



# Four ways to manage the rising cost of living

## Be smart with your spending.

The increasing cost of goods and services is a reality most Australians have to deal with. Data from the Australian Bureau of Statistics shows that living expenses for employee households were up by 2 per cent in September 2018 compared to a year ago.<sup>1</sup>

But don't panic. By being organised and smart with your finances, you could manage rising costs without draining your savings.

### 1. Cut back on major expenses

Trimming your expenses is one of the easier ways to manage the high cost of living. But rather than taking a piecemeal approach, it may be more effective to cut back on some of the largest drains on your earnings, such as food and transport costs.

### 2. Reduce lifestyle costs

It may be worth auditing your lifestyle costs to see if you could decrease them. While you don't have to give up all the things you enjoy, cutting down on, for example, your overseas holidays or dining out could go a long way in reducing your costs.

### 3. Create a budget

Having a budget and sticking to it may help you minimise unnecessary expenses. A budget tracks your weekly or monthly spending and may help ensure you have enough money to cover essentials, build up your savings and handle unexpected or increased costs. You may wish to consider working with a professional financial adviser to create a budget that factors in your income, expenses and financial obligations.

### 4. Supplement your income

Increasing your income may be another way to ride out the rising cost of living. You could take on extra work in your spare time or start a side business. For example, you could become a private tutor in your field of expertise, rent out your spare room or pet sit.

If you have enough savings on top of your contingency fund, you may want to invest to grow your capital and earn interest. Your financial adviser may recommend strategies to help you generate an income from your investments.

The high cost of living may affect your savings and lead to money-related stress. But if you're smart about your finances, you could keep your cost of living in check and remain financially secure.

#### Note:

<sup>1</sup> | Australian Bureau of Statistics, September 2018, 'Selected Living Cost Indexes, Australia'.  
Accessible at: <http://www.abs.gov.au/ausstats/abs@.nsf/PrimaryMainFeatures/6467.0?OpenDocument>

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