

ADVERTISING FEATURE



SASI July Savings Month

"A DECADE OF SAVINGS"

SPECIAL PROJECTS I
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Five easy ways to start saving money

ABOUT 30% of South Africans say that they do not save because they simply don't have any money left to put away, according to Clement Makhaza, senior investment adviser at Metropolitan Retail.

However, he says people can start saving money almost immediately by making small lifestyle changes.

"Overcoming the initial hurdle to start saving is easier than you think," says Makhaza. The discipline of saving starts with a mindset change. You have to be serious about saving to be successful."

Makhaza suggests the following steps to help cut back on lifestyle expenses in order to bank that money in your savings.

"Instead of buying lunch every day, a few extra minutes of your time to prepare lunch to take to work can save you money and be a healthier option. Take away lunches can cost you up to R40 a day, so you end up spending R800 a month on lunch alone," says Makhaza.

He contends that the same principle applies to enjoying

home-cooked meals instead of eating out. If you do it once a month instead of every weekend, you can save quite a bit.

Makhaza's second recommendation is instead of lazing around watching TV, spend your time on a hobby or skill that can earn you some extra cash. Whether it is sewing for family and friends or doing carpentry on the side. If you're good at it, it relaxes you and you can earn money – you score all round!

"Buying on credit to keep up with the Joneses is simply unrealistic," says Makhaza.

"If you cannot afford something this month, don't buy it! Save up for it rather than taking the instant gratification route of buying on credit. "You could end up paying three times more on debt repayments than if you had saved and then bought it cash," explains Makhaza.

He points out that by keeping fit and leading a healthy life, you save on medical bills.

"As they say, prevention is better than cure," advises Makhaza who adds that quitting smoking is another way to save money quickly.

"On average, a packet of cigarettes can cost you up to R35. If you smoke a packet a day, you would have spent R980 on cigarettes every month.

"If you quit now, it will be a whopping R11 760 saving every year. Goodbye smoking, hello dream holiday!" Makhaza says if you do not have a goal for your savings, like a car or home renovation, treat yourself to something nice every now and again.

"There's no harm in using a small amount of your 'hard saved' cash to reward yourself for being so diligent with your money. But remember to keep it within limits – it's easier to spend money than to save it."

He says it is important to remember that when you make the decision to save, it's best to speak to a qualified financial adviser. "At Metropolitan we are committed to promoting a savings culture in our society. We believe that the best way to do this is by sharing financial education with our customers and through better understanding will help achieve their goals," concludes Makhaza.

Personal investing questions to ask

WITH July being savings month, it's a good time to think about investing. Rob Formby, director of retail operations at Allan Gray, suggests five questions that should be asked about current and future investments.

1. Do you know what you want to achieve?

There are many reasons to invest. You could be saving for retirement or for your child's education. You could be building up capital to buy a business, or developing an inheritance for future generations. If you're clear about your purpose, it's easier to decide on your time horizon, return objectives and your ability to tolerate uncertainty. Being clear about your objectives allows you to plan - without a plan you're less likely to achieve your long-term purpose.

2. Are you invested in the right product?

Different investment products fulfil different needs:

- A unit trust lets you use a relatively small amount of money to buy units of a fund that invests in assets such as shares, bonds, and property. You can access your money at any time;
- A retirement annuity (RA) allows you to save for retirement in a tax-efficient manner;
- A preservation fund allows you to preserve and grow your existing retirement benefits;
- A living annuity (LA) lets you draw an income from your investment after you retire; and,
- An endowment offers wealthy individuals tax efficient growth but restricts withdrawals and additional contributions (there's a minimum investment period of five years).

Retirement annuities, living annuities, preservation funds and endowments are essentially product wrappers. Each provides certain tax and other benefits and carries certain conditions.

But they all invest your money in assets – sometimes directly into the market, and sometimes

through unit trusts.

Often legislation limits your choice of product. For example, if you want to preserve your retirement savings when you leave your employer, you may only transfer your money to an RA or a preservation fund.

3. Does your investment adequately balance risk and return?

Investors often focus on potential returns, and give less thought to risk. But what if your investment loses value?

What if the returns you envisage don't materialise? Would a loss affect you dramatically?

Will you need to withdraw money in the short term, or can you ride out any temporary loss until your investment recovers its value?

Appropriate balancing of risk and return takes these aspects into account, potentially sacrificing the possibility of higher returns in favour of security of achieving returns or avoiding capital loss.

