

APPS: ARE THEY MAKING IT EASIER FOR PEOPLE TO SAVE OR SPEND?

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Preparing students for life after school

KANAHOOKA HIGH SCHOOL

WELCOME

Welcome to the second issue of Teenfinca® for 2018.

Teenfinca® — Teenage financial capability — is for teenagers, and should be shared across the school and with families.

Its sole purpose is to help you understand the financial world in which you live. Teenfinca® is written by experienced teachers and financial specialists who are experts in topics related to personal and consumer finance.

Teenfinca® provides articles for you to read and think about individually, and discuss with your peers, teachers and parents. Several financial life skills are introduced in each edition. If your school has a financial capability program, your teachers have the option to use Teenfinca® as a resource within that program. Each issue is accompanied by a set of activities, available from The Wealth Academy website, that teachers may use.

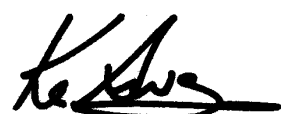
This issue, as always, has a strong focus on financial decision-making and its relevance to everyday life. It includes articles about:

- the usefulness of online apps
- daily living and financial decision-making
- insurance
- careers as a chef or truck driver
- writing job applications
- entrepreneurship and financial capability
- financial mindset and resilience
- and lots more.

Teenfinca® is an educational resource. It does not sell or promote financial products or services; rather, it is designed to help you understand such products and services, and the financial concepts on which they are based.

Remember, your financial future will be your responsibility when you are an adult. Start your learning journey now.

Kind regards



Ken Swan
Director
The Wealth Academy

Helping youth to become financially capable

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APPS: ARE THEY MAKING IT EASIER FOR YOU TO SPEND OR SAVE?



NOT ALL APPS WILL BENEFIT YOUR FINANCIAL LIFE. CHOOSE CAREFULLY.

Every coder on the planet is developing an app, often as a way of making their own fortune. One of the focus areas for these developers is 'fintech', or financial technology.

There are hundreds of developers working in this area in Australia alone, trying to develop the app that will entice youth, adults, businesses, banks and other participants in the economy to buy, download and use it.

You may find some of these apps very useful, but most will bring no short- or long-term benefit to your life.

Other than its usefulness, consider the following questions:

- Will this app encourage me to spend or save?
- Will this app help me to make more-informed financial decisions?

Good financial decision-makers think about saving first, before spending. This is a conservative but important perspective that helps people plan for their future.

Many apps will present the view that they are trying to save you money, but the reality is that in fact they want you to spend. Apps that send you information about the latest discounts, under the pretext of saving you money, are really apps that encourage you to spend.

This is the same as the many loyalty programs that you

will be invited to join as you get older. While they appear to give you benefits from joining, those programs are mostly about encouraging you to spend your money through that program.

If you have decided to spend some money on a needed product or service, some apps can help you choose the best one for you. Usually they give you just comparative prices, not necessarily all of the information you need to make a wise decision.

Rather than relying on one app, it may be better to have two or three apps that can provide relevant information, so that you overcome any biases that one app may have built within it. You can never be sure if the app is directing you towards a purchase because they get a commission or other benefit.

Like most things in life, when using any app you must take the view of 'buyer beware'. Although most app developers may have honourable intentions, apps may not always be used honourably and in the best interests of the user, even though a service is being provided.

Teenagers love their apps. Teenagers must also learn to be vigilant when choosing apps to help them in their financial life. A commitment to financial education can help teenagers make good decisions about the use of apps in their future.

Good luck.. 

INVESTMENT IN SELF

A DAY IN MY FINANCIAL LIFE



Every day of your entire life money will leave your bank account, your wallet or your pocket to pay for the different aspects of that life. Consider the following example of a typical 19-year-old studying at university or college.

EARLY MORNING

- ☒ Goes to gym \$20 per week
- ☒ Breakfast at home Paying board at home \$40 per week
- ☒ Catch bus or train to college \$7 per day

MORNING

- ☒ Morning coffee \$4 per day
- ☒ Classes at university / college \$\$\$
- Laptop / software subscriptions
- HECs

MIDDAY

- ☒ Bring own lunch Part of your board payment
- ☒ Listen to Spotify \$6 per month

AFTERNOON

- ☒ Classes at university / college \$\$\$ (as previous)
- ☒ Catch bus or train home \$7 per day

EVENING

- ☒ Drive car \$\$\$ running costs
- ☒ Football training \$\$\$ yearly fee

OVERNIGHT

During the night there may be automatic payments set up to pay for your car loan, health insurance etc.

Every day of your life money is being spent. Stay alert! **T**

Each of us will have a financial life.

All of us will make financial decisions daily.

FOOD

You eat food multiple times per day. That food has to be purchased.

Depending on how much food you eat, and where you purchase your food, the amount you spend will vary.

Even when you grow your own food, there are costs associated with it — buying the seeds, watering and fertilising etc. Include food costs in your budget.

TRANSPORTATION

Regardless of the mode of transportation you use, there is a cost. Using public transport is usually cheaper, although not always convenient! Using a car is expensive as there are a lot of associated costs — e.g. registration and insurance.

Using a bicycle is cheap, depending on how much you spend on the bike and its regular maintenance.

Include transport costs in your budget.

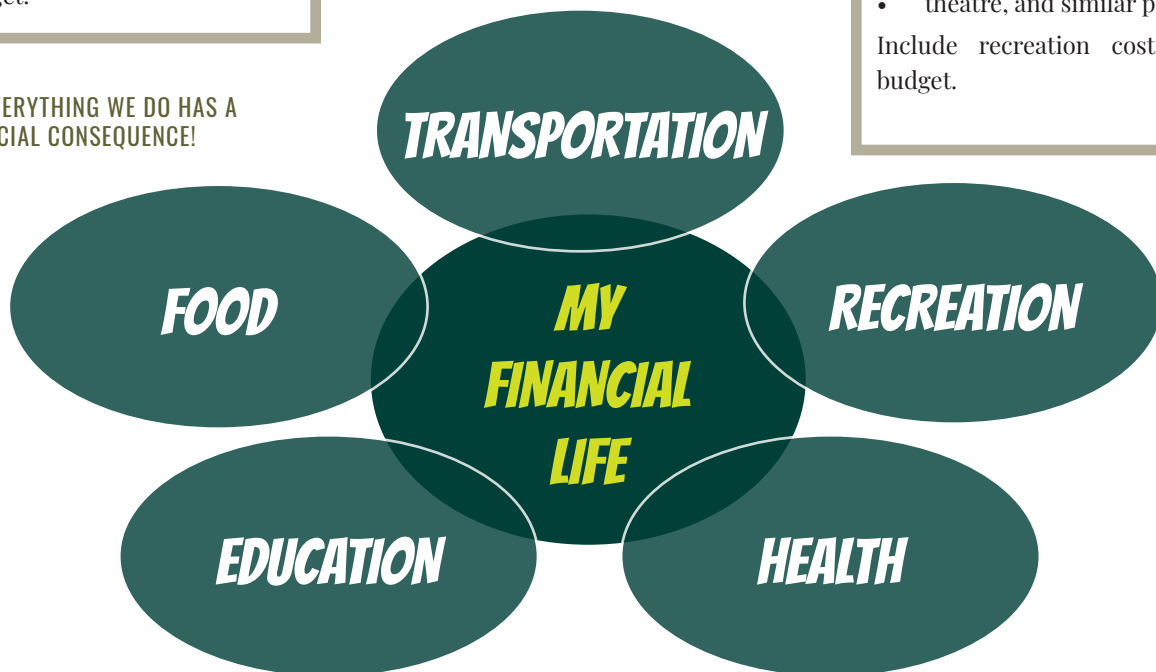
RECREATION

Recreation costs are often surprisingly high. Consider the costs associated with:

- gym membership
- joining a sports club, then purchasing the necessary clothing.
- music subscription
- pay television
- theatre, and similar pursuits.

Include recreation costs in your budget.

NEARLY EVERYTHING WE DO HAS A FINANCIAL CONSEQUENCE!



EDUCATION

Most teenagers are involved in some form of education. Whether it is through university, college, TAFE or self-education courses, education is expensive.

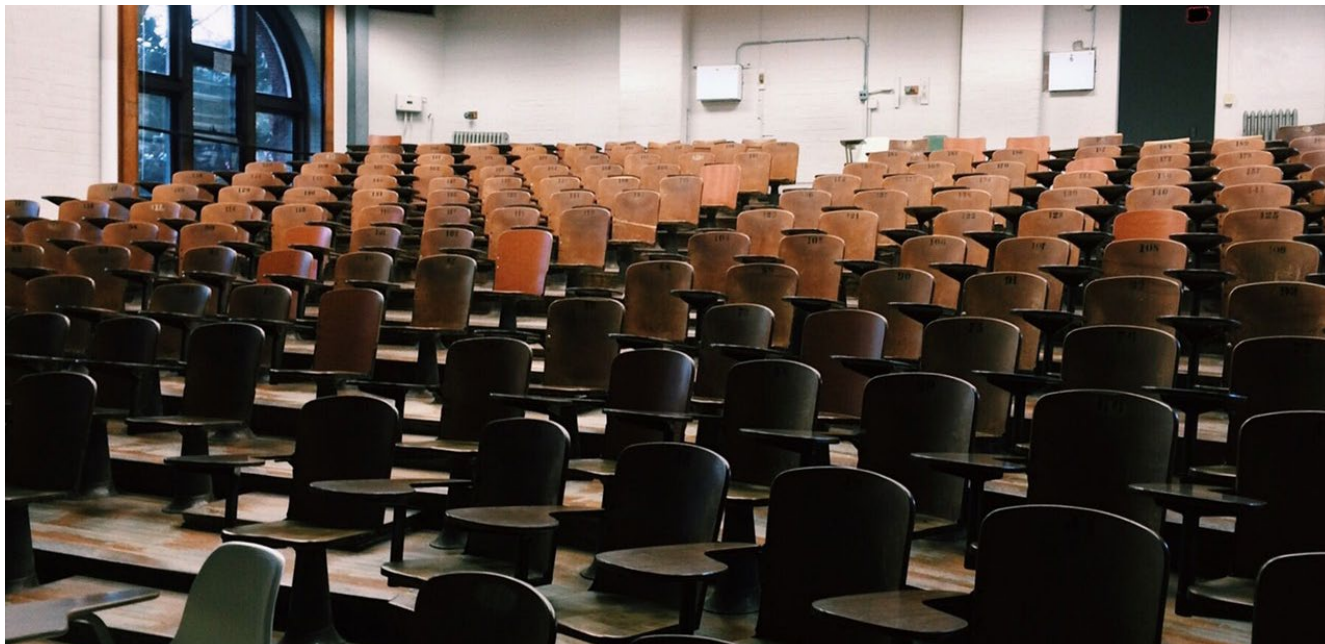
It is not just the course fees that are expensive — often there is a need for books, laptop computers, software subscriptions, administration fees — and more — that all have to be paid for. Sometimes travel is required. A good education is necessary for a successful future, but it can hurt financially in the early years. Include education costs in your budget.

