

African Bank Limited press release

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## How financially fit are you?

So you've started off 2018 with all the best resolutions in the world. You are back to training three times a week in the gym, definitely off carbs for the next two months and you're limiting your alcohol consumption. All to be applauded. But have you given a thought to your financial fitness?

Mellony Ramalho, African Bank's Group Executive: Sales, Branch Network, says many people forget that financial fitness is just as important for wellbeing as physical fitness.

If you are not sure just how well you're placed to start off the new year on a sound financial footing consider the following:

- How long can your emergency fund cover expenses for? Ramalho says ideally you need to have accumulated enough money to see you through for at least six months or more.
- How are your utility bills paid? If you are someone who sometimes misses your payment dates, pays at the last minute or just pays gradually at your discretion over the month you could be heading for trouble. Rather consider getting these bills deducted automatically from your bank account at the same date every month.
- How substantial is your life cover? If you don't have life cover that is at least 8 times your annual salary you could run into a problem in later life. Inflation is eroding the value of our money and your investments should be assessed at least every two years to ensure they are adequate.
- How much of your salary are your debt obligations taking? Ideally one would like to be debt free but since this is seldom possible, try and keep your debt to at least 30% or less of your income.
- How good are you about paying your credit card bills? We all know temptation can sometimes get the better of us and we end up overspending. This sometimes means our credit is rolled over to the next month because we can't pay the full amount. It can be a slippery slide.

Best advice is to just pay up your credit card in full every month even if it means having to sacrifice some other purchases that next month.

- Do you invest a part of your monthly savings? We all know the phrase “sweat your cash” well that is exactly what you need to do. Money can make money if invested wisely and regularly.
- Understand your spending habits. If you analyse your monthly statement the majority of your costs should be on necessary expenses like utilities, food and rent. Occasional splurging is not a problem provided you are not spending most of your income on entertainment, movies, dining out and anything that catches your fancy.

Ramalho says if you can’t adhere to these guidelines you could really struggle to provide you and your family with a secure financial future and would need to drastically change your approach towards money. “If on the other hand your financial fitness is relatively good with just some scope for improvement you have the best chance of becoming financially fit and keeping yourself in great shape for a secure future,” she concludes.

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PREPARED ON BEHALF OF AFRICAN BANK BY CATHY FINDLEY PR. CONTACT JACQUI RORKE ON [JACQUI@FINDLEYPR.CO.ZA](mailto:JACQUI@FINDLEYPR.CO.ZA) OR (011) 463-6372 WITH ANY CONSUMER PR QUERIES.