



DR Ca\$h to the rescue

MEET DR Ca\$h

With a background in finance and recruitment, Michelle "Dr Ca\$h" House is an expert in two things – money and people. That's why Take 5 has asked her to come to the rescue of two readers who, like most of us, are struggling to make ends meet.

Queensland-based Michelle is a married mother of two and founder of budget website www.secretbudget.net

"I want to inspire people to get back to basics with their understanding of expenditure and money," she says.

Michelle asked both families to fill out a detailed money tracker to show exactly what they're spending on everyday items, such as transport, food and entertainment. From this Michelle was able to assess how to help each family cut expenditure, pay off their debts and move forward with their financial goals.

Here, in part one of our money special, Dr Ca\$h dispenses her financial remedies to two readers – Louise and Andrea.

In part two, later in the year, we'll revisit each family and report back on whether her advice has made a difference.

Louise's story

Looking into my daughter's sad eyes, I felt terrible saying no to her again.

"But all the other girls are getting a pair," she protested.

"I'm sorry, I just can't afford to buy you new shoes," I said firmly. "I promise as soon as there's a sale I'll get you some."

My only child, Courteney, 12, wanted a new pair of sneakers so she could fit in with all the other girls at school. As usual I had no money to pay for them and my heart broke to see her missing out.

As a single parent, it's always been difficult to balance my life and finances.

When Courteney was first born, I was working for a big organisation in a job that involved long hours and a fair amount of travel.

My parents, Tom and Fran, were fantastic and helped me look after her but, last year, I realised how much I was missing out on by not being around. So in May 2007, I got another job closer to home. "That way I can spend a lot more time with you," I told my precious little girl.

I had to forfeit my company car and high salary and I still had a \$50,000 debt from a failed business venture 13 years ago, but time with

Courteney was more important than any debt.

My monthly pay isn't great but I have the chance to earn bonuses each quarter, which I use to pay bills.

I decided to pay off the minimum amount on my debt each month, which left me

WEEKLY SPENDS:

Rent = \$216.50

Car lease = \$300

School = \$83.25

Food = \$100

Phone = \$50

Petrol = \$70

Bills = \$87.50

Daughter's sport = \$35

TOTAL: \$942.25

with just enough money to lease a new car.

However, since then, I've struggled to get my finances under control.

Fearing Courteney was falling behind at school, I arranged private tuition for her

and, in an effort to get ahead at work, I've started skills training. I took out a personal loan of \$14,000 to pay for all of this. My credit card is also maxed out at \$4500.

I've asked my creditors to give me some breathing space but they're extremely reluctant. I lie in bed at night and fear for our future.

My rent is the first thing I pay every month. Then I pay school fees and do a monthly food shop. I then try to pay as many bills as I can.

I want to be able to pay everything on time and I'd love to be able to put some money into a savings account each week, but I just don't know where to start.

Louise Dwyer, 39, Wollongong, NSW.

I want the best for my daughter



My dream is to get out of debt

COMPILED BY LOUISA MCEWAN PICTURE: JOSH BRIGHTMAN

Dr Ca\$h's five top tips for healthier finances:

- 1 Prepare a budget – it will give you a realistic look at your finances. Having a budget, and sticking to it, is the most powerful financial tool you can use.
- 2 Track your spending for 30 days – it will give you a clear idea of the exact amounts coming in and going out. It will also let you monitor impulse spending.
- 3 Consolidate existing debt and cut up your credit cards – one line of debt is easier to manage and, without credit cards, you can't spend money that you don't have.
- 4 Look for ways to increase your income – think about taking on a part-time job or doing a course to raise your prospects of negotiating higher pay with your employer.
- 5 Set up a bank account for household bills only – by putting money into a separate account each week there should always be money to pay incoming bills.

