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PERSONAL FINANCE

12 months of smart money moves

Take charge of your financial situation by doing something small every month. Stick our handy calendar (see next page) where you can see it and use it to stay on top of your finances throughout the year.

A new year does not only present us with the task of remembering to put down the correct date, but also with another chance for us to get more things right. Our lives and livelihoods hinge on two critical pillars – our finances and professions.

Twelve months is enough time for you to make your best money moves, says Lizl Budhram, head of advice at Old Mutual Personal Finance. "In January your money pain points from last year are still fresh in your memory – whether you've overly relied on your credit card, taken on too much debt, tapped into your overdraft a bit too often or failed to make progress towards that deposit for your new home," she says.

She encourages South Africans to take some time out to think about what they want to achieve with their money in 2018. "Consider your short-, medium- and long-term financial goals. These may include some goals that you missed the mark on in 2017."

Budhram says it is useful to do this exercise together with your partner or family members. If you're all working towards the same money goals, it will be easier to cut back on some expenses, for example.

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The first step then is to create a realistic budget, and stick to it. Progress should be regularly measured and reviewed to accommodate changes in lifestyle or any major life or economic event that would impact your finances. These call for adjustments to the budget moving forward to accommodate new spending and saving needs, she says.

Chartered financial planner at Brenthurst Wealth, Sonia du Plessis, notes that the difficult financial year we have just weathered should remind us to take a hard look at our financial situation now rather than later, "especially in view of the widely held expectation that 2018 may be worse for the local economy. Not to mention the tax hikes expected come Budget 2018."

She says life expectancy is increasing all the time and even wealthy individuals will be well-served by contributing to their retirement funds. She recommends at least 15% of gross income to be allocated to a retirement savings vehicle.

Other basic tips we are all aware of but often ignore are to review all regular payments like short-term insurance or life/disability cover and get rid of short-term debt (widely referred to as 'bad debt') like store or credit cards as soon as possible.

It is important to be appropriately insured and to have a valid and updated will in place. Without a will, your property inheritance may pass to someone whom you did not intend on inheriting from your estate, in accordance with the Intestate Succession Act, warns Alexander Forbes's Christel Botha.

When you are shopping around for insurance, Sharon Paterson, CEO of Infiniti Insurance, cautions against opting for the lowest premium as this is not always the best deal. She recommends scrutinising the policy wording, terms, conditions and exclusions of the product you are getting a quote on, before signing on the dotted line. Alternatively, you can also seek the advice of a broker. It is important to keep copies of original receipts as proof of ownership, especially for big-ticket items, she says.

Du Plessis emphasises the importance of ensuring that children are also financially empowered. Aim to have conversations about financial matters with your kids more often. During these talks, you should also encourage them to take charge of their finances so that they don't only know how money is accumulated, but also how it is protected too, she says.

Make 2018 the year in which "we teach our younger generation the true value of money, and how to acquire good money habits. Teach them the value of money; they do not have to get all the latest gadgets or toys," she advises. ■

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