



# The Australian Finance Podcast Episode Transcript

**Episode:** How to juggle multiple jobs (and incomes)

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**Speakers:** Kate Campbell & Jason Leong

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## Episode transcript:

**Kate:** Jason, thank you so much for joining me on the Australian Finance Podcast today. All the way from Sunny, New Zealand.

**Jason:** Hello! It is really sunny here today.

**Kate:** I'm very jealous sitting here in Melbourne looking at the gloomy skies but lucky you're over there.

**Jason:** For context I've just flaunted what's outside the window by just drawing Kate the blue skies and the warmer... Yeah, it's a beautiful day here today but it's probably going to snow in the next couple of days so we'll take what we can.

**Kate:** Oh my gosh! Two seasons in a week. That's crazy. Awesome. Well, I want to talk to you today about some interesting topics that we've had a lot of listeners ask about, which is balancing multiple jobs and using tools to balance your finances. Because I think a lot of the content we talk about is aimed at people with that traditional 9-5 that can easily plug and play. They can work out their budget based on a fortnightly or monthly salary, and it's all pretty straight forward. But

when it comes to people working side hustles, maybe doing some Uber deliveries, maybe they are just working 3 days a week at one company, 2 days at another. It can all get a little bit more complicated. Fortnightly

I've got Jason who is a little bit of an expert on this topic to talk about this today. Hopefully it will be a fun conversation and it will help people that are in that position as well.

**Jason:** Glad to be here. Thanks for having me on your show.

**Kate:** Awesome. Well, Jason, to kick it off I know you're a little bit of a tech nerd so it would be great to have a quick intro to you, and Pocketsmith, and what you do all day.

**Jason:** Okay. Well, we make software that helps people make good decisions by answering questions about their money. This could be small things like how much did I spend on coffee last month to big things like how much will I have in 3 years if I made some changes or how do I track my taxes for my Airbnb. We connect all the major Australian banks to help automate the money management process for Australians.

**Kate:** How did you end up running this company?

**Jason:** Well, we founded it 13 years ago and the idea was very simple. We were looking to make a very simple app that would help people forecast their finances and look at their money in the calendar. And that feature is still in our product today. But just over the years and listening to what our customers needed in order to get better priority over their money, we've learned that personal finance isn't a one-size fits all problem to solve. Everyone has their own journey. Everyone looks at their money in their own different way. And so that's why we've got Pocketsmith today which is really a product with many features that our customers can snap together. They can design a solution that helps them at any point in their life with the problems that they want to solve with their money.

**Kate:** I think that's a really important point to acknowledge that personal finance is just so personal and you have to be able to customize it to your own needs and objectives. Because just by slapping on an approach that has worked for someone else just might not work for you. So it's really important to think about how you can integrate something into your own life and a system that works for your needs and objectives.

**Jason:** Yeah, that's very true. Historically, they would have been the spreadsheet. But, again, there are people who work very well with spreadsheets but it still takes a lot of work, takes a lot of time. And beyond this, we're learning increasingly that personal finance isn't entirely personal too. You have multiple stakeholders in your finances. If you're in a family or you've got a partner, there are multiple people who need to understand how your finances are working and so that's where our product is going. It's about letting, for example, we can make multiple dashboards with simplified views of your money for some people, complex views for other people. The key thing is in communicating your financial situation amongst the people that you care about and that you want to take care of.

**Kate:** Let's talk about that modern dilemma of balancing multiple jobs and incomes. What is your take on this? What are your tips? How do you think that people could approach this better?

**Jason:** Generally, it's a great thing because technology today allows us to pursue different vocations and passions. It's exciting because we've got options, right? It's been said that the future of work is 60-30-10, and that means in terms of your income split. 60% comes from your main hustle, 30% from your side hustle, and 10% from your passion or learning project. What this means is that we get to choose where and how we invest our time now so we get to evaluate the job in terms of what it brings to us. And it's not just in terms of income, but happiness, personal satisfaction, and personal development.

The challenge with multiple incomes is that we need to be more financially skilled because instead of one steady paycheck, as I mentioned earlier, it is easier to budget for. We have to manage multiple and possibly variable paychecks. If we don't handle this well we could end up in a worst financial situation which just makes the whole thing a lot less pleasant.

**Kate:** What are some strategies that you think people use that have been successful in managing their finances when they fit into that traditional approach?

**Jason:** The biggest challenge with that non-traditional model is the unknown, right? There are bigger risks when you don't have a single predictable paycheck from one job. It's important to have a system to keep things organized. I think there are three golden rules for how to approach unconventional finances. I listed them here and I'll expand on them. The first one is to separate each income stream into its own bank account. The second one is to track everything, and you'll find

that is a bit of a theme for what we're going to be talking about today. And the third one is to make a plan.

