



# A GUIDE TO REBUILDING YOUR FINANCIAL FUTURE

**MODULE 3**

**RUBY**

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# INTRODUCTION

Finances can be difficult to manage, no matter whether you're single, partnered or married. But if you're a survivor of domestic violence and you've suffered financial abuse within the relationship, you may have other challenges to deal with – especially as you start to rebuild your life.

This series of guides from [Ruby Connection](#), produced by [Westpac's Davidson Institute](#), is designed to give you the tools and information

you need to navigate through this difficult time, regain your financial independence and rebuild your life, free from abuse.

**There are three guides in this series:**

1. A guide to protecting yourself from financial abuse.
2. A guide to regaining your financial independence.
3. A guide to rebuilding your financial future.

### Does Helen's situation sound familiar?

If so, you'll find lots of information in this module to help you review and improve your credit, manage your debt and avoid bankruptcy. There are also lots of people, programs and organisations in your local community who can help you gain personal and financial independence – so don't be afraid to reach out for help.

## Helen's\* story: How I built a better future.

When I was married, I suffered domestic violence and financial abuse by my partner. It became unbearable, so I took the kids and left. It wasn't an easy time; I was suddenly a single mum, not earning a lot and I was struggling with a large amount of debt.

"Affording childcare and rent was so difficult. And although I was working and commuting for hours each day, I spent the rest of my time caring for my children. In the days after we left, I knew I'd have to put my dream of going to college on hold while we rebuilt our lives and got back on a more even keel.

"Suffering financial abuse at the hands of my husband meant that by the time I did leave, I had zero confidence about money. He handled all the family finances so I didn't know how to manage the money I earned, or even how to start making a dent in the debts I had accumulated. At one really low point, I was even considering filing for bankruptcy.

"I was really lucky to meet a great advocate through my local domestic-violence program. We worked closely together to review my credit report and create strategies to reduce my debts and start saving money. I didn't know anything about domestic-violence programs or the organisations that existed to help people like me – but now I do. And it really can give you hope.

"I didn't end up filing for bankruptcy in the end – with the strategies my advocate and I worked on, I was able to start slowly moving back to a better financial position. I was also able to get financial aid to go to TAFE by using the resources available to me. Life is so much better for me and my kids now, and we've got a much brighter future ahead."

*\*This story is fiction based on real life experience and is used for illustration purposes only.*





## MOVING AHEAD FINANCIALLY

If you've left your partner or are considering it, there's likely to be a period of shock and disruption as you adjust to your new life. Once the dust settles, however, you'll start to feel more confident about moving ahead for you and your family.

There are a number of financial considerations that can put you on the road to rebuilding your life.

**This guide covers the basics on:**

1. Understanding your financial position.
2. Borrowing.
3. Owning a home.
4. Protecting your future.

## 1. Understanding your financial position.

Knowing where you stand financially is key to moving on – and a great starting point is to put together ‘Your Statement of Financial Position’. Essentially, this is a snapshot of both the things you own and the money you owe.

### Your Statement of Financial Position.

Assets (things you own)		Liabilities (Money you owe)	
Home		Home loan	
Car		Car loan	
Furniture and personal effects		Credit cards	
Savings		Phone plan	
Superannuation		HECS/VET FEE-HELP	
Other		Other	
<b>TOTAL</b>		<b>TOTAL</b>	

Total assets - Total liabilities = Net financial position = \$

Once you have a clear picture of where you stand, you can start making plans for how you want to change your position – whether it’s reducing your debts or looking to improve the value of what you own.



#### To get an accurate picture:

- **INCLUDE...** all of your assets and liabilities (that you know about).
- **ESTIMATE...** any items you’re not sure about until you can get the required info.
- **ASK...** for help from your advocate or an accountant if you need it.



## 2. Borrowing.

As you embark on rebuilding your financial position, you may find you need to borrow money to help either manage short-term cash flow gaps, or to purchase more expensive assets such as a car or a home.

Borrowing is an integral part of most people's financial journey, but you do need to put plans in place to manage it and the repayments.



### Thinking of borrowing? 3 questions to ask yourself.

1. What's the real reason I need to borrow this money?
2. Is this the right type of finance for this purpose?
3. Can I afford to borrow this amount?

Start by breaking down each question.