HEALTH

Many teenagers focus on healthy eating, and take out sporting and gym memberships to maintain a healthy lifestyle. Often parents pay for their children's health insurance and Medicare costs while their teenagers are not working full-time or over the age of 25.

Teenagers should also think about the health consequences of poor decision-making, especially related to alcohol, sun exposure, smoking and similar activities. Such activities will ultimately have a financial consequence. Include health costs in your budget.

STUDENT LEADERS: FINANCIAL LIFE SKILLS ON ASSEMBLY



GIVE FINANCIAL LIFE SKILLS A PRIORITY ON ASSEMBLY!

School captains and other student leaders can help improve the financial capability of their peers and the larger community with minimal impact on their own study or personal time.

Try this assembly activity.

On assembly

At every assembly a range of messages are provided to students about various activities in the school.

Each month, student leaders could share a financial life skills message with all students attending the assembly.

Topics such as financial goal setting, the importance of developing good financial habits, scam awareness, and youth and debt, could help students improve their financial awareness and capability.

If that message was limited to a few minutes in length and has a supporting poster for students to view, then there is no good reason for not including it in the assembly program.

What would be the impact?

Consider the following scenario. There are 400 students on assembly, plus 20 staff members and a similar number of parents.

- Each month 400 students would hear a positive financial life skills message from the student leaders.

- Each month 400 students would see a poster that related to that message. That poster could be placed in school windows for the next month, encouraging students to remember that message.
- If each student saw that poster 20 times during the next month, and thought about its key message, then 8000 thoughts are being generated each month across the student population. If each student thought about it five times, then 40,000 thoughts are being generated. Wow!

If each student had three conversations about that message with friends and family, involving up to 10 people, then each student will generate 30 positive financial life skill messages. For 400 students this results in 12,000 potential conversations. If those 10 people then shared that conversation with two other people, another 24,000 conversations are created. Wow!

- When measured across the school for 10 months, the impact will be significant. By giving just a 4–5 minute financial life skills message on assembly, up to 120,000 conversations could potentially occur.

What an impact student leaders could have! Try it! Do it! **T**

Note: Schools have access to a *Student Leaders on Assembly* ebook which can be downloaded from The Wealth Academy's Library.

WEALTH CLUB

If you have an interest in financial life skills, you may like to start a club for like-minded students in your school, regardless of whether or not you are a formally recognised student leader.

Here are some ideas for club members.

1. Place financial life skills posters around the school

Your school has access to the resource library of The Wealth Academy, which includes over 100 financial literacy posters.



Ask the appropriate teacher to download and give you PDF copies of the eposters associated with:

- assembly financial life skills messages, or
- this or other issues of Teenfinca.

Print and laminate copies of the posters you would like to place around the school over the next term. Consider choosing one or two posters each fortnight.

You may like to create a competition about each poster. For example, students could be asked to write their reaction to each poster on a piece of paper and place it in a box you have set up and labelled for this. The person who generated the most interesting response could win a prize and be acknowledged on the next assembly.

This is a good way to generate conversations about financial life skills.

2. Guest speakers

Every school has people in the local community who want to help students develop their financial capability.

Some schools have community partners who have volunteered to do this regularly.

Here are a few ideas for using guest speakers.

1. Invite guest speakers to your club meeting once per term. Prepare questions you could ask them, or invite them to prepare a short presentation about wealth concepts that may interest teenagers. You may want to meet with them first to discuss ideas.
2. Consider holding your wealth club meetings with guest speakers at different times — before school (breakfast), lunch time, after school, evening — so that you can coordinate with the schedules of potential speakers.



3. Ask parents to get involved. You may want to have a breakfast or dinner workshop that involves your parents and the parents of other students.
4. Include guest speakers in the Student Leaders on Assembly program discussed on page six. Guest speakers enjoy sharing their knowledge and skills with the younger generation in the community.

Establishing and managing a wealth club should be about helping others. While you will also receive the benefits of learning that come from the activities of the club, it is most important to serve the needs of others. Many students will want to learn about the financial world and wealth concepts.

Give it a go. Be aspirational for others in your school. **T**

***Leadership is about being of service to others, not being served by others.
Be a mentor, not a boss.***

THE HISTORY OF INSURANCE



INSURANCE HAS A LONG HISTORY

Whether it's the birthplace of a nation, the emergence of a superhero, or the humble beginnings of an industry, everything has an origin story. Insurance is no different. But the story of insurance is a whole lot more than a series of misadventures of a bumbling stunt driver or the romance between Rhonda and her Balinese beau. It's a story of risk, adventure on the high seas, medieval craftsmanship and the evolution of industry.

And like any great story, it began in a place far, far away and long, long ago — like 1750 BCE.

The first written (kind of) insurance policy

People have always had an aversion to risk, particularly when there was money involved. In the early days, traders in Babylon and China would spread their goods across multiple boats to limit the risk of shipwreck, or their cargo spilling overboard; but it was not until the Babylonian King Hammurabi developed what is known as the Code of Hammurabi that insurance became a system.

Carved into a pillar of stone nearly 2.5 m high, the Code of Hammurabi consisted of a series of 282 written laws detailing standards of conduct pertaining to everything from property rights to divorce, and specified serious and often gruesome punishment for those who dared to defy the laws.

But aside from being the origin of the famous 'eye for an eye' ruling, one of the more sensible laws was the specification that if a debtor suffered a personal tragedy (so, something like death or permanent disability), they could no longer be held to any agreement to pay back the loan. This law was, essentially, an insurance policy at its most basic.

Medieval times

During the Middle Ages, when knights were hunting bandits and blacksmithing was a profitable trade, a type of insurance came in the form of the guild system. Basically, masters of a craft (yes, like the ones who had apprentices) paid fees to their guild — an association of craftsmen or merchants — and if their business burned down, or they were robbed by said bandits, or died, the guild would use the fees paid by the masters to rebuild the fallen business, help keep it running, or support the master's family, respectively.

Shipping and the development of underwriting

By the late 1600s, trade between nations was stepping up to high gear, thanks mainly to the evolution of shipping and larger, stronger ships. Transporting cargo became

**CAREERS IN
INSURANCE**

easier and more lucrative among the countries of the British Empire. In 1688, a coffeehouse owned by Edward Lloyd became a central meeting place for those who owned ships or who sold goods transported on water. Often seen there were those who wanted to venture to the New World in search of gold, other valuable metals and, later, tobacco.

Once the owners of the goods had obtained funding (usually from venture capitalists) for the movement or shipping of their goods, the merchants and those who owned the ships would head to Lloyd's coffeehouse to display a copy of the ship's cargo. Any investors willing to take on some of the risk of the journey would sign their names under the name of the ship which was written up on a board in the coffeehouse. As a result, the risk of loss was shared across those people who had written their names under the name of the ship — 'underwriters'.

Much like Chinese and Babylonian traders so long ago, owners of a ship that was lost at sea would lose only part of the total cost.

The Industrial Revolution and insurance as we know it

As with most things during this time, insurance really started to move towards the way we know it today during and following the Industrial Revolution. With technology rapidly evolving, and the nature of work and production changing, the ever-increasing risks to businesses and people posed by the revolution (death, dismemberment, fire, flood, business failure etc.) meant there were a lot more insurance policies needed.

Insurers began developing products to protect business owners and individuals against a series of varying risks, leading to insurance policies that more closely resemble those we have today. **T**



CHANGING TIMES

CASH TO CARD TO ONLINE

Cash to card to online

Most adults are making decisions about their use of money every day. Many years ago, it was very easy for adults to keep track of the money they were spending, and the money they earned. That was because everything was in cash. They could feel their money and they could see their money.

If you had \$100 in your pocket and you bought items during the day, you could see how much money you had spent when you emptied your pocket. Because it was so immediate and visual, many adults liked this. It was quite easy to keep track of your spending.

Most importantly, they knew they were spending their own money, because it was their money in their pocket.

Things changed when banks started to provide cards to 'make it easier' for consumer to spend their money. Of course, they then charged fees for you to use those cards, and if you selected credit when purchasing, you were using the bank's money, not your own.

Adults were not now seeing their money diminish as they purchased things, and could keep track of their money only if they went to the bank or logged into their bank account. With the convenience of cards came a new way for banks to generate their own revenue by charging you fees for having a credit card, and charging you interest on the money you borrowed from the bank when making a purchase on credit.

Now we are seeing the move from cards to making purchases with phones, watches and more.

Certainly, the convenience of these new technologies is good. But as technology makes things more convenient we should also be critical consumers and think about the consequences and implications of using this technology.

Take care! **T**

FINANCIAL LITERACY AND ENTREPRENEURSHIP

Too often entrepreneurship conversations focus on the pitch. This is wrong. The focus should be on financial capability!

Apart from having a good idea that solves a problem, and has an identifiable audience of possible consumers, entrepreneurial success is nearly always determined by the financial capability of its founders and managers. Financial literacies, numeracies and management skills are imperative.

FINANCIAL LITERACY AND RAISING THE ENTREPRENEURS OF TOMORROW

SERENITY GIBBONS IN *DUE*

This article shares the concern that, while we have a strong focus on entrepreneurship, there should also be an equal commitment on developing the financial literacy of future entrepreneurs.

‘Across the US there is an emerging trend of entrepreneurship. Over the past 20 years, we have seen growing numbers of young entrepreneurs build successful businesses, many before the age of 18. Organisations from all over have arisen to help these young entrepreneurs get their start, both for funding and helping them to develop the right mindset.

‘Technology has made a new generation of “kidpreneurs” possible. In a survey of the top 20 reasons why startups fail, a staggering 29% cited as the main reason for their downfall just plain running out of money.

‘Having an understanding of what creates failure, and learning those lessons early on (when there is less at stake) can dramatically shorten the learning curve for a young entrepreneur in business.’

Find out more:

Financial literacy and raising the entrepreneurs of tomorrow (Serenity Gibbons, 6 March 2018): <https://due.com/blog/financial-literacy-raising-entrepreneurs-tomorrow/> Accessed 2018-09-23

... a staggering 29% cited just plain running out of money for their downfall

WHY ENTREPRENEURS SHOULD BE FINANCIALLY LITERATE?

MOHAMMAD SAJID KHAN IN *ENTREPRENEUR INDIA*

Khan shares the view that, although there are lots of new startups in India, many of them do not survive for long.

‘There are various reasons for these new startups failing — no market need, running out of funds, no or impractical business models, unable to withstand competition, lack of funds and resources, unskilled workforce, incorrect forecasts, mismanagement of finances — but unsound financial capability and poor planning emerged as the top reasons cited across all sectors.

‘Most of the financial capability of today’s entrepreneurs is likely to originate either from past trial and error, or from their experiences of entrepreneurship in the family.’

Khan emphasises there is a need to understand the difference between financial literacy and financial capability.

Khan provides a set of recommendations for entrepreneurs to consider.

