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5:2 savings plan

Most of us have heard of the 5:2 food fast. By feasting for five days and fasting for two, the lifestyle-based diet provides an alternative to the traditional, calorie-restricted eating pattern we may have heard of.

While considered an effective tool for weight loss, the 5:2 financial fast uses the same principles, but swaps calorie-restricting for cash controlling five days of the week. For the remaining two days, budget 25 per cent of your normal daily spend, by bringing your lunch to work or forgoing your morning coffee. It seems as though financial fasting has come at the right time for some, with Australia's household debt ranked fourth highest in the world next to Denmark, the Netherlands and Norway. While we're trying to save, Australians are struggling with it, citing unexpected expenses or changes in financial circumstances, as the most common reasons for dipping into savings. For one in four, household savings equate to less than \$1000 each month.

So how can you add to your savings with a clean-spending plan?

According to "5:2 Your Life" author, Kate Harrison, it all comes down to your money mindfulness. "It's so easy to spend without thinking – that latte or banana bread is gone in seconds, but it has a long-term impact on your finances," Kate says.

"One or two days a week of working out ways to cut the cash, means you identify the stuff that makes a difference. A transport fare might buy you valuable time – and where you can cut back without any pain – packing a banana in your bag will be better for your wallet and waistline too."

Identify your vice

BT Financial Group's Strategy Specialist, Tim Howard, believes identifying what you spend the most money on will help you plan ways around it.

"Think about what you spend eating out each week, for example," Tim adds. "Making lunch or taking food to work could result in big savings. Additionally, if you like to shop, give yourself one weekend per month to buy what you want, helping to slow impulsive spending".

Kate agrees, emphasising the importance of delaying gratification when it comes to saving. "We all work hard, and rewarding yourself is not bad in itself," Kate says. "But, remember how great it was at Christmas to unwrap toys you'd been longing to unwrap for months? That's the feeling you want – to anticipate one lovely thing, rather than fritter away your cash on stuff that clutters up your life or home."



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Set your goals

While budgeting might sound tough, giving yourself a savings target will ensure you don't overspend. "Set up a 'new money saved' bank account," Tim says. "As you see yourself starting to save toward your target, you will become even more motivated to continue saving. Perhaps, redirect the money you planned to spend on your next big purchase into this same account, when you choose how to spend it."

According to Kate, focusing on the long-term will help with these targets too. "I'm goal-crazy," she adds. "Targets – especially fun ones – make financial fasting a lot more achievable. Again, it's like weight loss – if you can focus on the long-term when you're tempted to indulge, you're less likely to break your money or food fast."

"I encourage people to bring a goal to life with photos or screensavers, even music – really imagine how it'll feel driving a newer car with your favourite song playing and the roof down, or dancing with friends on that holiday you're saving for."

Be money smart

If you do love shopping, travel and general spending on life, setting alerts or signing up to mailing lists for companies, might give you access to heavily discounted purchases.

"We all love a bargain," Kate adds. "There are plenty of newsletters and apps that alert you to the best ones. But only sign up if you're the kind of person who will be able to resist the dollar signs, and focus on the stuff you really need, not the discounts alone."

The final word

While it might seem tough at first, widely-popular psychology book, *Psycho-Cybernetics*, says it only takes 21 days to replace an old habit with a new one. "You'll find yourself appreciating things more when you do spend your money," Tim says. "You can change your relationship with money, just like you can change your relationship with anything else in your life. Whatever you view as your version of financial fasting, it's a great place to start."