African Bank Limited press release

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Feeling the year-end budget stretch?

Saving can be tough, especially when you experience the month-end phenomenon of too much month at the end of your money. "The closer we move to year end, holidays and festive season spending create additional pressure on an already stretched budget," says Mellony Ramalho, African Bank's Group Executive: Sales, Branch Network.

"What we need to keep top of mind is that we want to become masters of our future and this can only happen through financial smarts. While setting a portion of our salary aside may seem impossible, sacrificing a few luxuries now will yield fruitful benefits in the future. There's nothing wrong with dreaming big, but we shouldn't lose sight of the importance of healthy and sustainable savings. Maxing out your budget now will definitely create added pressure next year," says Ramalho.

She says that while this time of year can put the pressure on in terms of finances, it also offers some thinking and planning time as most people take time off work. "Time to stop, think clearly and have a good, hard look at your financial situation."

 She suggests starting with the following:

- **Understand what you're working with**

When it comes to your finances, it is important to take note of what you're working with. Do you have one salary, are you combining two salaries from two people, what are the monthly responsibilities from which you can't break away? If you're looking to formulate a budget, take your net salary (after tax) and subtract your monthly debit orders and payments - these could be the monthly instalments on your credit card, personal loans, or cell phone bills. Once you have subtracted these amounts, take a look at your responsibilities and dedicate an estimate of what you need to spend on each responsibility per month. Subtract the responsibilities, and your possible savings lie in what is left over. Keep in mind the fact that saving 10% of your net salary is an ideal starting point.

- **Live like you're earning less**

If you decide to set 10% of your earnings aside every month for the purpose of saving, it is important to remember that you will need to live like you're earning 10% less to ensure that you don't dip into your savings. While it might require some sacrifice, living a more frugal lifestyle now will ensure that you are able to have better sustainable financial freedom in the future.

- **Practice the art of saying 'No'**

While a new suit, handbag or car may seem like a good idea now, it is important to remember that you may have to spend months or years paying it off, which can have an effect on your cumulative savings. To ensure that you are able to save money, you will need to ensure that you practice the art of saying 'no' when temptation calls your name.

- **Stick to your goals**

Do you dream of buying your own home, pursuing your studies or starting a family? Perhaps you need to save up for a deposit on a loan for a new car or would like to pay off your debt? If you're looking for motivation to save your pennies, it is important to decide on a financial goal and stick to it. Not only will this ensure that you find the motivation to save your money, but it will also ensure that you stick to your goals to achieve a quicker result.

- **Plan for impulsive spending**

While saving is imperative to ensure a more stable financial future, it is also important to take note of the fact that impulsive spending does happen – whether it's on a new pair of shoes, a holiday or a lavish dinner. Taking ownership of the fact that spontaneous spending does happen will ensure that you set aside a small sum of money, allowing you wiggle room in which to enjoy life as it happens.

"Saving isn't always easy so make sure you speak to a financial advisor if you are struggling," concludes Ramalho.

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