Find out more:

Why entrepreneurs should be financially literate? (Mohammad Sajid Khan, 12 January 2018) <https://www.entrepreneur.com/article/307407> Accessed 2018-09-23

Most of the financial capability of today’s entrepreneurs is likely to originate ... from past trial and error



FOUR THINGS EVERY FINANCIALLY LITERATE ENTREPRENEUR SHOULD KNOW

ABHI GOLHAR IN *FORBES*

In this blog, Golhar shares his experience of being an entrepreneur, and the importance of financial literacy to his own success.

‘As an entrepreneur of many years, I have found being financially literate the one thing that has saved me from making mistakes that could have cost me my business.

‘Most of us have been told how important it is for young people to gain financial literacy in preparation for their adult lives — and there are many resources for them to tap into to gain that kind of knowledge. But what about small business owners?

‘We rarely bring up this category of people when we think of financial literacy, because we assume that someone in business should already know about finance through and through.

Golhar also suggests four key financial literacy items that entrepreneurs should know.

Find out more:

Four things every financially literate entrepreneur should know (Abhi Golhar, 31 May 2017): <https://www.forbes.com/sites/theyec/2017/05/31/four-things-every-financially-literate-entrepreneur-should-know/#b60956616375> Accessed 2018-9-23

... we assume that someone in business should already know about finance...

IMPORTANCE OF FINANCIAL LITERACY TO ENTREPRENEURS

OSMAN IN *TECH LIVEWIRE*

Osman stresses the importance of financial capability for people starting in business.

‘Financial literacy is an important aspect of a business.

‘Financial literacy is about knowing about your finances, how the money is made, how it’s invested, where to invest it and how to manage and save money.

‘An entrepreneur running a business has to be aware about his resources and finances and should have a basic understanding of managing those finances it’s not necessary though to have an executive degree or masters’ degree like MBA, having knowledge of basic financial literacy would also work.’

Osman shares six reasons why entrepreneurs should be financially literate.

Find out more:

Importance of financial literacy to entrepreneurs

(Osman, 26 February 2018): <http://www.techlivewire.com/importance-of-financial-literacy-to-entrepreneurs/> Accessed 2018-09-23

... financial literacy is one of the most important aspects for both personal as well as professional life. It is even more important when it comes to running a full-fledged business.

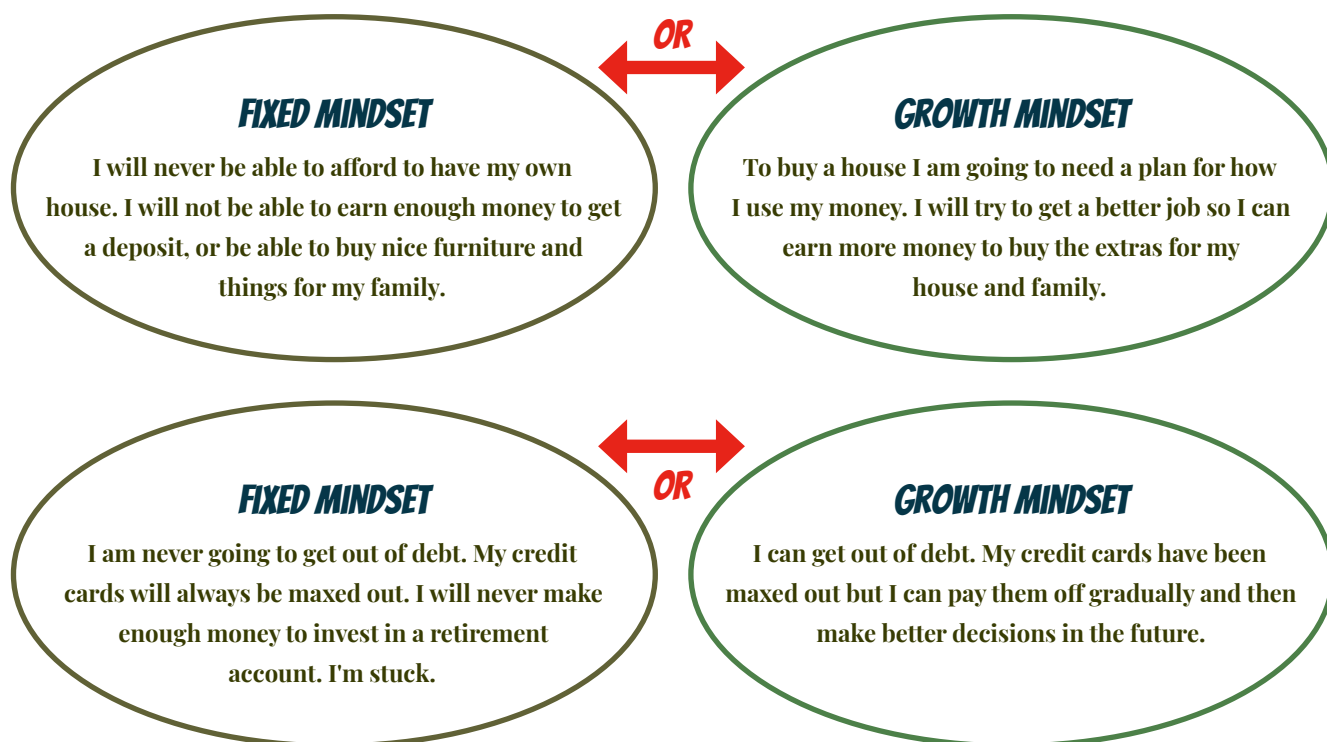
WHAT IS YOUR FINANCIAL MINDSET – FIXED OR GROWTH?

FIXED MINDSET

A fixed mindset means you think your abilities and potential are set in stone. It usually means that you do not think you can change your financial future. You may say “I am hopeless with money,” “I have no will power when it comes to spending money,” or “I am a shopaholic.”

GROWTH MINDSET

A growth mindset means you think your abilities and potential are changeable. It usually means that you believe you can change things about your financial future. You may say, “I am getting better with money,” “I can make and stick to a budget,” or “I am a good shopper because I think carefully before I spend.”



WILL YOU BE FINANCIALLY RESILIENT WHEN YOU LEAVE SCHOOL?

WHAT IS RESILIENCE?

Resilience is defined as the capacity to recover quickly from difficulties.

It is a term we use when referring to the actions or behaviours of a person after something 'bad' happens.

Someone who is not resilient may dwell on the bad event for too long, and not bounce back into normal behaviour.

For example, if a pet dog dies it is normal for there to be a period of grief, but a resilient person can get themselves back into normal daily life routines within a couple of days.

What is financial resilience?

The Centre for Social Impact says financial resilience is being able to bounce back from a financial shock. There are a number of things that help people's financial resilience, including:

- having a regular income
- having money in a savings account
- a willingness to seek financial advice and help
- trusted connections with family and friends
- support from community and government organisations, and
- access to appropriate banking products like credit and insurance.

For teenagers, some of these things will be out of reach until you get a job and have a regular income. Until that time, it is difficult to have savings.

It can also be difficult to find someone who can give unbiased financial advice and help. Teenagers are also heavily reliant on family members and the financial institutions you or they are members of, to provide accurate help when you need it. Sometimes this does not happen!

Scenarios

The following scenarios exemplify a bad financial situation which will require financial resilience.



1. You have recently taken out a small loan and added it to some savings to purchase your first car. You did not take out comprehensive insurance as you thought (hoped?) you would not need it. Your car is hit by another vehicle and totally written off.

You now have no car and a debt of several thousand dollars that you still have to repay to the bank.

You will need to be resilient to move on from this situation, and do your best to recover financially.

2. You move into an apartment after putting down \$1000 bond and committing to a one-year rental time period. The rent is \$450 per week. Your best friend promised to live with you and share the costs, but then pulls out because she decides to move interstate to study.

You are left to carry the burden of all the costs.

You will need to be financially resilient, at least until you can find someone to share the financial responsibilities of renting the apartment.

The bigger the financial responsibility you have as an adult, the greater resilience you may have to show if things go wrong.

It is always important to make sure your financial decisions are well planned and considered, just in case something goes wrong in the future.

I WANT TO BE A CHEF AND OWN A RESTAURANT

A career as a chef is becoming increasingly popular, perhaps because of the many cooking shows now on television.

A lot of training is required to become a good chef. That training focuses on the preparation and delivery of food.

Many chefs want to start their own cafés or restaurants, and this requires more than cooking skills — it also requires financial skills.

Do chefs need financial life skills? Of course!

To manage a successful café or restaurant, a chef will need many financial skills, including how to:

- buy equipment and groceries, hopefully at the best price
- prepare a menu with suitable prices to cover costs and generate a profit
- develop budgets to guide the management of their funds
- pay employees according to the correct industrial award
- choose the appropriate insurances and ensure they get the best price possible
- understand the financial implications of customer and employee complaints.



Any chef who wants to have their own business must learn how to manage the finances, otherwise they will not be in business for long. **T**

I WANT TO BE A TRUCK DRIVER AND HAVE A BUSINESS

Many school leavers want to work outside and be part of the world. Some also like to drive as part of their work. Owning a trucking business provides those opportunities.

Unfortunately, trucks cost a lot of money, so they require considerable investment to begin with. Most truck owners have to borrow money from a lender, so they start their business with a large loan that has to be repaid monthly.

Truck business owners, like many other business owners, have to make financial decisions. They must:

- manage their debt, including loan repayments
- understand how to manage their books to keep track of their finances
- purchase the various types of insurance they need to cover accidents to the truck and the goods they are carrying, as well as their personal insurances
- access business software to quote on work and record all transactions
- consider and plan marketing and promotion expenses
- budget for the maintenance and repair of their truck
- ensure enough cashflow to pay any casual, part-time and full-time staff, as well as meeting superannuation responsibilities
- draw a salary from the business, and plan how that personal income is best used to meet their individual or family responsibilities.



To be successful, truck business owners need more than great driving skills; they also need good money management skills. **T**

COULD YOU BE YOUR STREET ENTREPRENEUR?

Possibly there are a lot of streets in your community. You could be the self-designated street entrepreneur in the street in which you live (plus two or three others).

Here are some revenue-winning ideas to get you going.

Dog care

In your street there may be several people who are busy at work and so have minimal time to care for their dog. You could offer a monthly service that included walking, playing with and washing the dog. How often you did this would be negotiated with the owner.

If you found two clients who were each prepared to pay you \$60 per month, you would earn over \$1400 across the year.

Gardens and lawns

You will have noticed that many people hire a mower person to mow their lawns. This person could be you. You could also offer to water their gardens, do some weeding, and clip some of those bushes. Many householders would welcome your offer.

If you found three clients who were prepared to pay you \$70 per month, you would earn over \$2500 across the year.

Cars and windows

Most people like clean cars and clean windows on their house, but it is not easy to clean cars and windows properly.

