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By Buhle Ndweni

5 steps to a healthy relationship with your money

Money – we love to have it and hate to see it go. Ever caught yourself in a vicious cycle of spending money as soon as it's deposited in your bank account, or blowing the budget because you would rather splash out on a good time now only to regret it later? Three experts share their views on how to fix this love-hate relationship.

Chris Labuschagne
CEO of FNB Credit Card

Gerald Mwandiambira
Acting CEO of the South African Savings Institute

Renee Eagar
Certified financial planner at Brenthurst Wealth Management

January is perhaps the best example of the love-hate relationship many of us have with our money. After a too-merry festive season, "Janu-worry" is often a stressful month where people struggle to make ends meet until payday.

FNB Credit Card CEO Chris Labuschagne says people tend to make money an emotional topic. They 'love' it when they have access to money and enjoy spending it, but the 'hate' side comes in when they have overspent and struggle to pay it back.

Many people have bad relationships with their money because they have not received basic financial management training, says certified financial planner Gerald Mwandiambira, who also serves as acting CEO of the South African Savings Institute.

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HERE ARE FIVE STEPS TO FIX YOUR RELATIONSHIP WITH YOUR MONEY:

1. ACCEPT YOU ARE NOT FINANCIALLY LITERATE AND RECTIFY IT

It's okay not to know how to deal with money. "The first step is to empower yourself through financial education, either formally or informally. This can even be through using free resources such as the internet," says Mwandiambira.

2. KNOW YOUR FINANCIAL POSITION

Take responsibility for your money and budget, says Labuschagne. "Understand the amount you earn and the amount you spend and that these two have to be in balance. People need access to short-term credit because unforeseen things happen." Overspending on a credit facility every month will get you into financial trouble, he warns.

Renee Eagar, certified financial planner at Brenthurst Wealth Management, says people generally don't budget adequately for food and petrol. "If you take your expense statement, for example, there are so many little things that add up. You may think you are spending R2 000 for food per month, but you are actually spending R3 000," she says.

Instead of seeing money as a barrier because a lack thereof limits your activities, you should see it as an enabling tool that can work for you. However, because of that negative perception, few people try and improve their relationship with money, says Mwandiambira.

3. SEEK HELP

Seek assistance to be guided and educated about your money. "In addition to self-help you can seek help from financial planning professionals or other people who are well versed in money matters," says Mwandiambira.

If you find yourself in financial trouble, speak to your financial provider instead of applying for another unsecured loan, says Labuschagne. "Don't pay debt with more unsecured debt. Try to remedy it as soon as possible. It's in the bank and the customer's interest to come to a solution, especially this time of year [...] when we see customers battling after December," he says.

4. RESPECT MONEY

It requires a conscious decision to be more responsible with your financial matters, says Mwandiambira. "People do not respect money, they don't respect their change – its small money but R1bn is made up of R1s, and if you don't respect R1, it's going to be difficult for you to reach your financial goals."

The focus should be on saving and investing, not spending, says Eagar. "Make sure that you have a retirement plan, and extra money for medical costs," she says.

5. BUILD NEW HABITS

Cultivate a new habit of scrutinising your bank and credit card statements regularly to pick up bad money spending habits.

While there's no hard and fast rule about how often one should look at your statements, Eagar recommends doing it at least once a month if you're on a tight budget.

Checking your statements is important because it forces you to track your expenses, such as an expensive dinner, Labuschagne says. By checking it regularly, you can tweak your budget on an ongoing basis. But if you wait six months and suddenly sit with a R20 000 to R30 000 over-utilisation on your credit card, that's when you start resenting money due to the situation you are in, says Labuschagne.

The trick is to form good money habits that will help you in the long term, such as budgeting and saving. "Once those become engrained as part of your character, you will be in control of your financial affairs," says Mwandiambira. ■

editorial@finweek.co.za

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