#### Question 1: What's the real reason I need to borrow this money?

There are lots of reasons we might need to borrow money – but they generally boil down to:

- **Short-term needs:** The most common reason you may need to borrow money is to cover an unexpected bill or expense that you don't have the money for right now.
- **Purchasing an asset:** Need to buy a car or replace a broken appliance and don't have enough money for large purchases? That's another reason to borrow.
- **Making money:** You may also decide to borrow so you can build your wealth, such as purchasing a house or investment property that may appreciate in value.

#### Question 2: Is this the right type of finance for this purpose?

This is a really important question because each of the purposes above requires a different type of lending with different criteria, costs and repayment arrangements.

When the wrong type of lending is used, it can be more costly than it needs to be and, in the extreme, can harm your financial position. (See [Factsheet 1 on P7](#) for information on the different types of credit.)

#### Question 3: Can I really afford to borrow this amount?

What happens if the cost to borrow the money and the repayments you'll need to make are outside of your financial capacity? If you're going to struggle to repay the loan, this may have a long-term impact on your financial position, your family life and your personal wellbeing.

When applying for credit, your lender will ask you for lots of information. They'll use this information to assess whether you have the capacity to repay their loan. (See [Factsheet 2 on P9](#) for more information on applying for credit.)

A key part of the lender's assessment will also include reviewing your credit history or credit report, so it's important to understand what information is kept in your credit report and how to keep it healthy. (You'll find more information on credit reports and scores in [Factsheet 3 on P10](#).)



### 3. Owning a home.

Owning your own home is something most people dream about. Not only does a roof over your head give you a sense of security, it's arguably the largest purchase you'll ever make – and can be a great way to build equity and invest in your future.

If home ownership is important to you, you'll want to consider:

- **Your ability to save a deposit:** Your lender will want to see that you have the capacity to save a deposit for your home. Commonly, financial institutions are only able to lend to a certain percentage of the value of a property; often 80%, but sometimes higher with Lenders' Mortgage Insurance. This means you'll need to save enough for your deposit and to cover the upfront costs.
- **Whether you'll be able to cover the repayments:** You'll also need to consider how you'll meet every home loan repayment. As part of the process of applying for a loan, your lender will typically look at your financial position and let you know a) how much you can borrow and b) what the monthly repayments might be. That way you can work out if it's possible for you to repay a loan.
- **Your capacity to cover any ongoing costs:** Once you have purchased a property, there are a number of ongoing costs you'll need to cover. Make sure you factor in the costs of maintaining the property, council rates, utility bills (electricity, gas and water), and other things like home and contents insurance.

### 4. Protecting your future.

As you rebuild your financial independence, you'll want to take steps to protect what's important to you and your family. Developing a good savings habit and stashing away money for a 'rainy day' is simple and effective, but your savings buffer may not always be enough. Some other ways you can safeguard your family's future include:

- **Taking out insurance – income, assets, health, and life:** Insurance typically covers you in the event of unforeseen circumstances, like a serious illness, job loss or a natural disaster destroying your home. Your personal financial plan should address protecting your income, protecting your assets, protecting your health and protecting your family's financial future.
- **Topping up your superannuation:** Superannuation is how most of us save for retirement – your super fund pays out your saved super when you're no longer working. Regular contributions come from your employer (currently 10% with scheduled future increases) but you can top this up with your own contributions. The returns you earn from investing that money help build the nest egg that'll support you in the future.
- **Organising a will / estate planning:** If you've worked hard to rebuild your finances, you'll want to make sure your money goes where you intend it to when you're no longer here. Having a valid will ensures that your wishes can be carried out in your absence – while a plan for your estate can give you peace of mind that your family will be provided for.





# FACTSHEET 1: TYPES OF CREDIT

There are many different types of credit – and the key is to do your research and choose the right type of credit for you and your situation.

This factsheet below breaks down common scenarios and the type of credit available for each one.