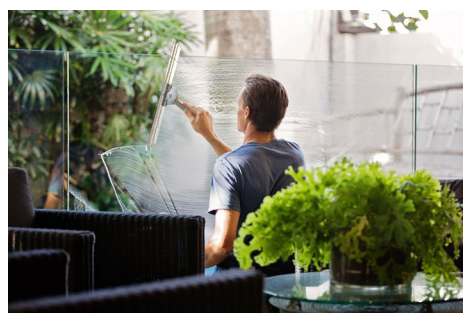
If you can do this well, you will be much sought after in your street. If you found five clients who were prepared to pay you \$20 per month to clean their car properly, and \$40 per term to clean the lower windows of their house, you would earn \$3600 across the year.

With little effort, and very little investment, you could earn over \$6500 per year just from doing neighbourly jobs in your street. Imagine if you did this across three or four streets!

Remember

Like most entrepreneurs, however, you should:

- Try to get in early. Be the first street entrepreneur, because it is difficult to come in second behind someone else who is already doing a good job.
- Do the best job possible. Your clients will not give you a second chance if you scratch the car, leave dirty marks on the windows, upset the dog etc.
- Be happy, friendly, courteous and trustworthy. Your clients will recommend you to others if they like who you are and the quality of your work. **T**



*If Google teaches you anything,
it's that small ideas can be big.
– Ben Silbermann, Pinterest*

FIVE TIPS ON HOW TO SPOT A FAKE WEBSITE



IT IS ESSENTIAL YOU ARE ALERT TO FAKE WEBSITES

As technology improves, and our reliance on it increases, so too does the ability of scammers to con us out of paying for items that will never arrive.

Fake websites that take your money while harvesting your credit card and bank details are everywhere these days, and are cleverly designed to look genuine and convincing, making it hard sometimes to distinguish them from the real thing.

Thankfully, there are some tips you can use to spot the fake sites and protect yourself.

Update your software

Did you know your internet browser comes loaded with security functions which can help locate sites masquerading as trusted sites? Not many people do. Before you even venture out on your next online shopping spree, check your browser's settings and make sure the security options are enabled. In many cases, your browser will alert you to a fake site even before you visit it.

Check the quality

Although fraudulent sites masquerading as big brands may look convincing on first glance, they will often contain little hints that will help you work out if they are legitimate or not. Most operators of these bogus sites will not invest the time a real company will, so watch out for tell-tale signs like misspelt words, old or shoddy looking logos, or bad quality pictures.

Do your research

When searching for must-have items on the web, it's easy to find sites we have never heard of offering great deals. If you have not used a website before, check its credentials. Start by searching for alternative contact details like an address or phone number, and if you have doubts, call them first. A good tip is to look on forums and blogs for reviews and advice from previous users of the site. Until you are confident that the site is genuine, do not give up any personal details.

Locked and loaded

If you have found your item and want to pay, make sure you check if your browser is showing the padlock symbol next to the address bar, and that the address starts with 'https://' before entering any banking information. (The 's' in https stands for 'secure'.)

The padlock symbol shows that the website has security and encrypts any banking details entered. Any major online retailer must have these security measures as standard — if the site you are using does not, do not go through with the sale.

Trust your gut

If a deal seems too good to be true, it probably is. If you ever feel a site is not genuine, close it down straight away and do not enter any personal information. **T**

HIGH SCHOOL STUDENTS ARE PRIME TARGETS FOR OPPORTUNISTIC THIEVES



DON'T BRING VALUABLES TO SCHOOL!

We all value the benefits and convenience that technology brings, and these days it's important for students to be immersed in the technological space. That said, there is a downside: new research has found that 78 per cent of Australian high school students are carrying up to \$1000 worth of items with them daily in school bags jam-packed with technology, making them easy targets for opportunistic thieves.

The survey of 375 Australian parents with school children over 12 years old showed:

- 73 per cent carry a mobile phone
- 38 per cent carry a laptop
- 27 per cent carry a tablet computer
- 17 per cent carry an MP3 player, and
- 5 per cent carry a digital camera.

Technology is becoming more and more a central part of classroom activity and family communication. Theft or loss of common items of technology from schoolbags is an emerging issue, and it's important to keep these valuables protected when taken outside the home.

Over 80 per cent of parents surveyed revealed their children are walking around with electronic devices in their bags, making the humble backpack a potential gold mine for thieves. With so many items of value in one handy, easy-to-carry pack, the cost of replacing them could be several hundred to several thousand dollars.

Here are some ways you can protect your treasured tech:

- Do not bring valuables to school — while this may seem a little uncool, the best way to prevent theft is to leave your valuables at home.
- Avoid drawing attention to your possessions — the less you wave your new technology around, the fewer people will see it.
- Get portable item insurance — portable item insurance is an add-on to normal home and contents insurance policies and covers you for items carried outside the home. **T**

**KNOW
RISK.**

HOW TO HAVE A SAFE PARTY



SAFE PARTIES ARE GOOD PARTIES

There have been many reports in the media recently about parties getting out of control, with people being hurt and property being damaged. This has resulted in the Queensland Government planning to enforce tough penalties on those who host what have been fashionably termed 'Facebook parties'.

Whether to celebrate a birthday, a grand final win, or finishing school, parties should be fun, friendly, and safe for those attending. As a host or the parent of one, you are responsible for the safety and welfare of your guests, as well as for the fun.

Here are some simple ways to make sure your party is a hit and does not get out of control.

Before the party

- Plan your guest list and site for hosting the event. If you are going to use Facebook to invite people, make sure invitations are kept private to avoid attracting party crashers. Double check your settings before sending them out.
- Register your party with the local police station — they can provide you with advice and help in organising a safe event.
- Let your neighbours know about your party in advance. This will often lessen any concerns they have about parking or noise. Give them your contact details so they can get in touch with you, rather than call the police, if they do have any concerns during the party.
- When setting up stereos, make sure the speakers are not facing directly towards a neighbour. While you are at it, turn down the bass as this is often what bothers neighbours.

- Make sure you have designated sober host(s) to check IDs, monitor behaviour and ensure the party is safe throughout the night.
- Catering is important at any party. Ensure you have plenty of water, non-alcoholic drinks and snacks for guests, particularly for those under 18 years of age.

During the party

- Where possible, try to limit access routes to the property so you know who is coming in and out.
- If you are having the party at home, make sure you close and lock doors to bedrooms and other private areas to protect your personal belongings and property.
- Dedicate a room that is to be kept locked where partygoers can leave their jackets, handbags, smart phones or wallets if they wish to do so.
- Keep partygoers and drinks inside the building to limit the effect on neighbours.
- Make sure your designated party monitors are checking IDs and watching for signs of intoxication or inappropriate behaviour.
- Make sure your guests get home safely. Organise taxis or ensure there are designated drivers available to transport guests home.
- If there are signs the party is starting to get out of control, call 000 for police assistance.

The day after

- Make sure you clean up any rubbish in your yard and in any neighbouring properties.
- Check in with your neighbours and get some feedback on the event, listening to any concerns they may have had.
- There may have been some partygoers over the age of 18 who had a little too much to drink, so give them a call and make sure they made it home safely.
- Get some rest. **T**

**KNOW
RISK.**

WHO IS MORE FINANCIALLY CAPABLE?

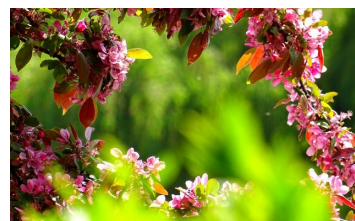
Some people think that, because they have more money than others, they are therefore more financially capable! What rubbish!

Cricket capability: If Bill has more cricket bats than Jim, is Bill more 'cricket capable'?

No, he just has more cricket bats! The number of bats he owns has nothing to do with his ability to use a cricket bat effectively.

Plant (garden) capability: If the neighbours have more plants in their garden, does that mean they are more skilled (capable) at looking after plants?

No, it just means they have more plants. Unless you know the neighbours well, you cannot know whether they have very poor gardening capabilities, leading to an overgrown and out-of-control garden, or good gardening skills, meaning their garden is well maintained and planned. They could also be using an expert to help them with their gardening.



Financial capability: If Sue has more money in her bank account than does Chris, is Sue more financially capable than Chris?

No, of course not! Sue may have more money because her salary is higher, or because she was gifted money from parents or others. Her bank balance has no direct relationship with her capability to use money effectively. It could be argued that Chris may have more financial capability than Sue because Chris, with less money, is forced to manage her money more efficiently.



Key message: Do not worry about what others may have. Focus on your own financial capability.

HOW TO ADDRESS SELECTION CRITERIA FOR A JOB



AIM TO BE A STAR WHEN YOU WRITE YOUR APPLICATION

When an employer sets the ‘key criteria’ for a job application, their aim is to get a sense of your background, knowledge, skills and experience. Your answers are often given very high priority in the application process, so you should not take this task lightly.¹

Lucky for you, we have compiled this handy guide to help you address selection criteria in a way that proves you are qualified, ready to work hard, and worthy of an interview.

Where to start

Create a new word-processor document and copy/paste into it the selection criteria from the job posting. This will help to ensure you are addressing the criteria word-for-word, and that you have read each question thoroughly. Title your document and rename the file to something sensible like ‘Statement addressing selection criteria’; be sure to include

your full name. There will be plenty of applications, so make it as easy as possible for the person sorting through them all to notice you.

It can be tempting to write just one broad, wide-ranging response that covers some of the questions, and hope it's enough, but resist that urge. A question that asks about your ability to contribute ideas and demonstrate initiative and flexibility actually has three parts! Make sure to address each one individually. Not only does this prove that you are thorough, it demonstrates that you do not cut corners, which is a very valuable asset to employers.

Identify the keywords

Selection criteria are often divided into ‘essential’ and ‘desired’, so it's worth focussing mainly on the ‘essential’, which are the most important to your potential future employer, and giving those criteria more attention.

Take note of the specific wording used in the questions, and then use it yourself to make sure that your answers are

¹ https://www.resumeright.com.au/page/Blog/Selection_Criteria/How_To_Write_Selection_Criteria_Responses

When an employer sets the key criteria for a job application, their aim is to get a sense of your background, knowledge, skills and experience.

on track. You do not want to go off-topic and start to waffle, as employers may assume you are trying to cover up a lack of experience. Incorporating keywords into your responses will demonstrate that you understand what is expected of you, and can provide examples of the knowledge and/or experience they are looking for in a candidate.

Make sure you use strong action words like ‘demonstrated’, ‘initiated’ and ‘negotiated’, rather than passive phrases like ‘was involved in’ or ‘assisted with’, and back up each claim with a strong example. If you cannot prove you did it, leave it out.

Aim to be a STAR

A great method for addressing selection criteria is using the STAR model — Situation, Task, Action, Result. You need to draw a clear link between what you **can do**, what you **have done** in the past and what you **will be able to do** if you land the role.² It's important that you use recent, relevant, strong and specific examples.³ Do not be afraid to talk yourself up here — this is not the time to be modest.