4. Are you too focused on South Africa?

Being fully invested in South Africa subjects your investments to the effects of fluctuations in the rand. In addition, the JSE only accounts for approximately 1.3% of the total world stock market capitalisation, which offers little protection when global sentiment towards our market changes. Investing offshore lets you diversify this risk.

5. Are you using the right investment manager?

Different investment managers have different ways of investing. If you understand and buy into a certain approach to managing money your investing behaviour is more likely to be aligned with your manager, and your trust in that manager is likely to be higher.

You are less likely to detract from returns through your own behaviour, thereby improving your chances of achieving investment success.



Whether it's for a deposit on your first home, a car or a well-deserved holiday, start building a solid foundation for your life today. For a savings plan you can afford, speak to a Metropolitan financial adviser about FutureBuilder. **Your loved ones will thank you.**

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Seasonal credit usage trends evident

THE National Credit Regulator (NCR) recently released its 'Consumer Credit Market' and 'Credit Bureau Monitor' reports, which are based on data submitted to the regulator by registered credit providers and credit bureaus. This edition covers credit market information from March 2010 up to March 2011.

Nomsa Motshegare, acting CEO of the National Credit Regulator, says the statistics indicate a 31,21% increase in consumer credit granted when compared to March 2010.

The NCR drew attention to the rapid growth in unsecured lending, which has seen a year-on-year growth of 66,88%.

"From the information submitted by credit providers it is evident that the total value of new credit granted decreased from R83,53 billion for the quarter ended December 2010 to R80,75 billion for the quarter ended March 2011, a decrease of 3,33% when compared to the previous quarter, but 31,21% higher than a year ago. This decrease was due to seasonal factors.

"The number of applications received for credit decreased by 917 558 from 6,72-million in December 2010 to 5,8-million in March 2011, a decrease of 13,66% (also a decrease of 3,93% when compared to the same period last year)."

Motshegare says the following were some of the most significant trends observed in the information reported by credit providers for the quarter ended March 2011:

- The value of new mortgages granted decreased by 7,85% quarter-on-quarter from R26,87-billion to R24,76-billion;
- Secured credit, which is dominated by vehicle finance, also showed a decrease from R28,12-billion for December 2010 to R27,45-billion for March 2011 (a quarter-on-quarter decrease of 2,39%);
- Unsecured credit decreased from R16,83-billion for December 2010 to R16,69-billion for March 2011 (a quarter-on-quarter decrease of 0,84%);
- Credit facilities which mainly consists of credit cards, store cards and bank overdrafts increased by 1,81% quarter-on-quarter from R10,25-billion to R10,43-billion;
- Short term credit showed a quarter-on-quarter decrease of 2,85% from R1,46-billion to R1,42-billion; and,
- Individuals who earn gross monthly income of more than R15 000 per month received on average 82% of the number of mortgages granted over the period March 2010 to March 2011.

As at March 2011, the total outstanding consumer credit balances (or gross debtors' book) was R1,21-trillion representing a quarter on quarter growth of 1,86%.

Motshegare says the breakdown was as follows: mortgages accounted for R769,89-billion (63,58%); "secured credit" was R226,35-billion (18,69%); credit facilities were R133,03-billion (10,99%); unsecured credit was R80,86-billion (6,68%) and short-term credit was R697,48-million (0,06%).

The banks' share of the total outstanding consumer credit as at March

2011 was R1,09-trillion (90,08%) with the retailers at R36,25-billion (2,99%), non-bank vehicle financiers at R40,15-billion (3,32%) and "other credit providers" at R43,71-billion (3,61%).

Other credit providers consist primarily of pension-backed lenders, insurers, non-bank mortgage lenders and securitized debt. The information submitted by the credit bureaus indicates that as at the end of March 2011 credit bureaus had records for 18,60-million credit-active consumers, an increase of 0,5% over the 18,51-million of the previous quarter. Consumers classified in good standing increased by 0,1% to 9,97-million.

Even though the number of consumers with impaired records increased by 200 000 to 8,63-million, from 8,61-million in the previous quarter, the percentage of consumers with impaired records has dropped from 46,5% to 46,4% representing a drop of 0,1% for the same reporting period. The number of accounts

decreased from 64,28-million in the previous quarter to 63,05-million this quarter, a decrease of 1,9%, while the number of impaired accounts decreased by 107 000 to 16,26-million, from 16,36-million in the previous quarter.

This is attributed by the reporting bureaus as due to both the market trends and data management exercises undertaken in this quarter.

