Flying Solo podcast – Amanda Thompson

Your money story: How to take control of your finances

*Automated transcript

Cec Busby [00:00:02]:

Hi, everybody. I'm Cec Busby, editor of Flying Solo. Welcome to weekly podcast where we step inside the minds and lives of soloists and small business owners.

It's a well-known fact that women face a number of challenges when it comes to their finances, but my next guest wants to change that. Amanda Thompson is the author of the new book, *Financially Fit Women*, which aims to help women overcome the obstacles to financial freedom and put them on the pathway to financial success. If you want to find out the money saving hacks that will allow you to have the money you need to live the life that you want, then listen on.

Cec Busby [00:00:42]:

Amanda, thank you so much for joining me on the show today. Welcome. Welcome.

Amanda Thompson [00:00:46]:

Thank you for having me. I'm so excited.

Cec Busby [00:00:49]:

Excellent. I love an excited guest. Now, can you tell us a little bit about your personal journey and how you became so interested in the financial empowerment for women.

Amanda Thompson [00:01:01]:

So my financial journey started in the corporate banking sector, so you can go back 20 years, and you can imagine that I was one of very few women sitting in the male dominated bank sector. And I started to learn quite quickly that not just because I had breasts, I didn't fit in quite that well. And it was because of the way that I wanted to do my planning. And then it was also linked to the fact that I had this amazing mum who was single, and I started to realise that she hadn't had the financial education that that she should have. And so I started my journey of really making sure that the best way to fill the gaps of women in the workforce and all things women and money is to do it myself, and hence, I've written a book called *Financially Fit Women*.

Cec Busby [00:01:54]:

What are some of the unique financial obstacles that you think women face today?

Amanda Thompson [00:01:59]:

Confidence. It's a huge one because we're chasing generations. We were probably taught not to talk about money or it wasn't encouraged to talk about money. And so, therefore, we haven't really been able to learn about all things financial like we normally would. And that is through storytelling or sharing of experiences, and I think that's the biggest block. And then we turn ourselves around and around thinking that we're no good at it, and then it becomes that very much I'm going to put it at the very, very bottom of the too-hard basket.

Cec Busby [00:02:32]:

I guess there's that, oh, you can't be what you can't see, and you can't learn about financial freedom if no one is talking about financial freedom to you.

Amanda Thompson [00:02:44]:

It is, and that's right. And we don't know what we don't know, is my rhetoric to that. But for me, fear is a key driver when we talk about anything finances. So if someone actually comes to see me from a financial adviser point of view, it's normally driven by fear. Now whether that's fear, if I'm not gonna have enough money for retirement, or fear that my family isn't protected, or fear that my business isn't going well, then when you look at that driver of why someone will come to see me, it's also the driver of why we don't look at our finances, because we're just scared of what we will find. And then we have this fear of failure, especially as business owners.

Cec Busby [00:03:27]:

Do you think that kind of attitude might be changing with the younger generation of women, though, that are coming into the business world and moving in financial circles? Because, you know, like you're talking about your mum and how she didn't really have that much financial literacy and, you know, 70 years ago, women couldn't have a job unless their husband said it was okay for them to do so. You know, they couldn't be named on mortgages. They couldn't even have their own bank account. They couldn't work if they were pregnant. Like, there's all these limitations that have been around women and how they could earn their place in society, which a lot, thankfully, we've moved on from now.

Amanda Thompson [00:04:12]:

Oh, it's huge, the leaps and bounds we've come in. The problem that we've got is we are making these huge inroads into those areas but we forget to go back to the start. And if we use even the COVID - you know, it's funny we're still talking about these lockdowns in COVID, but, you know, I forget that it was years ago. It feels like it was only yesterday, but the number of women, in particular, that started businesses in COVID, is astronomical. So we have this belief in what our superpowers are, and we're much better at jumping into those and absorbing that we can be good at something. The problem is when we do that, we have these – we're our worst enemy. We're our own worst enemy because we put the pressures on ourselves to be good at everything. Now male, female, or otherwise, 95 per cent of businesses, small businesses that fail in the first 2 years, are linked to cash flow and finances. So yes, there are inroads being made, but with every inroad, we are increasing the chance of business is not surviving because they're not going back to start and making sure they've got a good handle on the numbers that they need to understand, or even the drivers that they have within themselves to make their businesses a financial success.