Options	What it may cost	Repayments	Security
<b>Scenario: “I need a small amount of cash for an unexpected bill or purchase.” AKA Short-term shortfall credit.</b>			
<b>Payday loans</b> – also known as small amount loans or cash loans.	<ul style="list-style-type: none"> <li>• Maximum \$2,000.</li> <li>• Establishment, monthly and default fees regulated by government legislation.</li> <li>• No interest.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular direct debit from your account.</li> <li>• Often over less than 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>• Not required.</li> </ul>
<b>Buy-now-pay-later services</b> – offered by retailers for goods or services purchases.	<ul style="list-style-type: none"> <li>• May have monthly and/or default fees.</li> <li>• Often don’t charge interest.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular direct debit from your account.</li> <li>• Often over 6–8 weeks.</li> </ul>	<ul style="list-style-type: none"> <li>• Not required.</li> </ul>
<b>Credit cards</b> – a line of credit that can be used in-store or online for purchases or for a cash advance.	<ul style="list-style-type: none"> <li>• Monthly interest</li> <li>• Some have an annual fee.</li> </ul>	<ul style="list-style-type: none"> <li>• Minimum monthly repayment is often 2% of the outstanding balance on the card.</li> </ul>	<ul style="list-style-type: none"> <li>• Not required.</li> </ul>
<b>Overdraft</b> – ability to take out more money than is available in a transaction account, meaning it has a negative balance. There is often a limit, or a maximum amount, that an account can be overdrawn.	<ul style="list-style-type: none"> <li>• Establishment costs.</li> <li>• Monthly interest and account-keeping fees.</li> <li>• Other fees may apply.</li> </ul>	<ul style="list-style-type: none"> <li>• Varies depending on the arrangement you have with your lender.</li> </ul>	<ul style="list-style-type: none"> <li>• Dependent on the arrangement you have with your lender.</li> </ul>

Options	What it may cost	Repayments	Security
<b>Scenario: “I need to borrow money to purchase a car or new fridge.” AKA: Mid-term loans for purchasing assets or experiences.</b>			
<b>Personal loan</b> – a loan for a fixed amount, often with a fixed interest rate and fixed monthly repayment; repayable over 3–7 years.	<ul style="list-style-type: none"> <li>Establishment costs.</li> <li>Monthly interest and account-keeping fees.</li> <li>Other fees may apply.</li> </ul>	<ul style="list-style-type: none"> <li>Often a fixed monthly repayment amount with penalties if repayments are not made or late.</li> </ul>	<ul style="list-style-type: none"> <li>Often not secured.</li> </ul>
<b>Car loan</b> – a loan for a fixed amount, often with a fixed interest rate and fixed monthly repayment; repayable over 3–7 years; specifically for the purpose of buying a car.	<ul style="list-style-type: none"> <li>Establishment costs.</li> <li>Monthly interest and account-keeping fees.</li> <li>Other fees may apply.</li> </ul>	<ul style="list-style-type: none"> <li>Often a fixed monthly repayment amount with penalties if repayments are not made or late.</li> </ul>	<ul style="list-style-type: none"> <li>Often secured by a charge over the car being purchased.</li> </ul>
<b>Line of credit</b> – similar to an overdraft. A flexible loan with flexible repayment arrangements.	<ul style="list-style-type: none"> <li>Establishment costs</li> <li>Monthly interest and account-keeping fees.</li> <li>Other fees may apply.</li> </ul>	<ul style="list-style-type: none"> <li>Varies depending on the arrangement you have with your lender.</li> </ul>	<ul style="list-style-type: none"> <li>Dependent on the arrangement you have with your lender, but often secured by a mortgage over a home.</li> </ul>
<b>The No Interest Loan Scheme (NILS)</b> - A loan, provided by charitable institutions rather than financial institutions, for families with low incomes to cover essential items like fridges, washing machines and medical procedures.	<ul style="list-style-type: none"> <li>No fees or charges</li> <li>Interest free.</li> </ul>	<ul style="list-style-type: none"> <li>Circular community credit</li> <li>You are obligated to make affordable repayments on your loan</li> <li>These repayments allow others to receive loans.</li> </ul>	<ul style="list-style-type: none"> <li>Not secured (no credit checks), however only available to people that meet certain criteria.</li> </ul>
<b>Scenario: “I need to get a home loan so I can purchase a house or apartment.” AKA: Long-term loans for purchasing assets.</b>			
<b>Home loan</b> – a loan used to purchase a home for own occupation or for investment purposes.	<ul style="list-style-type: none"> <li>Establishment costs.</li> <li>Monthly interest and account-keeping fees.</li> <li>Other fees may apply.</li> </ul>	<ul style="list-style-type: none"> <li>Usually a minimum monthly repayment.</li> <li>Often repayable over 20–30 years.</li> </ul>	<ul style="list-style-type: none"> <li>A charge, known as a mortgage, over your home.</li> </ul>

This information should be taken as a guide only.

# FACTSHEET 2: APPLYING FOR CREDIT

Thinking about applying for a loan? It can help to know how lenders are likely to assess your application.

Your lending application will likely be assessed against what's known as the three 'Ps' of borrowing: purpose, person and payback.

