

5 tips to break your cashflow habit

Changing ingrained money habits is hard because they are rarely taught. Most of us learn them from our parents or guardians. The best way to change this is to have a replacement habit waiting to take over. Try these 5 simple steps, we have found that help break the habit:

- 1. Set goals** – visualise where you want to be financially and write down your money goals and a timeline so you can monitor your progress. Once you have committed to a list of goals, you should have a stronger motivation to change your money habits.
- 2. Pay yourself first** – have the discipline to pay yourself a set amount to cover your day-to-day living expenses. By using a central cash hub you can arrange to have your living expenses and bills automatically transferred into a transactional account for you to access. Meanwhile, the remainder of your salary accumulates in the cash hub, so the money you have worked hard for starts working hard for you.
- 3. Think like you're a business** – understanding a few key cashflow measures can help you make financial decisions and monitor your progress, just like a business. These include your income statement (what you earn versus what you spend) and balance sheet (what you own versus what you owe). Another key measure is your cost-to-income ratio – the percentage of your income (salary or wages) that is used to meet expenses (accommodation, food, entertainment, insurances etc).
- 4. Start budgeting** - The first step towards controlling your cost-to-income ratio is to have a budget or cashflow plan. Your budget should take into account your entire financial position so it is important to make a list of **all** of your expenses.
- 5. Get advice** - One of our strengths at Altus is to help you practice better cashflow management. We have the specialised expertise to give you individual advice on ways to manage your cash more effectively.



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