Cec Busby [00:05:32]:

I guess you're right. Like, budgeting is a really crucial aspect of financial success. You really need to be on top of your numbers and know your cash flow and also the profitability of your business, because there's a difference between your revenue and your profits.

Amanda Thompson [00:05:49]:

100 per cent. And how many times do we open Instagram or here somewhere and someone's sprucing 6 or 7 figure businesses? And to me, that's just a saying because it doesn't matter whether your business is 6 figures or 7 figures. It's what you're bringing home to your family or what actually you're doing with that money, or if you're getting it in a tax effective way, or if you're putting it towards your future that counts. There's plenty of businesses that aren't 7 figure businesses that are making less than some 6 figure businesses if you talk on just that face value because they've got the fundamentals right.

Cec Busby [00:06:25]:

So what are some practical budgeting tips that you could share with our business owning audience.

Amanda Thompson [00:06:33]:

Do you know my best tip is to not use the word budget? It's a got negative connotations. So I like to say spending plans or cash flow. So it's got much more of a positive outlook on things. So for anything that we do ourselves by self development, putting a positive spin on everything. So cash flow or trying to find a surplus in everything we do is absolutely key. That's the first thing. But again, that word cash flow is so important, and that comes down to the balance of cash in our bank account, doesn't it? It's not so much what that profit figure is. And the other biggest thing that I could recommend anyone doing on their cash flow forecasts and on their profit and loss lines is that directors wages, even if it's small, is a not-negotiable line. Because it's something that will drive you to make your business more successful if you see what you're getting out of it on a regular basis.

Cec Busby [00:07:30]:

So in your book, you talk about the gender pay gap and the issues of gender equity. So how can women navigate this challenge and be able to take more control?

Amanda Thompson [00:07:42]:

Oh, can I put a spiel for my book in now? Get it. It's the best start because it's the most safe way to read and start to gain the knowledge. But just like anything, like all jokes aside about my book, whether you take my book or you do something another way, anyone who has been on a fitness journey or a health journey knows that you can't just read a book to get something done. You've got to actually dive headfirst into doing sizes around that. You can't read a book on how to run a marathon and then go out and run a marathon the next day. You have to put the practice in to do it. So it's the same thing with your finances. It's starting to gather the knowledge. Listen to podcasts, read books, but do some practical examples that are aligning your personal goals with your money goals and how your business is gonna achieve those for you.

Cec Busby [00:08:36]:

What about access to finance? Because, you know, the figures are out there. Women entrepreneurs get far less access to funding and less funding than their male counterparts. And despite the fact that all of the stats show that someone that lends money to a female entrepreneur ends up with a far better return on their investment than they do when they're lending to a male-driven business. Like, there's a whole lot to unpack around that as well, I think.

Amanda Thompson [00:09:11]:

It's a whole different podcast, isn't it? Because those figures actually are decreasing, which is a year ago, it's 4 percent. Now it's under 2 percent of VC funding go to women-led businesses. And what's even scarier is if you round that figure, it's 0 percent to women of colour. That's scary. And the other scary stat is that if a women-led business gets funding from a from women-led VC funding organizations, they're actually less likely to get funding from male counterparts later on. So we can see some real red lights occurring there. My advice to people looking for funding is have watertight understanding of your figures and stick to who you are. So, you know, I really think the tide turning in this because I've been advocating and spruiking when I get the chance at VC seminars to saying, there's no right or wrong way to pitch a business. And if women wanna pitch your business by telling a story, so be it. Because you'll be able to see that their heart’s in their business. But the other really positive aspect is that this gap is starting to get filled by more and more women-led venture capital funding agents out there. So, again, it's a bit like the gender pay gap. It's getting better. We've gotta be patient, but we can't be quiet.

Cec Busby [00:10:34]:

So speak up. Get put yourselves out there.

Amanda Thompson [00:10:38]:

Absolutely. You know, we learn and we connect by storytelling. So just by me talking to you today, there's a story there, and I'm starting to bring to light things. And, hopefully, the listeners will go and talk to each other about this. I heard this, and all of a sudden, the conversation broadens.

Cec Busby [00:10:55]:

What about investments? Because that's another area that I think can be quite intimidating for women. They don't feel like they have the nous to be investing in stocks or property or whatever it may be. How can we kind of help them overcome those fears and start building their investment portfolios?