Example

Sample criterion: Demonstrated ability to meet deadlines

- **Situation:** Role as an entry-level accountant at a medium-sized company
- **Task:** To ensure that the company's financial data were collected and entered into the monthly report before the deadline
- **Action:** Made sure that each manager was aware of the dates for submitting their team's data
- **Result:** The figures from each team were collected and collated ahead of schedule and the report was delivered to management on time.

Now, you need to translate these points into a clear and concise response that shows that you have the required knowledge and/or experience to satisfy the criterion. For example:

I have excellent organisational and time management skills, including the ability to manage multiple deadlines. An example of a time when I was required to utilise my time management and organisational skills was during my employment

If you don't have actual work experience to match the criteria, you can use any other relevant experience, such as something you've achieved at university, in a student club or in a volunteer position.

as an entry-level accountant at a medium-sized company. The role required me to ensure data from all teams were collected in time to collate the monthly financial report. I drafted a memo that was emailed to all managers, reminding them that the information from their team was to be submitted before the end of the month. I collected the figures from each team and entered them into the report that was then delivered to management before the deadline.

Do not forget!

When you are finished, do not forget to remove the STAR headings. They are simply there to help you structure your responses and should not appear in your final application. After you have finished, make sure to edit your work thoroughly. Even the strongest application can be cast aside if it's riddled with careless errors.

One last thing: If you do not have actual work experience to match the criteria, you can use any other relevant experience, such as something you have achieved at university, in a student club, or in a volunteer position. All experience can count towards making you a productive and valuable employee. **T**

Note: This article was first published under the title ‘Your time to shine: How to address selection criteria for a job’ on You Unlimited (www.youunlimitedanz.com) on 7 August 2018.

<https://www.youunlimitedanz.com/be-inspired/articles/how-to-address-selection-criteria-for-a-job>

Accessed 2018-09-24.

² <https://www.careerfaqs.com.au/careers/resumes-and-cover-letters-tips/writing-your-selection-criteria-responses>

³ https://www.resumeright.com.au/page/Blog/Selection_Criteria/How_To_Write_Selection_Criteria_Responses

WORKING AND FINANCIAL LIFE SKILLS GO TOGETHER

As 2018 draws to a close, thousands of Australian teenagers are busily planning for their future, and deciding what to do after school. This is a time of great excitement and possibility for young people, but also a time of great uncertainty and change.

Students may have all sorts of plans for their future, varying from university, TAFE, work, apprenticeships or perhaps a gap year spent travelling the world. But students with disability are often left out of this conversation, and are not asked about their plans for the future.

Our friends at EPIC Assist, an organisation that helps people with disability find work, have spoken to some young people with disability about where they are working, and their plans for the future.

I feel good that I am working and have a busy week.



Emily has been working since March 2018 at a café called Now and Not Yet, and is learning new skills that will help her future career. Emily gets on well with her team, and her colleagues describe her as a happy, sensitive soul who brings a great vibe to the café.

Emily says, "It feels amazing to have a job. I feel good that I am working and have a busy week. I love doing the dishes, taking orders and taking food out to the people in the café. I want to spend more time working at the café, as I love it here."

Emily, Warrandyte, VIC

When you start working you start earning money. Just as you learn to work you should also learn how to use your money effectively!

My main goal is to get a car now, because I'm always working!

Fara has been working at Bunnings Warehouse as part of his school-based apprenticeship, and is now on the casual roster.

His colleagues say he is a natural fit for the retail industry, as he is always smiling and loves communicating and helping customers.



Fara says, "I have been learning a lot of different tasks at Bunnings including restocking, trolley removals, cleaning, and setting up balloons and displays."

"I was so nervous in the interview, but it worked out well and I love the team here. I would like to continue working at Bunnings."

"My main goal is to get a car now, because I'm always working!"

Fara, Underwood, QLD

Regardless of the job you have, it is very important to set goals. Goals give you something to aim for. They also give you direction to how you can be using your money.

Having this job is important as it's building my self-esteem, and I now have my own money.

Alyssa recently commenced her first job, working at Barefoot Fish, Australia's only fish spa. Barefoot Fish involves customers putting their feet in tanks of water so small fish can nibble away dry and dead skin.



Alyssa believes her autism has prevented her from finding a job in the past, but has found the tranquil environment of her new job very fitting.

Alyssa says, "People would not give me a chance because I was always nervous talking to people on the phone and in person.

"Once EPIC helped me find this job, my life changed.

"Having this job is important as it's building my self-esteem, and I now have my own money. I am looking forward to buying my own car once I save up enough. For now, I'd like to keep working at Barefoot Fish and I'd love to work in a library in the future."

Alyssa, Loganholme, QLD

For all teenagers, earning and having your own money is important. It shows everyone that you are on a journey towards independence. More importantly, it helps you to build your self-esteem and personal confidence. Work has many benefits!

Lincoln is a budding actor who has set his sights on becoming famous one day — and he is on the path already, landing an acting role at the Blue Roo Theatre. While he pursues his acting dreams, Lincoln has been getting valuable employment experience at Second Nature Organics, known locally as 'The Farm'.



Lincoln says, "I am really loving my role at Second Nature and my team are all lovely. I have even made friends with a Shetland pony!

"I am learning new skills and my tasks include watering, planting, weeding and harvesting the organic fruits and vegetables.

"I love earning money and my mum is helping me to save, but I have also been treating myself. The other day I bought my mum a necklace and shouted her out to lunch, which made me very happy."

Lincoln, Kippa-Ring, QLD

When you start earning money you soon realise that you have choices. It is wonderful to see that Lincoln has made a choice to spend some of his money on his mum. This is smart thinking! ☺

The other day I bought my mum a necklace and shouted her out to lunch, which made me very happy.



EPIC Assist has over 70 offices across Australia. If you have a disability and you're looking for work, or you know someone that is, contact EPIC Assist on (07) 3857 5085, email hello@epicassist.org or visit epicassist.org

HEATHMONT COLLEGE: OUR FINANCIAL WORLD



STUDENTS AT HEATHMONT COLLEGE SHARE THEIR FINANCIAL LEARNING IDEAS WITH THEIR COMMUNITY PARTNER YIHSING KOO.

Five inspired Year 9 students at Heathmont College, Victoria recently shared their insights about the financial world in which they will live.

For students so young, they show a good understanding of the challenges of financial decision-making they will face in their futures.

The students were asked to identify:

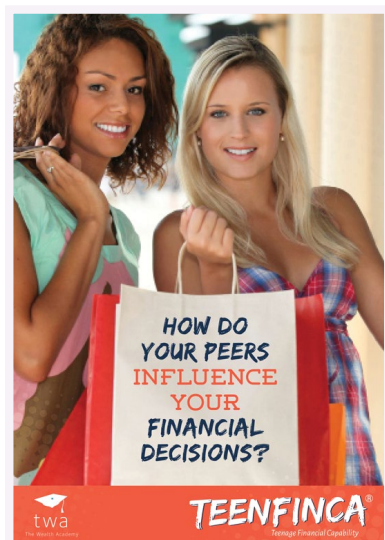
- Five big things that worry them about their financial future
- Five stupid things that teenagers could do with their money
- Five habits that they should develop to make the best of their financial future.

"We are worried about having enough money to pay for university or having the large debt from going to university."

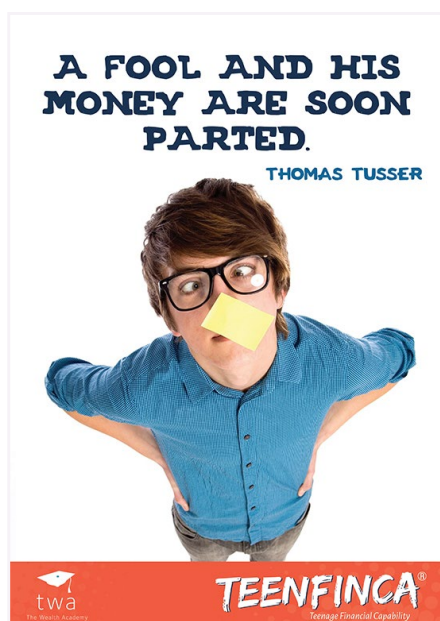
Our five big worries

- **College, University:** We are worried about having enough money to pay for university or having the large debt from going to university. It will be a lot of money! How can we afford that?
- **House:** Will we be able to afford a nice house in the future? Can we afford to live in the area where we now live? Housing is very expensive and prices will only increase.
- **Debt:** We hear about debt all the time. It is scary. We do not want to have too much debt but we are unsure if we can live without going into debt.
- **Knowledge:** There is so much to learn about how to manage money and how to make good decisions. It is difficult. How do we know if we are making the right choices?
- **Making good financial decisions:** We want to make good decisions and manage our money properly but how do we know if we are doing this? If we make a bad decision it could be disastrous!

It is very easy to just spend money on the things you want, rather than the things you need.



We understand now that we won't be good at financial decision-making unless we learn about how to do this.



Five stupid things to do with money

1. **Spend it all:** Teenagers who just spend all the money they earn or receive are stupid. We need to learn to manage our money and make good choices.
2. **Start using credit cards:** A lot of teens do not realise that when you use a credit card you are not using your own money — you are actually borrowing money from the bank. The bank then charges you interest because you are using their money.
3. **Wants, not needs:** It is very easy to spend money just on the things you want, rather than on the things you need. It is okay to spend on the wants sometimes, but not all of the time. It can be difficult always making wise financial decisions, especially when we see others spending!
4. **Caving in to peer pressure:** It is very easy to just follow or copy others in what they are spending. All of the teen-related advertising is about spending. It is really difficult to ignore these forces. We want to be like our friends, but sometimes we cannot afford to be!!
5. **Lending money to friends:** We do not think this is a good idea for many reasons. If a friend is not managing their own money well, they need some help to learn better money management. That help should not be in the form of giving them money. Lending money can also destroy friendships, especially if the borrower does not pay it back. Lending money to others is a bad habit, as well as being 'stupid'

Five habits to develop

1. **Goals:** It is important to have goals that relate to financial learning, using money and saving money.
2. **Independence:** It is important to become independent. We should be able to make our own financial decisions and use our own money, and not always rely on others. When we need to get advice about something new, we should ask advice of people who know what they are doing.
3. **Apps:** Use online apps and other tools to help us plan the use of our money and record how we are using our money. These tools may help us to become better managers of our money. (We must also be careful about the security of some of the apps we use.)
4. **Always have money in reserve:** If we learn to budget properly we should always have some money in reserve for emergencies, or other times when we may need some money quickly.
5. **Learn:** The key message we have learnt from this discussion is the need for learning about money, and learning how to make financial decisions. We understand now that we will not be good at financial decision-making unless we learn about how to do this. It is the same as learning to play football, or to play an instrument, or to write an essay. We have to learn these things and practise them. Then we are more capable at doing them!

Thank you to the students from Heathmont College.

MITCHELTON STATE HIGH SCHOOL: OUR FINANCIAL FUTURE



STUDENTS AT MITCHELTON STATE HIGH SCHOOL SHARE IDEAS ABOUT THEIR FINANCIAL FUTURE. (L-R) CHLOE, SAM, LAISA, ANDREW AND NERISSA

Describe your financial future by the time you are in your early 30s.

