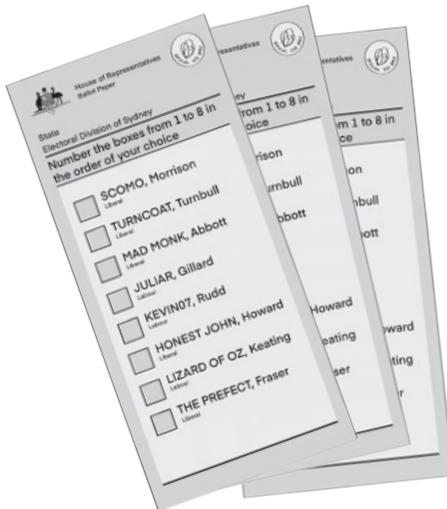
Australia has no maximum period of service for a Prime Minister, unlike countries such as the United States, where the President can only serve for two 4-year terms.

Voting in the Senate is a little different. It doesn't have a member elected to represent each electorate, but rather there are 12 people elected from each State and two from each Australian Territory. The senators from the states are elected for six years, and those from the territories are elected roughly every three years.

Half the Senate is up for re-election every three years, and a Proportional Representation system is used to elect Senators. Within this system, voters have the option of how they vote.

Above the line: Simply put a '1' in the box of the party you support, and that party will decide all your other preference votes for you.

Below the line: Number all the candidates in order (as with your vote for the House of Representatives). You must put a number in every box, or your vote will not be counted. Once a candidate has reached 14.3% of the vote (33% in the territories), they are elected. At that point, a complex system comes into play to redistribute their other ballot papers.



## State Election Voting

State elections are held every four years, and there are different systems used depending on where you live. It's vital that you look up your specific state election voting rules so you know what the go is and don't get confused.

Like the federal election, you usually vote in two houses of Parliament. Voting in the Lower House Legislative Assembly (House of Assembly in South Australia) is preferential. The State Government is formed by the political party with the elected majority in this house. The leader of that party becomes the Premier. The Upper House of State Parliament is called the Legislative Council. However, there is no Upper House in Queensland, ACT or NT. Like the Senate, you usually vote preferentially with proportional representation when casting your vote for the state Upper House.

## Local Government Voting

Local government elections are held every four years. Voters in each local government area elect councillors to their local council, and the number of councillors elected varies from council to council. A local government area can be either undivided, where the councillors are elected by all voters in that area, or divided, where the council is divided into wards, from which an equal number of councillors are elected for each ward.

The voting system used in local government elections is optional preferential. To vote, you must put a number one (1) in the square next to the candidate you want to elect. If you wish, you can make more choices by placing a number two (2) next to your second choice, then a number three (3) next to your third choice and so on. The leader of the Council is called the Mayor. They can be elected directly, but in some Councils, they are chosen by the Councillors.

## Casting Your Vote

After completing the ballot papers, fold and place them in the sealed ballot boxes. Congratulations, you've successfully voted and made a positive contribution in how Australia is governed.

**Voting action steps:**

- Enrol to vote with the Australian Electoral Commission.
- Voting is compulsory, so don't forget. Otherwise, you will be fined.
- Know who and what you are voting for.
- Make sure you vote correctly to make your vote count.

# Jury Duty

If you are an Australian citizen and you are enrolled to vote, there is a good chance that one day you might get a letter in the mail requiring you to partake in jury duty. Potential jurors, chosen at random from the Electoral Roll, will receive a notice of inclusion which informs them that they could be called upon for jury service during the next 12 months. If summonsed, you will have to report to the courthouse on the date specified.

In Australia, jury trials are run in the State District, Supreme, and Federal Courts. Within these courts, juries will usually hear criminal cases; however, they can be used in civil cases on rare occasions.

## Twelve Heads Are Better Than One

Jury service plays an essential role in the Australian justice system. They are generally made up of 12 people who are tasked with hearing the evidence presented in a trial and returning a verdict of either guilty or not guilty. Juries help people trust the legal system, because rather than a single judge, they represent a cross-section of society, providing a fair and unbiased verdict. The presence of a jury can also eliminate the use of legal mumbo jumbo, forcing lawyers to explain things in a way that anyone can understand.



## Trial Length

A typical jury trial will take between seven and 12 days. However, it's possible that more intricate and complex cases can take several months before a verdict is reached.

## Getting Excused

“How am I going to get out of this?” – this is the first question most people will ask when summoned for jury duty. Let's face it, we are all busy, and jury duty is an inconvenience that can likely disrupt your routine. However, no matter how much you might want to skip out on jury duty, there are hefty fines involved with failing to attend or providing false and misleading information in an attempt to get excused.

In most instances, having to go to work will not be accepted as a valid reason to avoid jury service, so be prepared to be rejected if that's your reasoning for trying to be excused.

There are however certain circumstances that will allow an individual to be exempted or excused from jury duty after being summonsed. These include if you are a student or apprentice, in poor health, you are self-employed or run a small business that could be affected by your absence, and several other circumstances of special urgency or importance (such as being a full-time disability carer or attending a family member's funeral).



## Jury Rejection

Even if you are called into court, it's not a given that you will actually serve on a jury. The twelve members will be selected randomly from a larger pool summoned on the day, and lawyers will have an opportunity to veto potential jurors by using the peremptory challenge. This is a law that allows for potential jurors to be rejected without a reason being stated. If you are rejected, it could be years until you are summoned again for jury duty.

## Show Me the Money

Jurors do get paid for their participation; however, it's only a tiny allowance of about \$100 a day. In longer trials, jurors will typically be paid a higher fee to make up for the additional time and inconvenience.

**...they represent a cross-section of society, providing a fair and unbiased verdict**

Your employer may also continue to pay you while you are away on jury duty. At a minimum, all part and full-time employees have to be paid 'make-up pay', the difference between their jury duty allowance and base salary, for the first 10 days of jury selection and jury duty. Unfortunately, this does not cover casual employees.

## What Is It Like Being On A Jury?

Despite most people's initial apprehension about serving on a jury, those who have served often come to value the experience. However, in some cases, jury duty can be a confronting and traumatic experience, especially during trials regarding sexual assault and murder. Jurors can also feel pressure to make the right decision, which can be difficult in cases where the evidence is conflicting or confusing. If you need someone to talk to, there are free counselling services available at the conclusion of each trial.



### **Jury Duty Action Steps:**

- Every Australian citizen that is enrolled to vote is eligible to be called for jury duty.
- Your jury summons is a legal document. You must turn up, or you could be fined.
- You can apply to be exempted from Jury Duty, but you need to have a good excuse.
- Unless you are a casual employee, you should still get paid from your employer while at jury duty and also receive a daily stipend of around \$100.
- Jury duty can be exciting and informative, but also traumatic depending on the case. Each state and territory court provide free counselling if you feel like you need it.

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