

Freedom Starts  
Here!



MONEY WALKS

# MONEY MANAGEMENT

DATA FRIENDLY VERSION

MONEY WALKS



Financial Literacy for South Africans!

# Objectives

## Course Summary

### All Ages

Focus on money management principles, the structure of a budget, and the need for planning for the future.

### Learning outcomes:

- Determine your personal financial needs and family goals (Information).
- Summarise the time frame projections and requirements to meet targets (Information).
- Identify the resources and support you have available to structure a plan (Action).
- Execute a personal or family budget that fits your goals and current capability (Action).
- Assess the current retirement outlook and determine actions for change (Information).
- Implement changes to develop your retirement plan and savings plans (Information).
  - Build an emergency savings plan for unexpected costs (Action).

**Now, let's get started on the important aspects of managing what you have and start making steps to secure your future!**

# MONEY WALKS



# Lesson One

## *Financial needs and goals*

### **State your Needs**

First things first, we cannot get a budget or income needs decided until we understand exactly what you need. This could be for you on your own, you and a partner, or for your whole family. It doesn't matter who is included, what counts is writing down the specifics of what you need to first survive, and then secondly to grow! So, it is always best to start off with the essentials ...

This includes things such as rent, water and lights, food, and transportation. Note that food refers to groceries, and not restaurants and take-aways!

Next you need to make payments to your creditors i.e., car loan, store accounts, cell phone provider, internet provider etc. You also need to pay your debit orders i.e., medical aid, insurances (if you have these in place), schooling (whether tertiary for yourself or primary/secondary if you have children) etc.

Non-essential spending would be memberships, subscription services, services you may be paying for but could be doing yourself (i.e., hair or beauty salon treatments, pet parlour grooming for your pet, or car wash etc.) and any other luxuries.

### **Tracking Needs and Goals**

The best way to see what all of these things cost you is to check your most recent three months bank statements. If you have not made a budget before you will be really surprised what comes up on your statements. Often, we spend money on things that really are not important but are fun purchases. Put these costs into categories and you will now have a list of the financial needs you have for yourself and your family every month!

Now that you have a good understanding of what costs you have and what kind of income you need each month, you can start to set your goals.

### **Realistic Goals**

What we can afford every month is often short of the type of lifestyle we want to live. This won't change on its own, and we need to start doing different things to make it happen. But how much is enough? This is why we need to set goals we can aim for.

Each goal needs to be realistic and within a time frame that is not too far away. Start by setting goals for the year ahead, decide how much money you want to have for different targets and goals in your life and see if it is possible to make it happen. This could be things like growing a savings pocket to R5k, buying your first car, moving out of your flat, or saving up for educational goals.

No matter what the goals are, keep them realistic, and then find a way to get there! From starting a side hustle, to cutting out non-essential spending. You should be motivated enough by the goal ahead to want to do the hard stuff!

# Lesson Two

## Resources and budgets

### **In your Control**

To start meeting your target and goals for life, we need to maximise the resources and support we have available. Some are more blessed than others, but there will always be others that have it better or worse than your situation – You need to only focus on your context. Don't compare yourself to anyone else!

The way you can use your resources and support to help yourself grow and expand your income is by making changes to your life that have the best chance of improving what you have.

So, it start with education and skills. As you get more educated with formal qualifications you can get a better job that pays more. You can also continue to build up your skills around your career and passion that add value to you as an employee. If you want to make more money than you need to have more to offer to your company to convince them to promote you. Another great option is to use your skills to take up freelance work on the side or even start your own side hustle.

The more thinks you can keep working on to improve your income will help you reach your goals much quicker than you expected. Remember, this doesn't just happen on its own – You need to put in the hard work to make a success out of your career!

### **A Budget that Works**

Now there is no point making all the extra money with a promotion or side business if you are going to spend it on silly things. We need to make sure the extra income is going towards the goals and targets we just set out for our life, and that means keeping track with a proper budget!

Use the below resource from Old Mutual called "22Seven". This is a FREE budget application that anyone in South Africa can use to track their accounts and truly stick to their budgets.

<https://www.22seven.com/>

### **Make the Most of What you Have**

It can help to have an accountability partner to walk this process with you, maybe a friend or a relationship partner. Find a like-minded community, even if the only place you can find this is as an online forum. Educate yourself on the topic: read books, watch YouTube videos, read blogs. Make it a game to try and beat your previous personal savings best.

There will be mistakes along the way, and sometimes life throughs you a problem that needs money to be fixed. When this happens, don't give up – Just adjust your budget and your goals and try again!

# Lesson Three

## *Planning for retirement*

### **Start Early**

The best way to make a comfortable retirement is to start as soon as possible, the younger the better. By starting it with our first job we can make the contributions to an investment or retirement fund smaller as they will add up for a longer time frame. Always ask your company if they have retirement options and pick one that works for you and your goals.

But it is not always possible to start straight away as life can be tricky for young adults with lots to pay for. So, if you only start planning for retirement at a later age in life, then we can still focus on the right actions to make it work.

No matter what age you are, have a look at how many years you have left for working and then work out how much you want to save up for retirement – Then you can figure out how much you need to contribute each year to reach those goals. If you need help, there are so many financial experts that are available to discuss options with you and how to make the most for your retirement.

### **Making Changes that Last**

If you have added up the numbers and it is not looking good, that is not the end of the world. It just means we need to make adjustments on our budget to add more into these funds. First step is always to increase your income where possible. At an older age you can charge for freelance consultation work due to your years of experience and knowledge. Find a start up to join as an investor if you have the money available or start your own business to get some extra money through the door – Entrepreneurship has no age limits!

The next option is to reduce your lifestyle now so that you are not always playing catch up and after retirement trying to keep the big-time lifestyle and expenses. Cut back your budget to what you need as a sacrifice for the future you are trying to build.

### **Emergency Plans**

Unexpected costs always show up when we really don't need them, but that is not our choice!

So, to help deal with those hard times, it is best to always have a running emergency fund. This is a basic savings pocket that you keep separate from your main account and is available for only emergencies when they happen. Plan with your budget and pick a rand value you want to always keep your emergency fund at (R5k-R10k for example) and get that saved up as soon as possible.

This is a practical step that helps you at any stage in life but would be extremely helpful in your retirement as you would then be on a really tight budget.

As with all things in life, these important steps only happen when you take the first steps and put in the hard work! So, start right now, where you are, and commit to making your future one to be excited about!!!

# Lesson Recap

## *The overview*

1. Understand exactly what you need for your lifestyle and goals.
2. Put all costs into categories to get a list of the financial needs you have every month.
3. Start by setting goals for the year ahead, decide how much money you need to reach each target and goal.
4. Keep the goals realistic, and then find a way to get there! From starting a side hustle, to cutting out non-essential spending.
5. The more things you can keep working on to improve your income will help you reach your goals much quicker than you expected.
6. Keeping track with a proper budget will help make sure the extra income is going towards the goals and targets.
7. Have an accountability partner to walk this process with you - educate yourself on the topic of money.
8. By starting it with our first job we can make the contributions to an investment or retirement fund smaller as they will add up for a longer time frame.
9. If you need help, there are many financial experts available to discuss your options around investments and retirement.
10. Make budget adjustment to fit our retirement goals, from extra income to cutting expenses and comfort.
11. Plan with your budget and pick a rand value you want to always keep your emergency fund at (R5k-R10k for example) and get that saved up as soon as possible.
12. These important steps only happen when you take the first steps and put in the hard work.