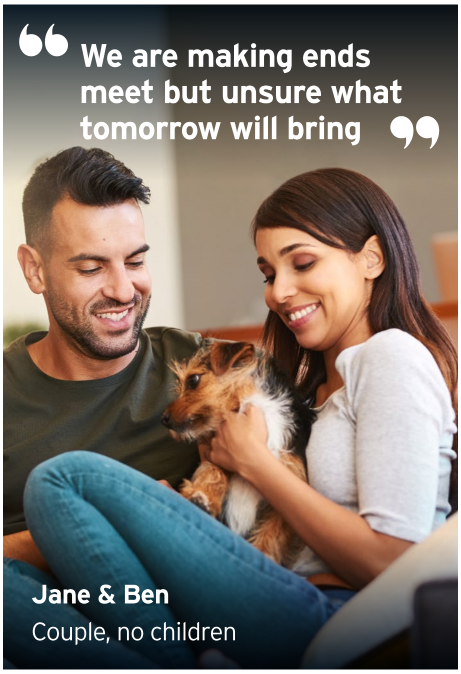
Helping you be prepared for the unexpected

ASB ONE STEP AHEAD

Meet Jane and Ben. They are thinking about how they manage their money to be best prepared for the future and any unexpected events. They've been caught short before and don't want to be in that position again. Find out more about them, our guidance and their actions to get ready for any unexpected expenses.



Their story

Jane has been in a new job for 14 months now - after being made redundant. She and her husband, Ben are comfortable meeting their expenses but spending is increasing as they put a recent holiday on their credit card.

They would like to start a family soon but wanted to be more prepared financially. They have some surplus income but unsure what to do first.

Ben is also considering joining KiwiSaver but he is not sure if he should do that or to open a savings account. Their fixed rate mortgage is coming up for renewal.

Banking profile

Transaction accounts	Credit card - $10k limit Balance - $5k	Mortgage of $360k	Jane is a KiwiSaver member

Recommendations for Jane and Ben

- Ben should consider joining KiwiSaver, as he'll receive his employer contribution of 3% of his salary and government tax credits
- Pay off their credit card debt. They should try to reduce the higher interest debt first before focusing on building savings. A tip for them is to pay off their credit card debt each month
- Start a rainy day savings plan and set a goal to build a buffer of at least 3 months expenses to be prepared for any unplanned expenses
- Once they've built up their Rainy Day savings, they could continue to save for other savings goals like holidays or starting a family
- Review their insurances to ensure their assets are well protected
- Consider their mortgage structure – does a fixed or floating rate work best, should repayments be fixed when rates go down and should repayments be made fortnightly rather than monthly
- Consider a will and a power of attorney

What Jane and Ben did

- Ben has joined KiwiSaver and contributes 3% of his salary
- They set up regular contributions to repay their credit card debt as quickly as they can afford to
- They've decided to start saving in a savings account as soon as they've paid off their credit card debt so that they can build up their rainy day savings
- Reviewed their insurances, adjusted the excess on their home and contents policies and took out life and income protection policies
- They also reviewed their mortgage structure – they like the certainty of a fixed rate mortgage and managed to re-fix at a lower rate. They decided to keep their repayments the same even though the minimum required payment had reduced due to the lower fixed rate. They also changed their payment frequency from monthly to weekly

Considerations when making financial choices

When saving for a Rainy Day, it is important to ensure the right savings account is set up for this purpose.

ASB Financial Wellbeing for more information