



## MEDIA RELEASE

### GE Money's top tips for being financially savvy in 2012

24 January 2012

It's that time of the year again when we enthusiastically make New Year resolutions to finally get on top of our finances. So, to help Australian consumers take control of their personal finances in 2012, GE Money Managing Director, Tom Lucey, has put together these top tips.

- 1. Create a budget and stick to it.** The secret is to budget regularly and efficiently. Having an accurate picture of your finances allows you to prioritise costs and determine the most efficient way to pay for them.

Using budget planning tools is a great place to kick off the budget planning process. The Australian Securities and Investment Commission has a budget planning tool freely available on its MoneySmart website at <https://www.moneysmart.gov.au/tools-and-resources/calculators-and-tools/budget-planner> and most financial institutions provide similar tools, like GE Money's Budget Planning Tool, available at [http://www.gemoney.com.au/en/calculators\\_tools/](http://www.gemoney.com.au/en/calculators_tools/).

"While setting a budget may seem daunting at first, once you start working out the details you'll understand where your money is going, what you can afford and where you might need to tighten your belt," Mr Lucey said.

- 2. Select payment methods or products to suit your budget and ability to pay over time.** For smaller items this often means paying cash. However, for larger items if you don't have the cash immediately available for something you need there are several ways to pay, such as credit cards, interest-free retail promotions, personal loans, or lay-buys.

Mr Lucey said: "The key is to look at the cost of credit in each case and shop around to find the product that best suits your needs. Make sure the payment method or product you choose fits your ability to repay what you've borrowed."

For example, credit cards have different features to suit different lifestyles and spending habits. Some have lower interest rates, while others offer loyalty programs, longer interest-free periods, or lower or no fees.

Many savvy consumers use credit card reward points to their advantage, getting free flights or other rewards. But if you don't pay off your credit card or loan on time, you may be incurring unnecessary interest charges.



“Be sure to check interest rates, late fees, annual fees and over-limit fees before you sign up for any credit card product. Think about what is most important to you based on your spending patterns and budget, and ensure your card suits your needs,” Mr Lucey said.

- 3. Investigate consolidating your debts if you feel you're a bit out of control or need to simplify your money matters.** One monthly repayment at one fixed interest rate is much easier to manage than multiple rates due on multiple dates. The trick then is to cut up your cards and pay this debt down.
- 4. If you need to borrow money for larger items like cars, holidays, household goods or renovations, explore all options.** It's important to consider different financial products, as taking out a personal loan or interest free offer could make sense.

Personal loans generally offer lower interest rates than some other consumer finance solutions but repayment times can be much longer so make sure you check the fine print. Most personal loans can be approved in 24 hours and you can build a favourable credit rating with the lender by making prompt and full repayments over time.

Interest-free retail promotions typically offer six to 36 months on interest-free terms and can be the smartest way to shop for big-ticket items like televisions, white goods and furniture.

“The key is to pay off the entire amount within the interest-free period and, like over 70 per cent of GE Money's customers, you then avoid paying any interest at all when you purchase using interest free promotions,” Mr Lucey said.

“Before taking on any interest-free deal, ensure you can comfortably afford monthly repayments that clear your debt in the interest-free period. It's good idea to set up direct debit so your payments are on time and you avoid any late payment fees,” Mr Lucey said.

“A common misconception is that an additional fee applies if the loan is paid off before the end of the interest-free period. With GE Money interest free promotions you are free to pay off the balance in your own time (as long as you're meeting any required minimum monthly repayments). Interest is only payable on the outstanding balance once the interest free period has ended and interest is never back-dated to the original purchase date,” he said.

- 5. Read the fine print.** It's important to check the detail on any financial product you're considering so that you understand what your obligations are and how much it'll cost you.

With interest free promotions check the interest rates that will apply if you don't pay off the whole amount within the interest free period, establishment fees and monthly account service fees.



With personal loans check establishment fees and monthly fees and watch out for annual service or maintenance fees on the loan that are either a flat fee or a percentage of the lump sum. Also check payment options to ensure it has the flexibility you need.

With credit cards check interest rates, late fees, annual fees and over-limit fees.

“On GE Money consumer products including store and credit cards, personal and auto loans, direct debit dishonor fees, cheque dishonour fees, fees for “tracing” customers who have forgotten to tell us they have moved, and fees for providing statement reprints have all been eliminated,” Mr Lucey said.

- 6. Pay off as much as you can each month and don't skip repayments.** Manage your spending on credit cards and make regular repayments on loans to avoid getting into financial difficulty. Work out the amount you need to pay off every month (it is best to pay more than the minimum amount if you can) and set a realistic credit limit. Remember, late or missed payments may count against you when it comes to your credit history.

Finally, Mr Lucey said: “By following these easy tips, we can all have a more financially successful 2012.”

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**Notes to editors**

**About GE Capital**

GE Capital Australia and New Zealand is a specialist financial services provider and part of the global GE Capital business, which operates in 55 countries around the world. With 4,600 employees and \$20 billion in assets locally, GE Capital offers unique financial solutions such as fleet and equipment finance, personal loans, retailer solutions and credit cards, corporate finance, inventory finance and insurance services. For more information visit [www.gecapital.com.au](http://www.gecapital.com.au)

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