The first one, keeping a separate account for each income means that we can easily track the balances and the transactions related to each of those hustles. What we are doing is making sure that both the incomes and expenses related to the hustle are all in one account. And right off the bat you'll be able to check on the health of each of your hustles. If we don't do this, when everything is slumped in together, it's much harder to untangle the activity and it's also harder to understand what's doing well and what's not.

Secondly, tracking everything. I think it's already important to do this for your regular finances. But it's even more important when you've got multiple incomes because you want to understand which expenses relate to which incomes so you know at a basic level whether or not you're earning more than you're spending for each income stream. The separate bank account will help but some software like Pocketsmith will give you additional insights and help you make better decisions.

The third one, making a plan is where it gets fun. If the different income streams are variable, predicting income can be harder which increases the risk that we are not making enough to sustain our lifestyle. Most people with side hustles already commit to a compromise of some sort while they are trying to get their secondary incomes off the ground. But it can be very stressful if things don't pan out, and the stress just sucks the joy right out of the endeavor. So before we take the leap, it's always best to plan and make a forecast for what you expect to earn and spend from each side hustle. I personally like to set a baseline for what I expect to earn and then budget to live by that baseline and anything above that can either be reinvested or saved.

I've got, I suppose, a personal anecdote here with regard to setting a baseline and what happens over COVID. We have an Airbnb and prior to buying the property, which is actually just next door, and we wanted to have this place really for our friends and family to stay but in the off season it's just nobody is there. It would be great to Airbnb. There is also a chance to learn more about one of our customer personas which is the everyday entrepreneur or sometimes the accidental entrepreneur where someone uses a product to make money. It is something very easy. There is revenue coming in and then, "Oh, oh, I suddenly got a business. What do I do from here on then?" Walking among those shoes, it's been a lot of fun. When we wanted to make a call on whether or not to invest

in the property, we weighed the risks and realized that we did not want to rely on the revenues from Airbnb to cover the mortgage because we just didn't know. It would just be too stressful to have to keep it going in the event we had to close it down. The baseline was that we would be able to finance other repayments on the mortgage, and anything we earn from Airbnb was cream that was on top of that baseline. And whatever we earn we would use to offset the mortgage or reinvest into the business. It turns out that this worked out really well for us when COVID happened in March of last year. We lost two months of bookings right off the bat. Living here in New Zealand, about 60-70% of our guests are from Australia. And so when the border was shut, all the bookings just disappeared and we got a taste of what the hospitality sector in both Australia and New Zealand have encountered where, oh my gosh, now all the predictable revenues are gone.

We can make plans. It's always great to have a baseline and we certainly would have been a lot more stressed throughout COVID had we not set that bar. Yeah, make a plan before you take the leap.

**Kate:** Yeah. I think sometimes we can jump into side hustles and spend thousands of dollars before even realizing, "Hey, does someone want this product or service?" I think it's really important to plan and actually think about some of the numbers before diving in. It's not really a side hustle if it costs you thousands of dollars and doesn't really make you any money.

**Jason:** Yeah. If it's intensely pleasurable for you as a side hustle then it will by all means. But you're right. If you're looking at it as a revenue stream then it really needs to be making you money.

**Kate:** I think it's interesting the other point you said about the accidental entrepreneur because there are so many apps now that people can rent out their pool, their garage, their car parks, their bedroom, even their items. It's just amazing all these sudden revenue streams that you could potentially have that 5 years didn't exist or you hadn't even thought about.

**Jason:** Yeah. It certainly opens up so many options for people but then the risk is then you end up being one of what I understand from accountants is a large proportion of people who don't declare their incomes and who are living in fear of the ATO or IRD coming in to hunt down those back taxes. I think we are not educating people quickly enough about how to navigate the world of managing multiple income streams which is I guess exactly why you've put this topic

together for the show. It's fun but it is worth thinking about the ramifications of earning that extra money. It's not really that complex. It's just about having a plan really.

**Kate:** And that probably brings me to another point I want to talk about which is managing those taxes and obligations that come from having multiple income streams. Because when you are working your "traditional job" the employer usually deals with all the taxes, and your superannuation for you. But suddenly if you've got multiple income streams, maybe you're a sole trader, maybe you're delivering UberEats, you have to start dealing with some of that stuff yourself which is something you have to educate yourself about. And that's another thing to think about. Isn't it?