Amanda Thompson [00:11:19]:

Like anything, start small so that you build your confidence. So you can invest in what's called ETF. So exchange traded funds, which are just a basket of shares that will follow a certain index. And you can do that for small amounts of money and just do it as a habit. The more we achieve a habit, the more confidence we will have and likely grow that habit. So don't feel that you need to save a certain amount of money to start or that you need to commit a certain amount of large funds to start. Start now and you will build the confidence.

But, again, everything's knowledge-gathering. There are so many books out there. Victoria Divine, she's on the money. She does 'She's on the property'. I think that's the right name of her book. So that's really great ways to help get into the property market. There are podcasts about investing. And it's just it's taking a deep breath, taking a deep breath, and believing in yourself just like you did when you started your business and know that you can invest. But you don't have to invest in shares either, and I think that's where we listen to podcasts or the downfall of listening to other people instead of bringing it back to self. And we've got to figure out what's important to us as individuals and where our risk tolerance lies. Some people will be property focused. Some people will be cash focused. And don't forget that superannuation is still such an important part of our investment portfolio. So people forget that that exists because we're so young we can't touch it. It's still our money, so we still should be concentrating on it. So it's a really good place to start is looking at the investments within your superannuation fund and starting to put those to where you want them to go.

Cec Busby [00:13:10]:

So should we be taking a look at our retirement planning now? I mean, it's something that so often overlooked, not just by women, but men as well. Like, what steps can we take early on in our working life or our business life to make sure that when retirement comes around, we're comfortable.

Amanda Thompson [00:13:30]:

We have access to so many great things on the internet. If you go to the MoneySmart website or Canstar, there are some, or even Australian Super actually have some really good calculators that could say this is where your superannuation's gonna be when you retire. And they're really actually quite accurate. But, again, there's no use looking at your superannuation unless you come back to self and figure out what your goals are and what you think retirement looks like. But the other massive thing that we don't think about, male and female now, is this leave. The leave from work for a period of time. More and more men are taking paternity leave. And so, you know, once upon a time, it was the women taking a break from the workforce to have babies or just a, you know, a break in work. These gaps can be huge. So I'd say plan ahead to families. It's actually a really big bit of advice that I give. If you're thinking of having a family, male, female or other, maybe you should be planning what superannuation you're gonna miss out on, and then go and concentrate while you've got 2 incomes potentially, putting extra in while you can afford it. Because I'm not sure about you, but I've got 2 kids, and I know that life does not get any cheaper once babies come along. And I've got nearly a 21 year old, and it still hasn't cut back yet. So you're not gonna be able to find that money for a long time afterwards. So sometimes it's better to top your super up when you're younger, in advance to you taking that gap.

Cec Busby [00:15:09]:

Good advice, especially when kids are staying in the house longer and longer these days, aren't they?

Amanda Thompson [00:15:15]:

Indeed. And, you know, we do live in a society where we've had it so good for so long. And this is very much a ‘do as I say, not as I do’ approach, because I always thought that I was not going to bring up - I'm bringing up 2 and my kids are beautiful, don't get me wrong, but there's still so much that they're being given that I didn't get as a kid. And you know, they don't know what hard is my 2. I tell you what. So, you know, we've gotta make sure we teach them real financial life as well.

Cec Busby [00:15:44]:

Mhmm. That is important because your kids often will grow up with the money attitudes that you have, won't they? Or either the opposite. They'll react against it. If you're someone that's always splashing the cash, then they might become someone that's a saver because they're worried about how your spending went. But when it comes to money attitudes and the way everyone is very in debt at the moment. I think we're as a society, we're more in debt than ever before. What would be your suggestions for kind of debt reduction strategies if I'm going, ‘oh, geez, I'm living on my credit card. How can I stop this?’

Amanda Thompson [00:16:30]:

Yeah. We all need a reality check, don't we? And there's lots of different types of debt, and credit well, payday loans are the worst, which means we really are living from paycheck to paycheck. But there's a really good saying, and it's Thursday, you'll have to excuse me for not remembering who said it, but it's basically is don't go poor trying to look rich. And that's what credit cards are. In my opinion, that's what credit cards are. We're trying to keep up with the Jones'. So even business or otherwise, doing a personal spending plan to realize just how far out of your means you may be living and having a little bit of a reality check of where your finances lie. And then working through your debt. So in my book, I have tips on debt, you know, in terms of how's the best way to repay debt and whether it's repaying things in a lump sum, but we always repay our highest debts or our highest interest rate debt first. And remember that buy now pay later is a debt as well. People forget that because, you know, it's all spruiked to be all very good, and there's no such thing as layby anymore. But buy now, pay later will still affect lending capability, which I really am advocating for as well at the moment. People don't realize - young people don't realize - when they go for a loan and they've got an Afterpay account that that will go adversely against them.

