

African Bank Limited press release

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### **Working from home? - here's some smart money advice**

The flexible nature of working from home has become increasingly appealing for many South Africans who have got used to juggling family and work pressures from home. It has also brought into sharp focus the need to manage the family's income better, particularly with many families now having to rely on one income earner in the home or two reduced salaries.

Lindiwe Miyambu, African Bank's Group Executive: Human Capital, says especially since July is savings month, this is the ideal time to take stock of your finances and ensure your financial budget still aligns with your goals. A reboot may be necessary if your circumstances have changed.

Here are six simple steps to take to ensure your amended budget is still aligning with your goals.

- **Check your credit score**

One of the simplest and least time-consuming tasks you can check off your financial to-do list first is to pull your free credit reports and check for inconsistencies. Remember a credit report tracks information from your various credit accounts, including payment history, late payments and account balances, as well as your public records and inquires into your credit. It is free so a good way to check you are still on track.

- **Ensure your budget aligns with your goals**

If you've been working with the same budget for a while now, it's smart to re-evaluate it and see if your money is going where you want it to. Ask yourself: Are you saving enough in your emergency fund? Are you investing for retirement? Are you happy with what you're spending your money on? An easy way to check this is to carefully go through your credit card and bank statements for the last three months. You might find some recurring

expenses that surprise you, or categories where you're spending less than you originally planned.

- **Bills first, save second, spend third**

Working-from-home does provide a more flexible work set-up but may also mean an unstable income. To ensure that you remain in control of your finances, no matter how inconsistent, it is best to pay your bills first. It really comes down to the 50/30/20 rule. Ensure that all of your repayments are made on loans, credit cards or on your bond and ensure that your monthly debit orders are covered. That's the 50%. Once you've paid your bills, be sure to put some of your money into a savings account that delivers a steady interest rate that will guarantee growth. There goes your 30%. You may want to consider a 32-day notice account which offers a higher return on investment than a savings account. Also remember not to lose the value of interest compounded monthly, if you are able to look at a longer-term investment. Lastly, once you've paid your bills and saved your money, set about spending the remaining 20% wisely.

- **Funnel a portion of your income into a credit card account**

If you work from home, the chances are high that you will need to replace or repair stationery, hardware or software. Try and funnel a portion of your income into a credit card account. This will ensure that you have enough credit to pay for ad hoc items or repairs while building up a positive credit score. Also keep your account in the positive as it gives you some leeway for monthly payments if your income is less than expected.

- **Focus on one savings goal, not percentages:**

Start with a specific goal, such as putting away R500 a month. This could be for a holiday when lockdown lifts or just to buy your child some new summer clothes he/she will need when summer finally arrives. Next, break it down into how much you need to save per month and prioritise setting aside that amount first. Then, as long as you are meeting your other financial responsibilities as well, you may have more money over than you think.

- **Check interest rates and fees carefully**

High-yield savings accounts are obviously first choice as they earn more interest than traditional savings accounts. If you don't have one this could be the time to do some research. While you're at it, run an audit on your current banking situation: How much is your bank charging you in fees? Do you have easy access to ATMs or online banking when you need them? How's the customer service? If you're unhappy, you can make a more permanent switch to a different institution.

“Lockdown has taught us so many lessons - the biggest is to ensure we all have some form of buffer for an emergency. It is never too late to start saving or changing your spending habits and there is no such thing as saving too little. It all adds up,” concludes Miyambu.

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