



MEDIA RELEASE

Top ten tips for financial savings this Christmas to set you on track for a stress-free 2010.

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Auckland: It's that time of the year again when New Zealanders battle crowds to buy the final Christmas presents and then splurge at the post-Christmas sales.

To ensure that New Zealand consumers take control of their personal finances Greg White, Managing Director of GE Money New Zealand has compiled ten easy tips to help New Zealanders keep track of their finances this Christmas and celebrate a stress-free 2010.

Getting organised

- 1. Create a budget and stick to it.** The secret is to budget regularly and efficiently. It saves you money by giving an accurate picture of your finances and allows you to prioritise your costs so you can determine the most efficient ways to pay for them. Free, independent online tools such as www.sorted.org.nz can assist.
- 2. Select payment methods that suit your budget and ability to pay over time.** For smaller items this may mean paying cash. However, for larger items if you don't have the money immediately for something you need there are several options that spread your costs - such as credit cards, interest-free retail promotions, personal loans, or lay-bys. The key is to look at the 'costs of credit' in each and make sure they suit your needs and ability to pay.
- 3. Ensure you can pay for everything you need – don't just look at the one item in isolation.** This relates back to your budget and ensures you keep track of everything. For instance, if you pay cash for a \$1,500 fridge but then need to put all your other monthly expenses on a credit card because you've no money left, it could end up costing you more in the long run. You might want to look at other options to make your money work more efficiently for you.
- 4. Investigate consolidating your debts if you feel you're a bit out of control or need to simplify your money matters.** One monthly repayment at one fixed interest rate is much easier to manage than multiple rates due on multiple dates.

Interest-free and buy-now pay-later retail promotions

Interest-free retail promotions typically offer six to 48 months of finance on interest-free terms. They have become a very popular way to purchase larger items as you spread the cost over a longer



period typically paying off an amount each month – without paying any interest if you pay it all off within the interest-free period.

Remember that there are two types of interest free promotions:

- Interest free - Minimum monthly payments (MMP) are required. The MMP will not pay out the whole purchase amount within the interest free period however, customers can choose to pay more at any time, without penalty.
- Buy Now Pay Later (BNPL) - no monthly repayments are required during the deferred payment period. As long as customers pay out the amount within the interest free period, they will not pay any interest.

5. Utilise interest free deals for your own good. Pay it off in the interest free period and like most of GE Money's customers you won't pay a cent of interest – this is smart free money. Ensure you can comfortably afford monthly repayments that clear your debt in that period. A good idea is to set up direct debit to ensure your payments are made on time, to avoid late payment fees.

Credit cards

Credit cards are very convenient and especially useful in emergencies. When used judiciously they can be a very effective way of paying for smaller and every-day items.

6. Choose a credit card which is right for you. Credit cards have different features to suit different lifestyles. Some have lower interest rates. Others have more flexibility of use or offer excellent loyalty programs, longer interest-free periods, or lower or no fees (check interest rates, late fees, annual fees and over-limit fees). Think about what is most important to you, based on your spending patterns and budget, and ensure your card suits.

Personal loans

7. Use personal loans for larger items like cars, boats, holidays and major household items or renovations. They generally offer lower interest rates than other consumer finance solutions but repayment durations can be much longer. Personal loans can be approved in 24 hours and you can build a credit rating by making prompt and full repayments over time.

Laybys

8. If you don't need your item for several months, investigate lay-bys. Laybys are similar to interest-free promotions in that total up-front payment is not required and you make regular instalments that suit you. However, unlike interest free promotions you don't receive the goods until you have paid them off in full.



Maintaining control

9. Check all the fees and charges on your cards, accounts and promotions.

1. With interest free promotions check interest rates, establishment and account service fees. A common misconception is that a penalty fee applies if the loan is paid off before the end of the interest-free period. With GE CreditLine interest free promotions this is not true. You are free to pay off the balance in your own time and interest is only payable on the outstanding balance once the interest free period has ended. Further, on GE Money products interest is only assessed from the end of the interest free period, not back-dated to the original purchase.
2. With personal loans check establishment and account management fees on the loan that are either a flat fee or a percentage of the lump sum. Also check payment options to ensure it has the flexibility you need.
3. With credit cards check interest rates, late fees, annual fees and over-limit fees.

10. Pay off as much as you can each month and don't skip repayments. Manage your spending on credit cards and make regular repayments to avoid getting into financial difficulty. Decide the amount to pay off every month (pay more than the minimum amount) and set a realistic credit limit. Remember late payments count against you when it comes to your credit history. Some lenders also can increase your interest rates and you end up paying more.

Finally, Mr White suggests, "If you do get into difficulty with your payments, or your financial circumstances change, it's really important to talk to your credit provider so they can work out a plan with you. It's in no-one's interests to have any one default."

"By following these ten easy tips all New Zealanders, not just GE Money's 450,000 local customers, can have a financially viable Christmas and 2010."

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GE Money
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