Cec Busby:

Especially if they haven't been keeping up with their payments.

Amanda Thompson:

Mhmm. And it costs a fortune if we don't keep up with them.

Cec Busby [00:18:11]:

Yeah. I think the interest rates are probably on the highest side of a credit card.

Amanda Thompson [00:18:18]:

Absolutely.

Cec Busby [00:18:20]:

So what kind of financial wisdom do we need to have to be able to achieve our goal so that we can live the life that we want then?

Amanda Thompson [00:18:31]:

You've hit the nail on the head. What life is it that you want to live? And that's your first key, and I'm really, really big on setting personal goals. And I use the example that I do triathlons. And my biggest goal each year is to take my 2 girls and I overseas to do a triathlon. And on face value, that's all very romantic and loving that, you know, I'll go on a holiday with your kids, but it also means taking my bike and entering a race. So I've gotta then put a financial need onto that goal that makes me happy. And it really is an important goal of mine, and that's the perfect example that I can give you is that you have to come down to what makes you feel good and happy and healthy, and then you add the money side to it. Because if you're not living financially aligned to your personal values, you won't have the right push to achieve it.

Cec Busby [00:19:29]:

So what would be some advice you give to women then who are wanting to align their finances with their values so that they could be more empowered?

Amanda Thompson [00:19:38]:

I think the first thing is having a really good understanding of yourself, and you'll hear a lot about money mindset and having an understanding of what your money story is. So figuring out why you are the way you are, and we touched upon that a little bit earlier by saying that you know, our values around money often come from our families, either good or bad or an opposite, for a reason. So having an understanding of why you are the way you are will give you the starting point to changing where you need to change. And that is the first port of call for everyone, is to understand why they are the way they are with money and looking in that mirror and going, 'okay, this is me. And what do I wanna change about that?' The second thing is just start gathering your information. And honestly, I mean, my book only came out on Tuesday, so it's fresh in my head. But every time I speak to someone at the moment, there are so many very simple ways to have an understanding an action plan, in my book of the key metrics. And we're not just talking debt. We talk investment. We talk superannuation. We talk cash flow, estate planning. We forget about the estate planning side of things when we talk money because none of us wanna think that there's an end somewhere along the line. But there's all these little tips there that just give you the confidence to be able to then take a step into the unknown and start doing things. So gather your knowledge. Gather your knowledge is the biggest key.

Cec Busby [00:21:11]:

And just make a start. You don't have to get it all done at once. Like, just take that first step.

Amanda Thompson [00:21:21]:

Absolutely. And you know what? And ask for help. We were having this conversation the other day that the true definition of independence is knowing when and how to ask someone for help. We don't have to do everything on our own, and that's including our finances. So start to talk about it and ask for help.

Cec Busby [00:21:36]:

What about the people that actually don't like talking about their finances? Are they kind of in danger of financial abuse in a way? Because maybe they just pass everything onto their partner because they don't wanna deal with it?

Amanda Thompson [00:21:59]:

It is. And we talk about generations, and I'll throw another stat at you - that the highest growing demographic in Australia of homelessness is women over the age of 55. And that is not just because they have lower superannuation balances, it's because there are more and more women coming out of relationships that have no financial literacy. And so, you know, that could be - I'm younger than that, so I'm closing in on that, but it could be other people's parents. So we need to start changing some of these generational shifts. And I think that, you know, I still get clients who unfortunately leave husbands or their husbands pass away, and they have no idea how to even run their bank accounts properly. So we need to - we can have kindness to ourselves and the self love, but the biggest self love you could have is to get on top of your finances.

Cec Busby [00:22:53]:

When could be some steps then that women could take if they were in that situation. They hadn't really had any idea of their finances, and now it's all been thrown on their plate.

Amanda Thompson [00:23:06]:

There are lots of organizations out there that will support women in that situation. But, again, there's courses. I run courses that are aligned with my book, so people who don't wanna read. We run courses that are aligned to just that general financial knowledge. I know that Mel Brown also runs one called the adult financial plan, I think, which is pretty cool. And you can reach out to, we do have financial crisis hotlines as well in Australia. We are very, very lucky that the government does fund financial counselling. And so if you're even slightly concerned, you can, I don't have the number on the top of my head, but it's Financial Counselling Australia - it's a free service to those in need that qualify. That would be the best part for someone who's in danger to start. And for those that aren't necessarily in danger, but this conversation's resonating with I could be, then you need to get my book or you need to go and see a financial coach to start with.