**Jason:** Yeah. It's okay to not know the answer. The thing you're really opting to do is quite simple. Record everything related to your additional income and have a good system for getting the information you need. Nobody expects you to know all the ins and outs of taxes. There are experts for that. There are probably websites that are going to help you do that. But if you have the data then you are okay. It's when you don't have that information or you don't have the receipts that stuff starts to get quite stressful. You must be able to categorize your incomes and expenses as well. When it comes to tax time you've got a clear record of what you need to report as income and most importantly what is deductible as well. Making a habit to do this on a regular basis so that when tax time comes you are not digging through transactions and receipts from months ago.

**Kate:** The classic shoe box.

**Jason:** Yes. It's the shoe box that comes to mind. It's also probably a very moist shoe box because there's a lot of sweat falling to it.

**Kate:** I know.

**Jason:** It's a disgusting situation. Those of you who've been in their receipts know that you don't want to be in that situation when tax time comes again. Yeah, just doing it on a regular basis. I mean, even with a system like Pocketsmith, I go back in and I'm like, "What in the world that I spend this \$100 on?" I kick myself and not just make a note of it at that point in time.

To use my Airbnb example again, we use Pocketsmith to track all the incomes and expenses coming and going from the bank account linked to Airbnb. We

make it a habit to upload all the receipts to the transaction. So if you are to buy potted plants for example, you put the plants up. It looks really nice. Very tempting to go, "Okay, I'll just deal with the finances later." No. Snap the photos, upload it, and put a note. It's done. So when all the transactions are categorized, I think the motivator here is to understand what's deductible, right? Then it reduces your tax liability.

Knowing also what the personal expenses are from our Airbnb account. If we would have to pay ourselves or treat ourselves to something that is not deductible. But other things like utilities, cleaning supplies, fire wood, treats for the guests, that sort of thing. All of that gets categorized as we go. And so when it comes to tax time, I click a button, I run one report, and viola, there it is. No sweaty shoe box.

**Kate:** Yeah, I think that's really important. In the past, I have kept a digital file but it hasn't really been very organized. Every time you get to June and July and you're thinking about taxes again. It is such a pain to go, "Hey, I should have done this a year ago." Even setting a calendar reminder every month to go through this and update it. I think it's especially important if you have multiple income sources because you might have different deductions that are applicable to each one. Looking at sources like the Australian Taxation Office (ATO) website will tell you what you are allowed to deduct at different types of income sources as well.

**Jason:** Yes, and that should be the motivator. It's no fun doing this just because, oh, it's tax time. I think having the deductibles has a karat that suddenly drives me and I'm like, "Oh, that's one more thing I can actually deduct if I put this in the house." So it gives me that slight additional motivation to make sure that it's recorded.

**Kate:** If we are thinking about setting goals, and as you mentioned, making a plan, what are some of the different methods that we can use if we have multiple income streams, or side hustles and all of that? Different methods to use towards saving for goals when we can't do something like, say, if I've got my 9-5 salary I can set up an automatic transfer so when my salary hits each month, \$500 goes into my savings or investment account. If I can't do that because maybe I'm a freelancer and I just don't know what income is coming in this month, what are other ways we can use to work towards saving and investing goals when we don't know exactly what's coming in?

**Jason:** That's a very good question. It is a very tricky situation because variable incomes mean variable savings, and your goals need to be attainable based on those expected earnings. My one key method will be to treat your side hustle as a business which I think usually side hustle is a business, and pay yourself when you can. I think there are three steps you can take to make this happen.

The first one is to budget for your monthly expenses. So you need to understand how much it costs for you to earn this income. To your point, you might be sort of spending yourself into a hole. Understanding the expenses is very important. And this is effectively your break even number which means that you need to make more than this to save. And then, I have to get a buffer or an emergency fund. How much money your hustle can access if it needs it. And this means that if you need to reinvest it in something or you earn less than expected, you've got that spare cash in that account so that your account doesn't go below zero. Anything beyond this is money that you can use to pay yourself and put into your savings which should sit in a different account.

The key idea is to understand when you have a surplus and what it means to have a surplus. Surplus is just obviously this case more than just zero in your bank account. You need your mark staff for your overheads if there are overheads, and again, that emergency fund. And then make a plan to bank a proportion of it because, again, as with any business you need to reward yourself. And setting a rule for that makes that side hustle a lot more enjoyable. If you are not rewarding yourself, then you need to ask the question as to whether or not that side hustle is paying off literally. The beauty of [unclear] is that you technically have an unlimited upside as well. Versus your standard paycheck, if you do really well, you could hit your saving goals a lot quicker than expected. So that's always important to bear in mind.