We want to have enough money to pay our bills, without struggling too much. We also want to have savings in our bank account.

Most of us will want the normal things like owning a home, having a nice car and some travel experiences. We all want to have a secure job, and some of us may want to be business owners.

What processes have to be put in place to achieve that future?

- **Work hard and smart:** Success does not come from being lazy or expecting others to do things for you. We know we have to work hard, but we also have to be smart about how we work.
- **Education:** We all know that education is important. We also realise that we may have to continue our education to gain the necessary qualifications to get the type of job we want. What may be new for some of us is the need to learn about money management. This is really important because our use of money will affect us daily.
- **Multiple revenue:** We always learn about the importance of a career, but sometimes it is important to have multiple sources of revenue. We can have two or three jobs especially when we are young, which earn us more money to help us achieve our goals. This is an example of working hard which was mentioned before!

All advertising in the media tries to tempt you to spend.



What may be new for some of us is the need to learn about money management.

- **Budget:** It is very important to learn how to budget properly, and perhaps more importantly to be self-disciplined in adhering to that budget. We think it would be very easy to have a budget but then forget about it when we are out with friends or family and the stores are tempting us with their sales.

What barriers may stop you from achieving that future?

1. **Time management:** If we do not have good time management skills it would be very easy not to allocate time for study, work etc in the future. It is a good habit to have when you can manage your time well.
2. **Education costs:** This is a worry for most students. It is not just the cost of doing each subject but it can get even more expensive if you fail a subject and have to repeat. We will have a lot of debt for a long time!
3. **Too much media:** All of the advertising in the media tries to tempt us to spend. It just becomes normal. If we cannot ignore that messaging then we will not be able to stay on budget and achieve our goals. We must be disciplined!

How can you overcome these barriers?

1. **Goals:** It is important to have goals that relate to our individual life and circumstances.
2. **Plan:** No one can achieve their goals if they do not plan to achieve them. If we want a good financial future then we should plan for it. This could involve planning:
 - how we manage our time
 - the priorities we set
 - who we mix with and how we interact with our peers, including setting boundaries
 - our areas of education focus, including learning financial life skills.

We all want a better financial future. We now realise that we can do lots of things to make that future successful!

Here are some responses given by students when they were asked to finish the sentence.

- **A teenager must learn:** how to budget and manage their time correctly.
- **In my financial future I am worried about:** having a career that will provide me with the money I need to support my needs.
- **In my financial future I am optimistic about:** having a career and what I would like my car to look like!
- **My future financial life:** depends on the decisions I make and how hard I am prepared to work.
- **Learning about financial concepts:** is beneficial because it can make your life easier when you are older.
- **A good financial decision:** is one that you will benefit from in the long term.
- **A bad financial decision:** can be difficult to recover from and in some circumstances can ruin your life.

TEN THOUSAND REASONS WHY YOU DON'T NEED A CREDIT CARD

There's one thing (amongst a long list of others) that I would love to be able to go back in time and tell the younger and far more naïve version of myself: that is — YOU DO NOT NEED A CREDIT CARD! Trust me — I am writing this only a week after my 30th birthday, and I am still feeling the effects of that ill-fated decision I made in my late teens.

At 18 I was full of confidence and totally ignorant about how a credit card worked. While I understood that I was borrowing money from the bank, the whole concept of interest rates and making repayments on time never really seemed to bother me, nor was it something I thought was worth researching further.

Perhaps equally as stupid as the decision I made to get a credit card was the reason for thinking I needed it. My girlfriend at the time wanted a miniature dachshund puppy. I could have said no — how I wish I had said no.

After a couple of weeks researching breeders (yes, I researched dog breeders, but not credit card providers), we found a woman with a litter of puppies that would be ready for us to view in a few weeks. This worked out to be great timing as we were just about to move into a new apartment with a considerably large courtyard — enough room for our little dog to run around in. All that was needed now was the money to buy the weird little sausage dog.

It was around this time that I decided to head into my bank and fill out the credit card application form. I thought a \$1,000 limit would suffice. A few weeks later, my shiny new card (= ticket to a new dog and a happy girlfriend) arrived in the mail. The thing was, my girlfriend was not actually that happy and our relationship, like many teenage romances, was beginning to turn a little bit sour.

Perhaps what I was about to do was the only mature and sensible decision I made in this period of my life. I decided it would be best not to get the dog, especially with the impending doom of our relationship. My girlfriend agreed and, as you would expect, we broke up not long after. I was left with the apartment, the bills, the rent and the credit card.

As time went by, little instances of car registration payments, phone bills and rent saw me slowly eat into my credit card allowance. This became more and more frequent, so that by the time I was in my mid-twenties, I had increased my limit countless times to rack up a debt of close to \$5,000.

I sought advice from my best mate about my financial plight and he advised me to transfer the balance to a lower rate



card and then cut up my original one and start paying off the debt. I followed the first step of his advice, but stupidly did not cut up my card and, with the existing balance reset on my credit, I started spending again.

It was only a few years ago that I began to realise I would never pay back my debts if I did not drastically change my behaviour. I was not making the monthly repayments and my credit rating was no doubt incredibly poor. I was not only facing a debt of close to \$10,000 but I was also on a one-way course to a pretty lousy future. In my late twenties, and much more mature, I made the wise decision to cut up my card and set up a new budget — one that focused on paying off my debts.

Writing this now, some twelve years on from the dastardly dachshund disaster, I am still paying off my credit card debts. While the end is in sight, I still feel the effects come every payday. What could have been money put towards savings, new clothes, movie tickets, dinner and drinks with friends, or footy tickets, is, for the moment, all put towards paying off my credit card debt. I feel like the bank owns me and it makes me feel a bit sick.

Look, I am not saying credit cards are evil and not to ever get one. But if you are considering it, especially if you are in your teens or early twenties, think really hard about what you are getting yourself into. Yes, they can be handy, especially if you need some emergency cash to get you through a bind. In most instances, however, nothing beats budgeting and putting money away each week to buy that dachshund, cavoodle, ferret, parrot, cat or whatever it is that your heart (or your partner's heart) desires.

- Tom

**KNOW
RISK.**

WHAT IS THE 'BEST BUY'?

We often hear the term 'best buy' when shopping. For many, it just means the cheapest price from two or more options.



But the cheapest may not actually be the best buy!

Let's consider the following example of purchasing a notebook computer to analyse what could be the best buy.

Purchasing a notebook computer

If I find the same notebook, with the same software and set up, advertised at two different stores, it is quite easy to choose the best buy.

Which is the best buy?

NOTEBOOK A	NOTEBOOK B
	
\$650	\$700

Notebook A is the cheaper price and therefore the best buy. The only difference is the price, so it is an easy decision.

What is the best buy when a new feature is added to one of the choices — e.g. an extended warranty?

NOTEBOOK A	NOTEBOOK B
	
\$650 12 months' warranty	\$700 24 months' warranty

For some consumers an extra year's warranty is not important. They may believe that the notebook will easily last two years, so they are still going to buy notebook A because it is the cheaper.

For other consumers, who may not want to take the risk of the notebook breaking down after 12 months, paying the extra \$50 is very worthwhile. For these consumers, the \$700 notebook is the best buy, because it gives them reassurance over two years.

THE BEST BUY

MAY OR MAY NOT BE THE CHEAPEST BUY






HELPING MATH STUDENTS

TOWARD FINANCIAL CAPABILITY

DIFFERENT PEOPLE CAN MAKE DIFFERENT DECISIONS ABOUT WHAT IS THE BEST BUY?

What happens if another feature is added — e.g. two hours free training for Notebook A?

NOTEBOOK A	NOTEBOOK B
	
\$650 12 months' warranty Two hours of free lessons	\$700 24 months' warranty

Which is the best buy may depend on the experience level of the consumer. One consumer may want the lessons, while another consumer may not need or want them.

What is the best buy for one person may not be the best buy for another! What is important is that people think about any financial decision before they make it. **T**

SOLVING A MESSY PROBLEM: THE HUGGLEBIB®



STEVE AND MADDIE RECEIVING TELSTRA AWARD, ALONGSIDE MAYOR SUTHERLAND (LEFT) AND COUNCILLOR HAIN (RIGHT) FROM MORETON BAY.

All entrepreneurs start their venture for the purpose of solving a problem. Steve Butler and his wife Maddie were no different.

They were young parents who could not believe the mess that was created when trying to feed their young son Riley. Food went all over Riley as well as over his clothing.

A solution had to be found!

Why did you get into business?

It just came from having an idea that my wife and I thought was unique. We thought it would be good to explore that opportunity so we started a business.

I did not study business at school, but the work experiences I have had since leaving school in hospitality, community support and personal care and — more recently — in innovation, helped us to work through the initial challenges of starting a business.

Do you consider yourself an entrepreneur?

Not really. It is a bit of a buzzword. I see myself as a founder because I followed through with an idea that I created and established, along with my wife. Entrepreneurship for me is more about the traits that a person has.

What were your immediate challenges, and how did you resolve them?

Immediate challenges were fundraising to get enough capital to move our idea forward. Intellectual property considerations were also challenging. This is a whole new world — making sure we were not breaching anyone else's intellectual property, as well as protecting our own design. This is very expensive. We have to do this if we are ever to sell the product and associated intellectual property rights.

The biggest challenge was always family-life balance. It is easy to get consumed in the business trying to make it successful. With two small children we had to remember our family priorities.

I also wanted to find like-minded people to be mentors and helpers to me as I tried to move the business forward.

I wanted to find people who were good in the areas of business development that I was not so good at.

Did your parents have a role in helping you into business?

Definitely. They have been our biggest supporters, including providing the early seed funding, but probably more importantly giving their emotional support. Mum would always come to the markets with us as we tested our products.

What are your ongoing business challenges?

Marketing is a constant challenge. There is a lot of competition. There are a lot of cheap products in major stores, and many people just buy the cheapest without thinking about the benefits of our product.

Funding for product design is very difficult to access in Australia.

We market our product through an ecommerce website, local markets, word of mouth and local retailers. We make our own products to keep the intellectual property secure, which limits the amount of stock we can produce.

How big an issue is finance for an entrepreneur?

Massive. It is one thing to raise funds to get started, but to get into the retail market you have to produce large volumes, which cost a lot to make it cost-effective.

Being able to understand a balance sheet and profit and loss statement keeps us on track. Finance is always a huge issue when you are starting in business.

As a business owner, do you live comfortably with risk?

I think risk is healthy. It pushes you to improve and mature. Because you have skin in the game, it gives you commitment to drive forward and not just rest.

Do you create and stick to a budget?

At first, I did, but it went pear-shaped quite quickly. I found that the whole work-life balance, intellectual property costs etc. just send your budget out the window. Often there are costs that you do not expect which can send you into a spin.

While we may not have a formal budget, we are certainly very aware of our costs and what money is spent in the business. It is easy to spend money — a main challenge for business is always getting the money in to cover our investment costs.