Cec Busby:

Yeah. A financial counsellor or something like that.

Amanda Thompson

Yeah. Not necessarily a financial advisor, but someone who can just talk you through money mindset, cash flow, you know. So there's financial coaches out there, financial counsellors, that'd be a great start for people as well.

Cec Busby [00:24:29]:

So if you could bust any myths about women and money, what would it be?

Amanda Thompson [00:24:35]:

So this one's easy for me - is that there is such a thing as women's intuition. We talk about it a lot. It exists but we forget to listen to it when it comes to money. And so the myth that I've got is that if you're feeling as if you're not doing it right or something's wrong, chances are you're exactly right. And so the myth that I've got is women's intuition runs through to finances as well, not just about everyone else.

Cec Busby [00:25:03]:

And if there was just one thing we could apply today that is going to get our finances in better shape for the future, what would you suggest?

Amanda Thompson [00:25:14]:

Audit your superannuation fund. Go and have an understanding of everything that is in your superannuation, is a really good start to getting financial literacy. Understand how much is going into it. Understand the fees. Understand the investment that you're in, and also, the the biggest one is beneficiary. Who's your nominated beneficiary? Where is your superannuation going if something happens to you? So go on board at your superannuation fund to start your practical knowledge.

Cec Busby:

Because if you don't nominate, they'll give it to whomever they choose, won't they?

Amanda Thompson [00:25:50]:

It's up to - it's not as cut and dry as that, but so many people - so for example, a lot of young people leave their parents as a beneficiary, and it's actually not a valid beneficiary. So we can't gift our superannuation to our parents. And so there are a lot of invalid beneficiary nominations there. So what happens when you don't have a beneficiary nominated is the trustee of the super fund will make that decision of where the funds go.

Cec Busby [00:26:20]:

It might be the family dog. No. <laugh>

Amanda Thompson [00:26:24]:

Oh, look. You know, there's so many stories I could tell you. And the other part of superannuation is some people have insurance that they don't even know that they've got. And sometimes they're paying into an insurance policy that won't necessarily be valid either. So by doing, just grabbing your statement, and if you've got more than one statement, there's a start. You shouldn't have more than one statement except for a handful of special reasons. So if you've got more than one super fund without understanding why, you need to start looking at that. Because the benefit of looking at our superannuation is that it's already ours. Whether you like it or not, it's ours. So it's a really good way to start practicing some of the things that you wanna do potentially outside of superannuation.

Cec Busby:

And amalgamate all your funds, if you haven't done that already.

Amanda Thompson:

Unless there's a really good reason. So I'm an example of one. So because I've had a very significant health scare in my life, I've got insurance attached to an old super fund that if I cancelled that super fund, I'd lose my insurance, and I would be uninsurable for the same amount. So I'm a person that does have 2 super funds, but I'm aware of why, and I know exactly what I'm doing with them. So there are a handful of reasons why you could have more than one, but, otherwise, no. You should always have just one.

Cec Busby [00:27:50]:

And that insurance piece is another thing as well. As you said, lots of super funds have an insurance component attached to them. So if it's the right policy, then maybe just stick with that and don't be getting another insurance policy off your own back.

Amanda Thompson [00:28:03]:

Exactly. And that's why it's a really good way to start your finance. Your journey is by auditing your own super fund for that very reason because then you embark upon estate planning, insurance investment, risk profile and your retirement planning, all in one little piece of paper that you get twice a year that we probably don't even look at.

Cec Busby [00:28:22]:

I must confess I don't look at it particularly often, but I will. I will. Next time it turns up. <laugh> So how can listeners get a copy of the book, *Financially Fit Women*?

Amanda Thompson [00:28:35]:

It's on my website, which is endurance financial dot com dot au. Or it's also on Amazon as a Kindle version now.

Cec Busby [00:28:43]:

Excellent. Well, thank you so much for your time this morning, Amanda. It's been lovely chatting with you.

Amanda Thompson [00:28:49]:

And good luck to everyone listening. Just start.

Cec Busby [00:28:53]:

Yeah, that's right. Do start. You need more money in your savings. Thank you.