Dr Ca\$h says:

- ✓ You need the help of an independent financial counsellor. Free advice is available from the following organisations: Credit and Debt Hotline 1800 808 488; The Salvation Army 1300 363 622; Lifeline 13 11 14.
- ✓ Try to pay off more than the minimum amount on your debts – if you don't do this, your debt will only get bigger, as the interest compounds.
- ✓ Consider changing your credit card to one offering lower rates on a balance transfer. Check out www.creditcards247au.com for up-to-date, objective information on interest rates and fees.
- ✓ Ask your parents if you can move back in with them for a time to give you some financial breathing space while you clear your debts.
- ✓ Don't rely on your work bonuses to cover your everyday expenses. Bonuses should be exactly that and, if anything, used to pay off outstanding debts.

Louise's response:

I've made an appointment to speak with a financial counsellor and applied for a consolidation loan with my bank. I have a long road ahead of me, but now I'm more aware of my spending habits I'm finding it easier to make smarter choices.

Turn the page to find out what advice Dr Ca\$h has for Andrea and Darin ...

DR CASH to the rescue

Our finances are out of control

Andrea's story

Pregnant with my first child, life was good in 2003. I was working as an administration officer and my husband, Darin, 34, worked for a jewellery manufacturer. We were confident we'd be able to manage on a single salary when the baby was born.

"I want you to enjoy being a mum and not have to worry about working," Darin said.

In March 2004, I gave birth to Aidan and loved being at home with him.

Two years later, I had another little boy, Keegan. We were thrilled with our new arrival but soon started to feel the pinch.

For six months, Darin and I extended the mortgage on our modest house but it became increasingly difficult to keep living on just Darin's salary.

I thought about going back to work but the cost of day care outweighed any income I would bring in.

"I think we're going to



WEEKLY SPENDS:

Rent = \$220
Childcare (max) = \$67
Food = \$300
Takeaway meals = \$75
Phone = \$40
Petrol = \$75
Bills = \$230
TOTAL: \$1007

have to sell the house," Darin finally admitted.

I didn't like it but I knew he was right. So,

in January 2007, we sold our home of five years and made a small profit of \$50,000.

We saved even more money by moving into a unit that Darin's parents, Maria and Graeme, owned. They allowed us to stay there at a reduced rent of \$220 per week.

"It won't be long before we can get our own place again," Darin reassured me.

However, in the last year, we've spent almost all the money we made on our house sale and have only \$2000 left in the bank.

Darin bought a motorbike so he could commute more easily to work and I started my own internet-based business selling baby clothes, which has yet to make a profit.

"All the progress we

made has been for nothing," I cried to Darin.

Despite not having any loans at the moment, we have a limited income and that's increasing our dependency on our credit cards again.

I regularly use my card to buy the shopping and petrol, and pay our household bills. I nearly cried when I saw we'd racked up \$6000.

I've started to work part time but it's meant I've had to put the boys into day care, and I get so tired that, instead of cooking at night, I waste money on takeaways.

It's a vicious cycle. Every cent I bring home disappears the next day, I think whenever I go to the ATM.

I'm praying we can do something quickly about our finances. We'd love to have another baby but we simply can't afford one.

Andrea World, 33, Brisbane, Qld.

Dr Cash says:

✓ It's important to get on top of your finances before you have another child. It costs an average of \$300 a week to bring up a baby in its first year of life.

✓ You need to cut down on takeaways! By spending \$15 each night, five nights a week, on takeaway food, you're

spending an extra \$75 a week that could be going into your savings. Plan a weekly menu, then make a shopping list and stick to it. Cook double quantities of nutritious and filling meals at the weekend and freeze portions. This way, when you're too tired to cook, there's something quick and easy to prepare in the freezer.

✓ Consider getting more part-time hours from your employer and have a chat with your husband about working part time on top of his day job.

✓ To keep momentum going with your internet business you and Darin should sit down and write a proper business plan, forecasting any potential income and ways you can start to generate profit.

Andrea's response:

After tracking our spending day by day, we couldn't believe how much it was costing us for food. A big priority for us now is to start planning meals for the week and sticking to them.

Budget blitz booklet free with Take 5 next week!



Me and Darin with our beautiful boys, Aidan and Keegan