Here's what they mean:

<b>Purpose</b>	<p>Your lender will likely ask you what the borrowed money will be used for.</p> <p>What you intend to use the borrowed money for will have an impact on the type of finance you're offered, the finance term and the repayment arrangements.</p>
<b>Person</b>	<p>It's likely that your lender will also want to know about you and your financial history, and any third parties involved (such as guarantors). They'll look at things such as:</p> <ul style="list-style-type: none"><li>• Your personal details. What's your full name? What's your date of birth?</li><li>• Your home. Where do you live? How long have you lived there? Is it rented or owned?</li><li>• Your job. Where are you employed? How long have you been there? How much are you paid?</li></ul>
<b>Payback</b>	<p>Your lender will likely ask you how you intend to repay the loan, so expect to clarify:</p> <ul style="list-style-type: none"><li>• Your financial position. What assets do you own? Who else do you owe money to and how much? What's your net position? How much are you paid? What other commitments do you have?</li><li>• Your credit history. What loans have you had in the past? What has been your repayment behaviour? Are you likely to repay the loan?</li><li>• What security is available should you be unable to repay the loan?</li></ul>



# FACTSHEET 3: CREDIT REPORTS AND SCORES

## What's a credit report?

A credit report is the summary of your credit history. Your credit report is compiled from:

- All your past and present borrowing activities. Things like the loans you have applied for, the money you have borrowed, and whether you've repaid it on time.
- Telecommunication and utility providers report on unpaid or late payments of bills.
- ASIC and the court system also provide information on outstanding judgements or bankruptcies.

The information is compiled by credit bureaus such as:

- [Equifax](#)
- [illion](#) (formerly Dun & Bradstreet)
- [Experian](#)

If you apply for a personal loan, mortgage or other type of credit, lenders will often access your credit report as part of their assessment of your application. This is why it's important to maintain a healthy credit report.

## What's a credit score?

All of this information is distilled down into a credit score. Depending on which agency you obtain your score from, this could be a number between 0 and 1000 or 1200. The higher your score, the more creditworthy you are deemed to be, based on your payment history.

## Finding out your credit score.

You can access your credit report from any of the credit bureaus named above – and you're entitled to receive a free credit report annually. A quick and easy way to do this is by registering online with a credit bureau.

You can also obtain your credit score for free at the following websites:

- [Credit Savvy](#)
- [Credit Simple](#)
- [Get Credit Score](#)
- [Wisr.](#)

## Regularly check your credit score.

It's a good idea to regularly check your credit report to review its accuracy and ensure that it hasn't been impacted by fraudulent activity such as someone applying for finance in your name. If your credit score isn't looking as healthy as you think it should, look through the report for inaccuracies or incorrect entries. You may find multiple credit enquiries in a short space of time, multiple credit cards with high limits, late repayments or unmade payments. If you find any inaccuracies, approach the credit provider to have the report corrected. If you're unhappy with the response, you'll be provided with the details of the Australian Financial Complaints Authority who can provide an independent review of the matter. This is a free service for consumers. A credit repair agency can also help you with this, but they'll charge you a fee for their service.



## 6 ways to maintain a healthy credit report and score.

Keeping your credit score healthy may be greatly helped by adopting the following 6 habits.

### 1. Pay bills and loan repayments on time.

By paying all your bills on or before the due date, a record of consistent and punctual payments will help significantly towards maintaining a healthy credit report. If you miss a payment, this can leave a black mark on your credit report and reduce your credit score. If you don't think you'll be able to make a payment on time, contact your lender or service provider and make alternative arrangements.

### 2. Paying your credit card off in full each month.

Getting into the habit of paying your credit card off each month is good for your credit score and for your overall financial goals. It also shows lenders that you have a good track record of being responsible with credit.

If you're going to use your credit card for something that will take you longer than a month to pay off, look for a card with a lower interest rate and pay as much as you can each month rather than just the minimum monthly repayment.

### 3. Avoid making excessive credit enquiries.

Every credit enquiry, approved or not, will be included in your credit report, which in turn may affect your credit score. Many lenders consider multiple credit enquiries, particularly in a short period of time, as indicative of a greater risk and it may impact whether they approve your credit application.

### 4. Pay off outstanding loans and debts as soon as possible.

Paying off outstanding loans and debts as soon as possible not only reduces your interest costs, but it establishes a good track record of using and repaying credit. This helps strengthen your credit report and score.

### 5. Consolidate debts.

If you have multiple loans or credit cards, consider combining them into one. You may be able to have one larger loan at a lower interest rate and you'll only be paying one set of fees. This may reduce your costs and simplify your repayments. It may also be considered by lenders as indicative of responsible credit use. Just take care that you're not extending short term debt over a longer term as you may end up paying more in the long run.

