WEALTH ACCUMULATION TIPS

1. **10% Rule** – whether you are self-employed or employed its good practice to set aside 10% of post-tax income or 10% of net revenue. Plan your expenses on 90% of post-tax income or net revenue.

Self Employed – the 10% that you have set aside can be used for capital equipment or expansion, training or simply retained earnings for future use

Employed – the 10% that has been set aside can be used for additional payments to mortgage, making post tax contributions to superannuation or simply kept for a rainy day

2. **Budgeting** – compartmentalize your spending and try sticking to it. Check actual spending against budgeted spending on regular intervals.

Self Employed – budgets can be set aside for advertising, travel, stationery, rent, wages, accounting, bank charges etc.

Employed – budgets can be set aside for savings, debt repayment, insurance, groceries, entertainment, hobbies, children expenses, utilities, rates, car expenses, holidays etc.

3. **Compounding Interest** – the power of compounding interest (either earning or paying interest on interest); you can either gain from it or lose from it. A regular disciplined savings or investment plan can ensure we make the most of compounding interest.

How to Gain from compounding interest – Making regular payments towards investments and superannuation and participating in Dividend Reinvestment Plans

How to Lose from compounding interest – Unpaid personal loans, not paying credit card balance in full, mortgage and capitalizing interest

4. **Stop, Think, Go** – there is a famous phrase which goes; “We buy things we don’t need, with money we don’t have, to impress people we don’t know”. Often and inadvertently, some of us do sometimes fall in this trap. If the purchase is not going to enhance your wealth accumulation goal, its best to forgo it (delayed gratification)

Contact Us

If you want to know more about the above, please call us at 1300 736 480 or email us at peaceofmind@gillprivatewealth.com.au

Disclaimer

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