THE STORY OF THE HUGGLEBIB®

1. It all started when our son Riley started to eat solids in 2011. He made a huge mess! We tested countless types of bib on the market. The result was always the same: MESS!
2. We asked other parents if there was anything out there that could protect the areas of Riley where all the food ended up, such as his lap and legs. The main response we received was, "If you do find something, let us know!"
3. This was a problem needing a solution. From that moment we decided to create a new bib that could keep children clean, and save parents time cleaning up.
4. The first attempt was a pillowcase that we cut sections out of, allowing for Riley's head and arms to poke through. But let's face it – who wants to use a pillowcase like that? And it did not look very attractive either!
5. Next, we tried using an oversized shirt that could be easily placed onto Riley once he was safely secured into his highchair. But we still had the same problem with food ending up on his lap and



highchair areas.

6. We agreed that we now needed to think outside the box. After a lot of thinking and talking we came up with a design that is now known as the HuggleBib.® After one year of testing (and we really mean A LOT), including different styles, patterns, sizes, fabrics, fasteners and sewing techniques, we finally had finished the HuggleBib® design.
7. The HuggleBib® proved that there is now a more efficient time-saving alternative to other bibs on the market, saving parents and caregivers time cleaning up after meal times as well as protecting the child's clothing.

The biggest reality check for me was the challenge of balancing my family and business life.

Have you relied on business coaches or mentors?

Certainly. I would not have got to this point of having a successful product to market without good people giving me help and support. You should not try to do this alone!

If you were to start your business again, how would you do it differently?

I would not be so protective of my intellectual property. I think I lost a lot of opportunities as a result of that.

I would also invest in someone to do my marketing and also to write grant applications. These areas are not my strengths, so I should have used people with that expertise much earlier.

How is your business influenced by local economic conditions?

It is not influenced by macroeconomics but it certainly is by household economics. Many young parents will just choose the cheapest option rather than perhaps the best option which protects the child's clothing.

Do you try to build alliances with other businesses?

Yes, we do. I believe in innovation by collaboration. They bring different thinking, different selling pitch and relationships which we benefit from. We also try to help them — e.g. by bundling products together.

Did your choice of subjects at school help you to get started in business?

Yes, it did, although I did not study business. I did not do the traditional school to university pathway but some of my subjects really helped. I actually learned to sew at school, which gave me the skills to help in the design and construction of the bibs. The hospitality orientation of the courses I took helped me to engage with potential customers and build partnerships.

Describe what financial life skills you learned at school.

None, really. I would have liked to learn more. Basic budgeting is about all there was to it.

As a business owner are you always learning? How?

Every single day. There is a learning curve with every business

conversation you have. I enjoy the constructive feedback and listening to people with different ideas. It is important to be open to learning.

Finish the sentence

- **My competitive advantage is:** that the bib we have created actually keeps kids clean while they feed.
- **The part of being in business I enjoy the most is:** meeting new people and pushing my limits.
- **The part of being in business I enjoy least is:** sacrificing family time.
- **My best tip for starting a business is:** just do it! Trust your gut!
- **The biggest reality check for me was:** the challenge of balancing my family and business life.
- **I researched my competitor's products:** constantly as we were developing our product, especially in terms of intellectual property. We did not want to infringe other businesses' intellectual property rights.
- **The main issue that affects my business is:** cash flow. We always need money in, before we can spend, otherwise there will be trouble!
- **My business affects my life:** constantly. It is always a question of balance.
- **All students should:** learn and develop their core life skills, including financial life skills, communication and network building.

On a scale of 1 (easy) to 10 (difficult) owning and managing a business is a — 9 because there are challenges every day and it impacts on you and your family and friends.

Thank you, Steve, for sharing your business journey. **T**



HELPING OTHERS IN THE COMMUNITY



Helping the homeless is a common good activity that also requires good financial planning

IMAGE COURTESY OF THE CATHOLIC LEADER

Every now and then we see great examples of school-aged students showing an understanding of the common good.

Ashton Brown is a year 6 student from Goodna near Brisbane who is doing something for the common good of the local community.

Identify a problem

After watching YouTube videos about people helping the homeless, he wanted to do something as well. He recognised that there are a lot of homeless people in the community.

Find a solution

Ashton, with his mother's support, started fundraising and soon collected over \$10,000.

Together they prepare food and then feed the homeless from their small car every few days. They also provide toiletry packs, food hampers and first aid kits.

Attracting support

Ashton had a goal of getting a caravan in which they

could place a barber's chair and sink for hair washes, and perhaps have a doctor available every now and then.

When Ashton was interviewed on ABC Radio, a representative from Caravanning Queensland heard the story and offered help. This organisation is now supporting Ashton and his mum to achieve their goals.

Financial learning

Ashton is learning a lot about the management of money, the value of money, and the impact that a lack of money can have on people. He is also learning how money and other donations can make a difference to people's lives.

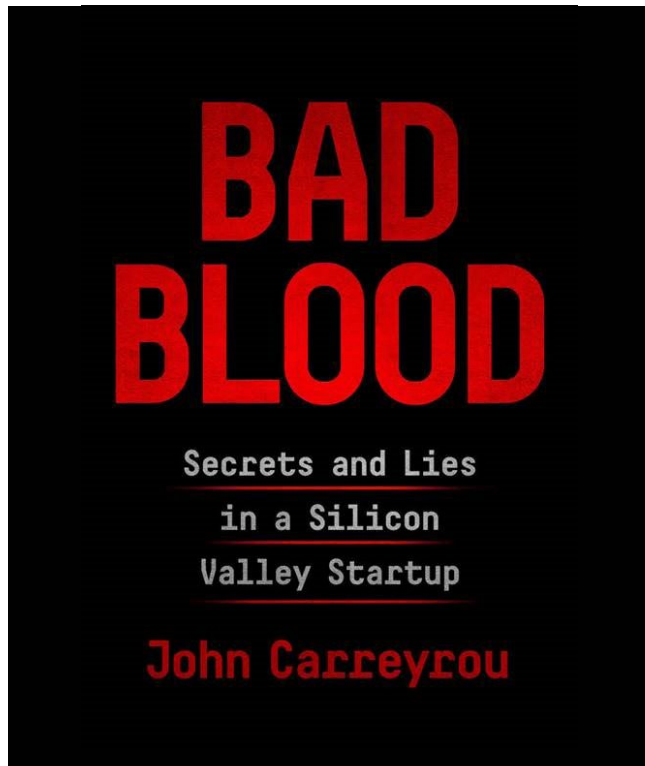
Helping the homeless is a common good activity which relies on good financial planning.

Ashton Brown

Ashton is a budding social entrepreneur. He is using his entrepreneurial passion, with the support of his parents, to help others in need.

Congratulations Ashton.

BAD BLOOD: SECRETS AND LIES IN A SILICON VALLEY STARTUP



I recently finished reading *Bad Blood: Secrets and Lies in a Silicon Valley Startup*, authored by John Carreyrou. Carreyrou is the journalist from *The Wall Street Journal* who broke the story of Theranos, the private Silicon Valley startup company that went from being touted as a revolutionary company that would improve the lives and health of people to a self-serving entity that placed peoples' lives at risk. Jennifer Lawrence plays the role of the founder of Theranos, Elizabeth Holmes, in the movie *Bad Blood*.

Theranos came to my attention when reviewing the competitive landscape for threats and potential disruptors to ASX-listed healthcare companies, such as the laboratory medicine/pathology/radiology business of Sonic Healthcare ('Sonic'). Sonic was so good at what it does that it moved beyond Australia to become a global healthcare company, while retaining its headquarters in Sydney.

Pathology, as it works now, benefits from economies of scale, where the larger and more efficient companies reduce the absolute cost of various tests by efficiently bringing the samples (blood or tissues) to a central laboratory for processing, and then providing results online to individual referring doctors.

Not all entrepreneurs are honest with the media, potential investors and the public. This article refers to the very well publicised Theranos which claimed to be able to test a person's blood to identify a range of major health issues.

The claims were proven to be a lie.

The risk from Theranos was to disrupt the economies of scale. The company was created to bring about Elizabeth Holmes' dream of a future where a multitude of blood tests could be carried out with a single drop of blood.

This would counter people delaying treatments due to fear of needles, limited time and cash reserves, or physical difficulties in drawing blood.

Although the company was a private company, during 2013 and 2014 Holmes was featured in a number of magazine articles¹ as a future Steve Jobs or Bill Gates, in part due to her dropping out of Stanford around ten years earlier to pursue her dream. The company's board included current US Secretary of Defense James Mattis, as well as former US Secretary of State Henry Kissinger, suggestive of establishment support.

Running a long-distance reality check did not rule out as impossible what was being proposed. There are already means of self-testing for several conditions using different reagents on one cardboard stick dipped in urine, and a glucose test on blood drawn with a pinprick.

Even if the dream proved impossible, there could be ways of delivering the science that improved health and disrupted

¹ *Elizabeth Holmes: The Breakthrough of Instant Diagnosis*, by Joseph Rago, *Wall Street Journal*, 8 September 2013;
What health care needs is a real-time snapshot of you, by Daniela Hernandez, *Wired*, 6 November 2013;
This CEO's out for blood, by Roger Parloff, *Fortune*, 12 June 2014.

***... a multitude of blood tests
could be carried out with a
single drop of blood***

traditional pathology companies (although one suspects the larger companies would simply purchase such machines themselves).

The Theranos story became more interesting to follow as more information emerged. The pharmacy/chemist company Walgreen, listed on the New York Stock Exchange (and later the NASDAQ), announced it would open wellness centres in its pharmacies using Theranos machines to support the health of communities.

Media articles valued Theranos at USD9 billion, suggesting more smart money had evaluated the company as a worthwhile investment. I had a look at how the valuation of USD9 billion was arrived at.

The journalists had taken the most recent capital raising and multiplied the number of shares on issue by the new issue price. That works with listed companies, provided the shares continue to trade on market at the issue price or above, but with private companies there's an element of option pricing in new issues.

If you want to be offered stock once the idea has been proven, holding a number of shares will give you preferential access. To me it looked like only USD900 million in cash had been raised over the entire life of the company, supporting the option theory. It also appeared that more time was now going into media rather than the development of the initiative. And curiously, Theranos continued refusing to let anyone check the science of its machines.

While it's crucial for a company's future to ensure a patent is in place so others do not steal and profit from your idea, to achieve what was proposed should have been sufficiently unique to be protected, and therefore able to be verified.

Warning bells rang louder as the company was reported to have (allegedly) claimed that the product was used by the US Defense Department. At Walgreens, the rollout of the wellness centres slowed and stopped as complaints emerged from people having their blood taken via the usual method of venepuncture, and suggestions of high error rates on tests.

Healthcare regulators intervened and insisted the analyser machines be reviewed. In October 2015, Carreyrou broke the story in The Wall Street Journal which led to the book, and the US Securities and Exchange Commission (SEC) effectively shutting the company down.