**Kate:** I know a lot of people if they are saving for a big goal, maybe like a first home deposit or a car, they might take on extra work, or a side hustle, or some Uber deliveries. They might plan exactly how I'm going to do this for 6 months so I can save \$10,000 extra for my goal and then I'm going to stop. And I thought that was quite a good approach where you put a timeline so you know, hey, I'm going to get my weekends back eventually. I'm only doing this for a set period of time to reach a goal.

**Jason:** Yeah. I think that's a really important thing to note too because you could get carried away. Particularly in these times, it is so important to look after your own well-being and to assess probably on a regular basis is this working out. Because

it is a passion project and you might be lucky enough to be one of those people living in the 60-30-10 rule where you've got the side hustle, you've got the passion project, and you love doing it. Not all of us are fortunate enough to have a side hustle that is a passion project to your point. Sometimes it's just finding a bridging solution or something that helps you bring in additional income. So very important, to your point, to set some goals and to give yourself the option to step back if you've hit them.

**Kate:** I think that's really important to think about. Especially, like you said, mental health. I think sometimes we can over side hustle, or we take on too many jobs, or commitment and then we can burn ourselves out which might mean we end up spending more money just because we are not in a place where we can manage it in a healthy way. I think that's another really important thing to think about is not going too far in either direction.

**Jason:** That's probably not talked about very much when it comes to personal finances, right? Usually it is about the attainment of a goal, or how we get into the housing letter, or all of these things. But very little is said I think anyway about what it means to be happy because that's really where we all want to be. And different people have very different perspectives on what it takes to attain happiness. It isn't always about having a lot of money or a house. Sometimes the absence of financial stress is happiness.

**Kate:** Yeah. I think financial stress isn't a major thing that affects people's well-being, especially their financial well-being, so it's an important thing to think about. And if you can use a tool like a budgeting software or even if you want to use a spreadsheet to actually just know what is coming, what is coming out, so you know you're in a position to meet your rents and your obligations every month. That can really alleviate some of that pressure.

**Jason:** Yeah, yeah. Again, to pick the solution that suits you is really important. And that depends on just how complex your finances are. If we were to try to figure out, I mean, we are talking about Pocketsmith, we are talking about spreadsheets, but really the temptation for some is to just jump right into a software package or a solution and totally work their way around it. But I think it is so important to determine first what you want to know, what you need to know, and what are some of those questions you need answered in order to have that clear picture of where you're headed. And then, you find the right solution that fits or otherwise it really becomes a bit of a chore trying to make the solution fit your situation.

For some people, pen and paper could suffice, right? It's just about writing down your commitments. And very quickly the goal is to outgrow that solution and then understanding what the pain points are which then helps you understand what you need to upgrade to.

**Kate:** Well, Jason, after your 13 years of helping people manage their money better at Pocketsmith, what would be your #1 take away strategy for listeners who are balancing multiple incomes this year and beyond?

**Jason:** If there is one thing I love for you to take away from this podcast is record keeping is the best thing you can do when you're managing multiple incomes. There are so many ways to spend and receive money from your different jobs and you can design a system that suits you best. But always keep records so you can find the information that you need. You don't know what you need to know, and when the question arises, you'll be able to answer it. And you cannot answer it without data so save everything.

**Kate:** Use your data for good.

**Jason:** Yes. Absolutely.

**Kate:** Instead of all the tech giants using our data for bad and to advertise to us, use it for a good and a positive reason I think.

**Jason:** Yeah, yeah. We've got an opinion piece about this. So the consumer data right over in Australia has been a really good thing. It's a step towards open banking. It's a step towards giving the consumer access to their data because we currently don't really own our data. With the banks, you kind of get access to it and then when you close your account it's gone. All the tools that you used to interpret your data are gone. That's happening here in New Zealand next year. We hope. It's a really good thing for consumers. It's a really great thing for people with side hustles because it means that you can get clarity over all of that information so that you can focus more on taking care of your side hustle and yourself and less about trying to obtain that data which is so crucial for people that run the tight shift.

**Kate:** Yeah, absolutely. Well, Jason, thank you so much for coming on the show today. And if people want to learn more about you and Pocketsmith, where should they go?

**Jason:** Please go to our website, [pocketsmith.com](http://pocketsmith.com), and we've got a wonderful blog with lovely articles about all sorts of things that we're geeking out about, about culture, money and tips, and that sort of thing. Drop us a line if you want to get in touch.

**Kate:** Awesome. I think if they want to know about virtual reality headsets they know who to contact down. Jason is the man for that.

**Jason:** Yeah, yes I am.

**Kate:** Awesome. Well, thank you again for coming on the show today, Jason.

**Jason:** Thank you. Thanks for having us. We hope that the lockdown lifts and then you get to go outside and get a bit of sun and fresh air.

**Kate:** Fingers crossed the time this episode airs.