Motshegare says a total of 199,26-million enquiries were made on consumer credit records, an increase of 12,8% quarter-on-quarter and 59,6% year-on-year.

Enquiries initiated by consumers accounted for 11,07-million of all enquiries, a decrease of 5,2% quarter-on-quarter and an increase of 12,4% year-on-year.

Of the total enquiries made on consumer records, enquiries from banks and other financial institutions accounted for 65,4%, enquiries from retailers accounted for 9,7% and enquiries from telecommunications providers accounted for 13,1%.

Banks and other financial institutions' enquiries increased by 36,1% from the previous quarter, retailers decreased by 26,7% and telecommunication providers decreased by 0,5%, compared to the last quarter.

The number of credit reports issued to consumers increased to 97 578. Of the total credit reports issued, 83,2% (81 179) were issued without charge, and the remaining 16,8% (16 399) were issued with charge.

There were 6 329 disputes lodged on information held pertaining to consumer credit records for the quarter ended March 2011, which was a decrease of 57,3% quarter-on-quarter and 49,5% year-on-year.

"Comparisons in this release, 'quarter-on-quarter' refers to a comparison between the March 2011 and December 2010 quarters, and 'year-on-year' refers to a comparison between the March 2011 and March 2010 quarters," concludes Motshegare.

Saving is a family matter

The time spent raising a family is one of the richest periods of your life ... and can be one of the poorest. One day Siphoshe scores a goal and your heart soars. The next day you're nursing his broken leg and your bank balance dips.



Somewhere in between you're trying to put a roof over your family's head, food on the table, clothes on their backs and knowledge into their brains. And squeeze in some fun along the way.

Even if there are two income earners in a family, managing family finances takes discipline and hard work. And that's not fun.

At Nedbank we like to help you do less of the worrying and more of the fun stuff.

We know you want to save for your family's dreams and goals. We also know how difficult this can be at times. A Nedbank savings account provides you with a secure, rewarding way to save, but also makes it easier to do your day-to-day banking.

But, after those day-to-day commitments, where on earth are you supposed to find the money to save? We'd like to suggest five simple ways to squirrel away extra cash:

- 1 Save your loose change**
Putting aside just R1 a day for a year will allow you to save R365 – a nice amount to cover a small emergency.
- 2 Think before you buy**
Never buy an expensive item on impulse; go home and think it over. You'll be surprised how its appeal fades after 24 hours.
- 3 Go cash for a month**
If you're battling to keep track of what you spend, especially if you have lots of cards in your wallet, put what you think you should spend for the month on transport/fuel, food, entertainment, clothes and so on into separate envelopes and use only this money. This will certainly stop you from buying things you don't need and give you a much clearer idea of your needs versus your wants. Any money that's left over should go into saving.
- 4 Splurge vs save**
Can you really afford takeaway lunches, beers with friends, cigarettes or designer coffee? Find out by setting aside an amount equal to what you spend on these non-essential indulgences. Every time you buy beer, wine, cigarettes, cappuccino, etc, put that same amount in an envelope. If you can't afford to save the matching amount, then you can't afford the R15 cappuccino.

5 Think earn vs yearn
Whenever those designer shoes call out your name (or those of your children), convert the cost into your hourly rate at work. If you earn R85 an hour, you would need to work 10 hours to enjoy an R850 pair of shoes. Are they really worth it?

Let everyone in the family join the savings drive this July and open an account. Besides the long-term rewards of achieving your financial goals, you'll get immediate benefits. Set up a stop order from any Nedbank transactional account to the JustSave Account and not only will we process your stop order for free, we will **pay you R2 per month per stop order as well!**

The bottom line is **we're paying you to save.** What could be more rewarding than that!

Show you care

Choose to support a cause you care about – at no cost to you. Link your Nedbank savings account to an affinity of your choice; your contribution will make a big difference to someone's life. **Children's Affinity** supports orphaned, abandoned and vulnerable children; **Arts Affinity** supports arts and culture heritage; **Sport Affinity** supports sport development; or **Green Affinity** supports environmental conservation and helps fight climate change.

Save one, save all

For more information on the savings option best suited to you call 0860 555 111; go to www.nedbank.co.za; or visit any Nedbank.

There's a savings account for every member of your family:

- NedSave – ideal for younger children.
- Design Save – for young adults from 18 to 24 years.
- Nedbank savings deposit – market-related rates, with immediate access to funds.
- JustSave – market-leading interest rates are tiered, so the more you save, the more interest you earn.
- Optimum Savings Deposit Account – for people of 55 years and over who have other Nedbank investments.



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