On 14 March 2018, the SEC charged Theranos founder and CEO Elizabeth Holmes, and its former President Ramesh

... any start-up needs to be able to prove that it can do what it says it has been established to do and it is fraud to tell the market that the idea is working if it is not.



ENTREPRENEURS MUST ACT ETHICALLY AND HONESTLY

Balwani, with raising more than USD700 million from investors through an elaborate, years-long fraud in which they exaggerated or made false statements about the company's technology, business, and financial performance.

The story of Holmes and her idea of disrupting the pathology industry shows that the idea is not enough — any startup needs to be able to prove that it can do what it says it has been established to do; it is fraud to tell the market that the idea is working if it is not. I look forward to watching the movie. **T**

by Fiona Balzer
Policy & Advocacy Manager,
Australian Shareholders' Association



WHAT IS THAT 'STUFF' AT THE END OF THE NEWS?



DO YOU CHANGE CHANNEL WHEN THE FINANCE NEWS COMES ON?

It is the end of the news bulletin and now the newsreader is reeling off rates and figures in the finance news update. Time to change the channel.

Is this information useful for everyday people? Well, you might be surprised to learn just how finance and economics news affects all of our lives, every day, and in ways we may not ever have thought of. Let's have a look at a few staples of the financial news to see where it all fits in.

Share market indices

Dow Jones, Hang Seng, S&P — to many people, these unfamiliar words are meaningless. Each one of these refers to what is known as share market indices (plural of index). Some focus on large companies only, some on particular industries such as technology or industrials, but all have one thing in common: they measure the value of their sector of the stock market. If a market index goes up, then the share market (or a section of it) is, on average, increasing in value. When share market indices are declining, the share market is, on average, going down in value.

The share market can indicate how positive investors are about the future, and how willing they are to take risks. If the economy is going well, and there is certainty about

the future, investors are willing to invest in shares, which usually leads to rises in the share market index. If there is uncertainty about the future or the state of the economy, investors are less willing to invest in shares and may prefer safer investments (such as bonds or gold or cash), which usually leads to share market index falls.

If you have started working part-time and have a super account, then share market indices affect you. A lot of your super is invested in Australian and international shares, and movements in share market indices will change the value of your retirement savings.

Oil price

Oil prices affect the prices of goods and services apart from just petrol, and may also be a sign (or cause) of coming economic trouble.

The price of oil impacts how much you pay for petrol at the servo. If fuel prices go up, you have less money to spend on other things (unless you decide to drive less).

Oil prices also contribute to inflation, as continued increases in oil prices cause businesses to pass on to consumers increased costs of inputs. For example, oil prices affect the



OIL PRICES AFFECT THE PRICES OF GOODS AND SERVICES

costs of transportation, manufacturing, agricultural and mining products, as well as heating.

While household costs increase with oil price rises, the federal government benefits from higher oil prices as it charges a tax on fuel (known as a fuel excise). This gives the government more money to spend on government services like roads and healthcare, among other things.

Rises in oil prices have been associated with recessions or reduced economic output, unemployment, and high inflation, among other economic effects. This was particularly true during the 1970s. Not every sizeable oil price increase has been followed by a recession; however, five of the last seven US recessions were preceded by considerable increases in oil prices.

Gold price

Gold prices can indicate the attitude of the world to risk. If there is peace and stability in the world, and people have certainty about the future, gold prices are generally stable. As soon as one of those things changes — for example, if a war broke out, or there was a banking crisis — then people will generally begin to worry. Investors see gold as a ‘safe haven’ asset and will buy gold in times of distress as a way of keeping their money safe. Company shares can have their values go to zero during times of distress, but gold should always have value so long as you hold it. That has been the case over the past few thousand years, anyway!

Think of gold as a bellwether for global financial market anxiety. If gold prices go up, then there is generally more anxiety. If gold prices are going down, then generally the market is feeling it is safe enough to invest in riskier assets.

Aussie dollar

A country’s exchange rate is affected by a number of things, including the levels of interest rates (think RBA cash rate) and inflation, as well as the market’s expectation of the future exchange rate. A large flow of investment funds into or out of a country can affect the currency, as well as interventions by the central bank. For example, if a central bank decided to use its foreign currency reserves to buy a whole lot of its own currency, then it can manipulate the level of its own currency until it runs out of foreign currency. China’s central bank does something very similar to this to maintain a stable currency.

For people like you and me, the exchange rate immediately brings to mind how much your savings can take you in a foreign country. For instance, a higher USD conversion rate means that it would be cheaper for you to holiday in the USA, or to buy products priced in US dollars over the internet.

Commodity prices

As we now know, the Aussie dollar exchange rate is determined by a number of factors. As Australia is a large exporter of commodities and agricultural products to the world, the Aussie dollar has typically been supported by higher commodity prices. Commodities such as iron ore are usually priced in US dollars, but as they are bought from Australian companies, the money from the sale of the commodities is eventually converted to Aussie dollars so the companies can pay their Australian workers, the tax office, and shareholders if they are paying a dividend, and so on. Lower commodity prices contribute to a lower Australian dollar if everything else stays the same.

As company taxes contribute a large percentage of government revenues, lower commodity prices decrease government income to the extent that resource companies’ profits are reduced.

For you and me, however, a fall in commodity prices could signal that our next overseas holiday could be more expensive.

If there is peace and stability in the world and people have certainty about the future, gold prices are generally stable.

Low unemployment may indicate that workers in the labour force are in short supply.

Unemployment rate

Low unemployment rates may indicate that workers in the labour force are in short supply. Low unemployment may force companies to pay higher wages in order to secure workers, causing wages to rise. A low unemployment rate would be a leading indicator of possible future wage increases, and vice versa. If you are at university and you hear of the unemployment rate falling, you can take comfort that your graduate role may have a higher starting wage than those graduating now, or that you may find it easier to get a job.



Summary

The economy and economics is full of links and relationships, connections and causes — and the short snippet on finance at the end of the news segment is just a taster. The more you learn about how these concepts connect, and how they can affect you, can give you more reasons to pay attention to the world around you, study economics at university, or even start your own share portfolio. Even if you do not, isn't it interesting to know just how interconnected our world is?



GOLD AS A CURRENCY OR MEDIUM OF EXCHANGE

People do not pay for goods and services with lumps of gold anymore. In fact, there isn't even much gold in the 'gold' coins that we use to pay for the things we buy. We are also using coins less and less as electronic payment methods become more and more popular. When was the last time you paid for something with cash?

A long time ago, people used to 'barter' for the things they bought — in other words, they offered one good as payment for another. For example, a beef farmer at the market may have offered to sell his prized bull for a silo of corn. If you were in the market for a bull, but had no corn, you could not buy what you wanted. This inconsistency or 'lack of coincidence' of wants between buyer and seller led to standard currencies being developed within markets.

Very many different currencies have been used throughout history, including agricultural products like beans or corn. These were valuable commodities a long time ago; however, they had a tendency to go bad, or be destroyed by fire, or disintegrate in the rain.

Gold was a strong medium of exchange as it does not perish, ever, and it does not have a use-by date. It is a 'store of value' in itself, i.e. it has 'intrinsic value', which allows you to exchange it for something else of value at any time in the future.

In addition to the 'coincidence of wants' and the 'store of value' criteria, a mark of a good currency is that it has no intrinsic value — that is, the material used as a currency has no value in itself. (Think of a piece of plastic sheet cut out to the size and shape of a \$100 note, and a true \$100 note. Both have the same intrinsic value — nothing.) This is the reason that gold does not get full marks as a currency — it does have intrinsic value — it can be and is used to make precious jewellery and other valuable items.



The 'gold' (coloured) coins we use to pay for things today are made more of tin or copper rather than of gold, as those coins have only their face value (\$1 or \$2) assigned to them, but have very little intrinsic value.

ASPIRATIONAL THINKING

You are the average of the five people you spend most time with.

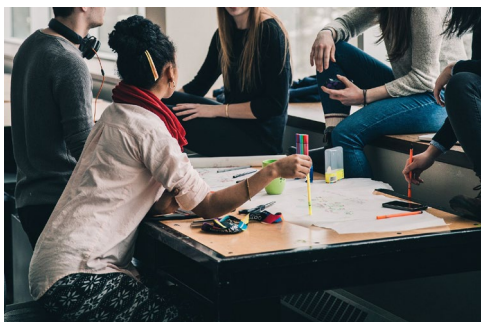
Jim Rohn

Do you think this is true? Are you about the average of the five people you hang out with at school?

This is a popular saying, especially in the business world where employees are encouraged to be aspirational. The belief is that if you mix with aspirational people, you too will become aspirational.

Think about the following statements. Do you think they are true, partly true, or false?

- If I mix with people who smoke, I am more likely to also become a smoker.
- If I mix with people who want to play an instrument, I am more likely to also want to play an instrument.
- If I mix with people who want to strive to be healthy, I am more likely to also want to be healthy.
- If I mix with people who want to be financially capable, I am more likely to also want to be



financially capable.

- If I mix with people who are successful in business, I am more likely to also be successful in business.

I do not want to be a super model. I want to be a role model.

Queen Latifah

Every student is encouraged to look in their community for role models who can guide their behaviours as they become adults.

At some point in their schooling, senior students are also asked to consider themselves as role models for younger students.



We tend to discuss role models in the context of their behaviours at school, their study habits and the effort they show, their pride in themselves, and their support for others. This is wonderful.

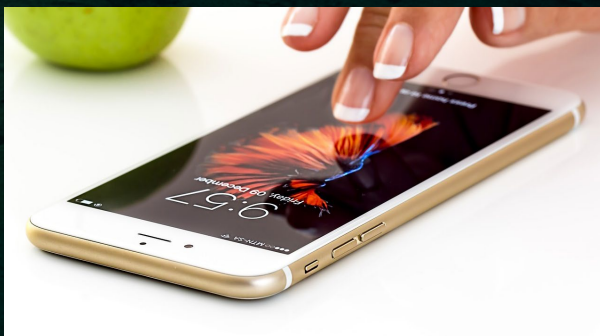
There is also the potential to talk about role models in terms of the financial behaviours they display, their commitment to financial learning, and their willingness to sacrifice immediate gratification for longer-term benefits.

Sometimes these actions are not as easy to see, but they are still worth demonstrating and looking for.

We should all aspire to be good financial decision-making role models — shouldn't we?

WHAT'S COMING IN 2019

FINANCIAL LIFE SKILLS AND PHONES



FINANCIAL LIFE SKILLS AND CARS



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Publishing Schedule

2019: Teenfinca® Edition 1 – March

USE OUR RESOURCES IN:

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- *Work Studies*
- *Student Wellbeing / Pastoral Care*
- *Literacy / Numeracy*
- *Accounting*
- *Economics / Commerce*
- *Mathematics*
- *Student Leadership*

USE OUR RESOURCES:

- *Across year levels*
- *On school camp*
- *At home*
- *In workplaces*
- *In the staffroom.*

PARENT WEBSITE

*Have you visited the website for
parents?*

*The school P&C has the login and
password if they have requested it
previously.*