### 6. Minimise unused credit.

If you have credit card limits that you never use, contact your lender and ask to have them reduced. Strange as it sounds, this unused credit could be impacting your credit score as well.



# FACTSHEET 4: ESSENTIAL RESOURCES

Whether you're seeking emergency accommodation, phone counselling or legal and financial support, this factsheet includes a range of resources that are available locally and nationwide.

## General support

- [1800RESPECT](#) provides access to telephone or online counselling, information on safety planning, and tips on how to support someone who is experiencing domestic and family violence. Call 1800 737 732.
- [Lifeline](#) provides Australians experiencing a personal crisis with 24-hour crisis support and suicide-prevention services. Call 13 11 14.

## Local support

- ACT - [Domestic Violence Crisis Service \(DVCS\)](#) - [02 6280 0900](#) (24/7)
- NSW - [Domestic Violence Line](#) - [1800 656 463](#) (24/7)
- NT - [Domestic Violence Crisis Line](#) - [1800 019 116](#) (24/7)
- QLD - [DV Connect Womensline](#) - [1800 811 811](#) (24/7)
- SA - [Women's Safety Services](#) - [1800 800 098](#) (24/7)
- TAS - [Family Violence Response Referral Line](#) - [1800 633 937](#) (24/7)
- VIC - [Safe Steps Family Violence Response Centre](#) - [1800 015 188](#) (24/7)
- WA - [Women's Domestic Violence Helpline](#) - [1800 007 339](#) (24/7)

## Additional counselling support

- [Relationships Australia](#) provides support groups and counselling on relationships, and for abusive and abused partners. To be connected to the nearest Relationships Australia provider, call 1300 364 277.
- [Aboriginal Family Domestic Violence Hotline Victims Services](#) has a dedicated contact line for Aboriginal victims of crime who would like information on victims' rights, how to access counselling and financial assistance. Call 1800 019 123 (8am-6pm NSW time Mon-Fri).
- [The Victims Access Line](#) provides free counselling and financial assistance for victims of crime in NSW. Call 1800 633 063 or the Aboriginal contact line on 1800 019 123. Both operate 9am-5pm NSW time, Mon-Fri (excluding public holidays).

## Legal and financial support

- [National Debt Helpline](#) - [1800 007 007](#) (Weekdays: 9.30am to 4.30pm NSW time)
- [Legal Aid NSW](#) - [1300 888 529](#)
- [Legal Aid ACT](#) - [1300 654 314](#)
- [Legal Aid QLD](#) - [1300 651 188](#)
- [Legal Aid VIC](#) - [1300 792 387](#)
- [Legal Aid WA](#) - [1300 650 579](#)

- [Legal Aid Commission of Tasmania](#) – 1300 366 611
- [Legal Services Commission of SA](#) – 1300 366 424
- [Northern Territory Legal Aid Commission](#) – 1800 019 343

## Support for men

- [Mensline Australia](#) is a telephone and online counselling service offering support for Australian men anywhere, anytime. Call 1300 789 978.
- [No To Violence](#) works with men who use family violence, and the sector that supports them to change their abusive and violent behaviour. Call 1300 766 491.

## Support for children

- Child Protection Helpline – 132 111 (24/7)
- [Kids Helpline](#) Provides free, private and confidential telephone and online counselling service specifically for young people aged between 5 and 25 in Australia. Call 1800 551 800 (24/7)
- [Australian Childhood Foundation Counselling](#) for children and young people affected by abuse. Call 1300 381 581 (9am–5pm, NSW time Mon–Fri).





## WRAPPING UP

That brings us to the end of our three-part series on freeing yourself from financial abuse and rebuilding your life. We hope the information and resources provided have been useful to you.

Escaping a violent or abusive relationship is a major obstacle – and it can take multiple attempts to succeed. It also takes a great toll on your health and wellbeing, not to mention your finances. If you've managed to leave an abusive partner or are considering doing so, please remember that you're not alone and there are people in your community ready and willing to help you get back on your feet.

Using the resources in these modules, we hope you'll reach out and start the journey towards rebuilding a stronger financial position and happier future for yourself and your family.

Remember, you've taken the first step which is something worth celebrating in itself.

### **Missed the rest of the series?**

If you missed the other modules in this series, your advocate or local women's shelter may have additional copies on hand or you can download a copy from the [Davidson Institute](#) website.





**RUBY**