INVESTMENT REPORT

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"The most impactful money-saving tactics to boost your savings rate without sacrificing happiness."

TIPS TO MAKE THE MOST OF YOUR MONEY -2023

By Arin Ruttenberg, Financial Planner, Brenthurst Wealth Sandton

With the way human psychology works, having to make little sacrifices every day is unsustainable, especially when it comes to money. The more you deprive yourself of little things, the unhappier you tend to become.

Of all the tips I've ever used to save money over the years, these are the most impactful money-saving tactics, intended to boost your savings rate without sacrificing happiness.

1. CONSISTENCY

Consistency is key to anything in life, from going to the gym to brushing your teeth.

Think about it: We start with our new year's resolution by going to the gym, we run on the treadmill for one day, go back home, look in the mirror and see no change, and repeat the routine the following day, still without seeing any change. We repeat this for a week and continue to see no result, so we quit.

What one should do is, consistently run on the treadmill for 30 minutes a day for five days and over time you will eventually notice a change, because consistency matters.

If we believe that fundamentally there is something there, then we need to commit to the regime that consistency over time matters – changes do not happen after a single gym session.

This brings me to investments: Consistency matters in the same way as above – in this case, staying invested and putting away capital monthly or even quarterly WILL yield phenomenal results over time. Enjoy the magic of compounding whilst you take on experiences or do things you love; I do the same and I'm grateful for it.

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The noise does not matter, as with time the noise of today will be long forgotten, but the regret of "I should have" will remain.

2. LIMIT THE LUXURIES

In my opinion, buying coffee is not a luxury if it makes you happy. Rather than worrying about the coffee you enjoy, focus on managing your long-term goals first by automatically putting money into savings and investments each month. Then, after you've paid your expenses, you can use your excess money guilt-free.

Big fancy houses and fancy cars are mainly financed through debt. Then other expensive luxuries (which you seldom use) are added and you constantly pamper yourself with fancy ''stuff'', yet you're collectively more depressed. This is called hedonic adaptation: When you get a bigger house, a nicer car, a promotion at work, and a collection of new shoes, it feels good at first, but then you quickly revert to your baseline level of happiness. Please do not misquote me as suggesting not to buy a big house – just don't forget that an unnecessarily large house comes with unnecessary large expenses.

Buy experiences – it is not a new concept:
*** Forbes:** The Secret to Happiness? Spend Money on Experiences

3. USE MONEY TO BUY TIME

A study published in the Proceedings of the National Academy of Sciences found that spending money to save time makes you happier than spending money on material goods.

Commutes are one of the biggest contributors to life satisfaction:
Time Magazine: Your Life is Terrible Because You're a Commuter
Psychology Today: Commuting- the Stress that Doesn't Pay

If your commute is horrible, it's probably worth paying up for a home that's closer to your work or finding a new job.

Is your mattress old and leaves you with back pains? Get a new one. J.D. Power has found that 81% of people who replace old mattresses report high satisfaction with their decision. You'll spend nearly 30 000 hours per decade on a mattress. It's not an item you should withhold spending money on.

If you hate cleaning your home, paying for a cleaning service will probably make you happier than a new car. If you have a high income, spending money to save time might even result in more income overall.

When you do decide to spend money to increase your happiness, it's pretty clear that saving time and eliminating the worst aspects of your day gives you the best bang for your buck.

4. PAY YOURSELF FIRST

Whether it's your offshore, local or tax-incentivised investments, make sure you pay yourself first.
I'm not going into the specifics of what types of investments, but rather the concept of making sure they are maxed as far as possible, especially if your expenses are low and you have time on your side.

If you are saving too much, then lucky you. If you can't buy all the things you want, then perhaps consider a side hustle.

''Do not save what is left after spending, but spend what is left after saving.'' – Warren Buffett

5. BUDGET

Not everyone likes to budget, myself included. For me, to save money, minimalism works better than being a constant budgeter and tracking every expense.

But at the very least, perform an audit of your expenses once in a while and see where your money truly goes. Apps such as 22seven or Moneysmart are free, but if you prefer the old-school Excel spreadsheet, that's also ok.

Ramit Sethi, author of "I'll teach you to be rich", says: ***"There's a limit to how much you can cut, but no limit to how much you can earn. Frugality will only take you so far. You can only cut so much! But you can always earn more, and once you learn how, a lot of your money problems will disappear."***

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ARIN is based at Brenthurst's Sandton office and has been in the financial services industry since 2013. He started his career with Investec, thereafter as a financial advisor under supervision at Brenthurst Wealth Management. Arin also consulted as an investment specialist for Momentum Wealth and Wealth International, before re-joining the Brenthurst team as a financial advisor in 2020.

Having obtained his BCom and Postgraduate Diploma in Financial Planning from the University of the Free State, he continues his passion for financial planning by continuously learning, challenging himself and most importantly, assisting clients in taking ownership of their financial affairs and long-term wealth.

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BRENTHURST RANKS AMONGST THE BIG NAMES

Investment news website, Daily Investor, researched the most recognised brands in financial services and ranked awareness of the Brenthurst Wealth brand in sixth place, among some of the largest brands in financial services in SA. Brenthurst is the only independent financial advisory company included in the top ten.

Brenthurst ranks among the big names in financial services

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