

MONEYMATTERS

MAKING SAVINGS SIMPLE



African Bank cares about your financial health and the Money Matters team have gathered useful tips and facts to get you fitter than ever.



Follow the 5 point plan

- 1 **Be aware** of your Money
- 2 **Plan** Your money
- 3 **Have a safety net** through savings and investments
- 4 **Use Credit wisely**
- 5 **Control your money** and payments.

1 Ask yourself : WHY SHOULD I SAVE?

- We all need an emergency fund to cope with unforeseen circumstance! Having this reduces the stress in your life.
- The more we borrow to finance our living expenses the less creditworthy we become. You need to be creditworthy to finance good investments such as property and education that adds long term wealth to your life.
- If you save, you earn interest. With debt you pay interest.
- Saving makes it possible to achieve our future goals, such as education for our children, buying a house or our dream vehicle.

2 5 STEP SAVING PLAN

- Step 1** - Be aware of your financial circumstances, how creditworthy you are and what your current financial portfolio looks like in terms of savings, investments, insurance etc. What are your and your families future needs and goals?
- Step 2** - Establish a savings goal that is real and achievable. Make your family part of the goal so that the family helps in reaching that goal.
- Step 3** - Do a budget and track your monthly spending. Work out how much can you afford to save regularly.
- Step 4** - Take the first step, open a separate savings account with the best return and start to save even if it is small.
- Step 5** - Have the discipline not to use the saved money but rather keep your long term goal in mind. Look out for products that provide you with the highest return and invest your hard earned savings into products that serves your long term goals.

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3 YOUR SAVINGS OPTIONS

- **Short-term savings:** Great as an emergency fund for when you need money urgently or when saving for a goal that you want in the near future. This can be a simple savings account at a bank.
- **Long-term investments:** If you are saving towards a bigger financial goal like a house or a car. Here you should look at a money market account, a fixed or notice account or a unit trust.
- **Retirement / provident fund:** This is a type of investment to make sure that you maintain your standard of living after retirement.
- **Education policy:** Secure the future for your children by starting to save towards their education as early as possible.
- **Stokvels and Savings:** Stokvels are a type of savings club, and they are a good way for people to help motivate each other to save. Some stokvels save for occasions like Christmas; each month all the money collected goes into a savings account and at the end of the year everyone gets their share. Other stokvels operate more like savings and credit cooperatives, where members 'deposit' money for saving and are able to take out loans at good interest. Traditionally, you have to be invited to join a stokvel, you can't just apply for membership.

For more information on African Bank Savings and Investment products visit: www.africanbank.co.za

ExtraTIPS!

1. Shop around for the best return on your savings and investments.
2. Re-evaluate your budget and reduce wasteful expenditure in order to save more.
3. Pay yourself first. Your "needs" come first, your "wants" come last.
4. Don't tie up all your money in an investment account that you cannot access immediately in the event of an emergency.
5. Your retirement and your children's education is very important, make sure you've got it covered.
6. Take advantage of allowable tax deductions for pensions and retirement savings.
7. When changing jobs, do not cash in your retirements savings.
8. Monitor and manage your credit card, loans and bills closely - don't over extend your exposure and limits.