



## FINANCES

# A GOOD SAVINGS PLAN TO LAST A LIFETIME

**The saying goes that it's not about how much money you make, it's about how you save it. Whether you are saving for a car, an overseas holiday, your children's education, or your retirement, you need a solid plan to achieve your goals and be financially secure in the future.**

### ***The sooner you start saving, the better***

Saving is all about discipline. Pay your future-self first, before anyone else, to make saving a regular part of your life. Once it's a habit, it's easy to keep up.

Make automatic deposits into a separate account. It prevents you from spending the money on daily payments, and you can also keep track of where you are with the amount you have saved.

### ***Looking to the horizon***

Medium-term savings enable consumers to set aside money for bigger goals like school or university fees. While big numbers often associated with education may seem overwhelming at first, planning and saving accordingly, and seeing it in black and white, can help ease the anxiety.

Consider putting money aside into a fixed deposit, tax-free savings accounts or a savings fund.

Consult a financial advisor who can help you balance your needs with your cashflow.

### ***Ensuring comfort in the long term***

Long-term savings will determine the quality of life you have after you stop working. Yet South Africans are notoriously neglectful when it comes to retirement planning.

People often draw their pension when they change jobs or don't increase their instalments to match those of inflation.

Typically, you'll need about 75% of your monthly salary to live comfortably when you retire. To achieve this, you'll need to have saved 15% of your salary since the age of 25. This amount increases for every year you haven't managed to save.

### ***Setting up an emergency fund***

Immediate financial security can be ensured by having at least three months' salary in the bank in case of an emergency. That will stop you from dipping into medium- and long-term savings, or even going into debt. Keep your eye on the prize

To avoid veering off course, check in with your goals regularly. Saving may sound tough, but it can have a significant impact on your wellbeing.