



Paul Clitheroe

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financial tips for young adults

Over the next couple of weeks thousands of young adults will head off to university or TAFE for the first time. Many of these new students will leave the security of the family home, and set up a place of their own to be closer to their studies. It's an exciting time, and a few important steps will help keep the financial side of student life under control.

Most students rely on Youth Allowance, income from a part-time job or a bit of financial support from mum and dad - or a combination of all three. Traditionally students scrape by with very little money but drawing up a budget will help you live within your means.

At this stage, your studies should be your main focus, so aim to avoid unnecessary debt. That means opting for a debit card rather than a credit card, or using lay-by to pay for more expensive purchases. Sticking to a simple budget will go a long way to ensuring there's no need to turn to credit cards for your spending.

If you're renting a house or flat with friends, be very sure upfront about how everyone will chip in for rent and other bills including phone and electricity. Rental bond can be an especially grey area if you're living in shared accommodation. At some stage one of your flatmates could move out and ask for their share of

the bond. It pays to address how you'll cross hurdles like this before they arise.

Plenty of students overlook home contents insurance when they're renting but you may be surprised about how many items of value you own. A computer, clothes, music collection, a fridge, even textbooks can all be expensive to replace. That makes it worth thinking about contents insurance. You may be able to pay premiums monthly, which makes the cost more manageable.

As a school leaver, you may no longer be covered by your parent's private health insurance. Young people often enjoy good health but if you're into sport you could be at risk of an injury. If you feel strongly about being treated in the private system, take a look at websites like iSelect (www.iselect.com.au) for good deals on health cover.

If you're just starting out in a job, your employer will need to make super contributions on your behalf, so you'll need to nominate a super fund. Your parents can provide guidance here but for an overview of what to consider, websites like www.selectingsuper.com.au can be helpful.

Don't forget to let your bank, building society or credit society know you have a new address.

Some institutions offer fee-free accounts for students and this is something worth enquiring about.

Finally, remember to store all your personal financial details and other paperwork in a safe place. You never know when it may be needed.

With the money side of things taken care of, you can concentrate on your tertiary education. Gaining extra skills and qualifications will improve your ability to earn a decent income, and that's the best investment you'll ever make.

Paul Clitheroe's 'Making Money' for the week beginning 15 February 2010



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