

Store up 'cause rainy days are sure to come, writes **GAVIN LINDERTS**

There's no magic formula or percentage, just **SAVE, SAVE, SAVE!**

JULY is National Savings Month. This week, **Gavin Linderts**, Head of Financial Education at Old Mutual, continues to answer questions on savings.

How do I make my savings automatic?

It's strange, but true: most of us begrudge having to make savings. "Save and forget about it," is surely better than "save, and hate every moment of it."

If your savings don't come off your income automatically, and you have to put the money aside yourself, you will quickly find reasons for not doing it.

Saying things like "I don't have the time", or "I need the money for a new winter outfit," will soon bring a savings plan to a halt.

The good news is that by making the process automatic we can take some of the sweat out of it, and be well on our way to accumulating healthy savings.

■ Some employers are willing to deduct money from your salary

and pay it into a savings account or investment, but you must ask for this.

■ You can go to your bank and arrange a stop order.

■ Some investment companies will offer you the opportunity to sign a debit order.

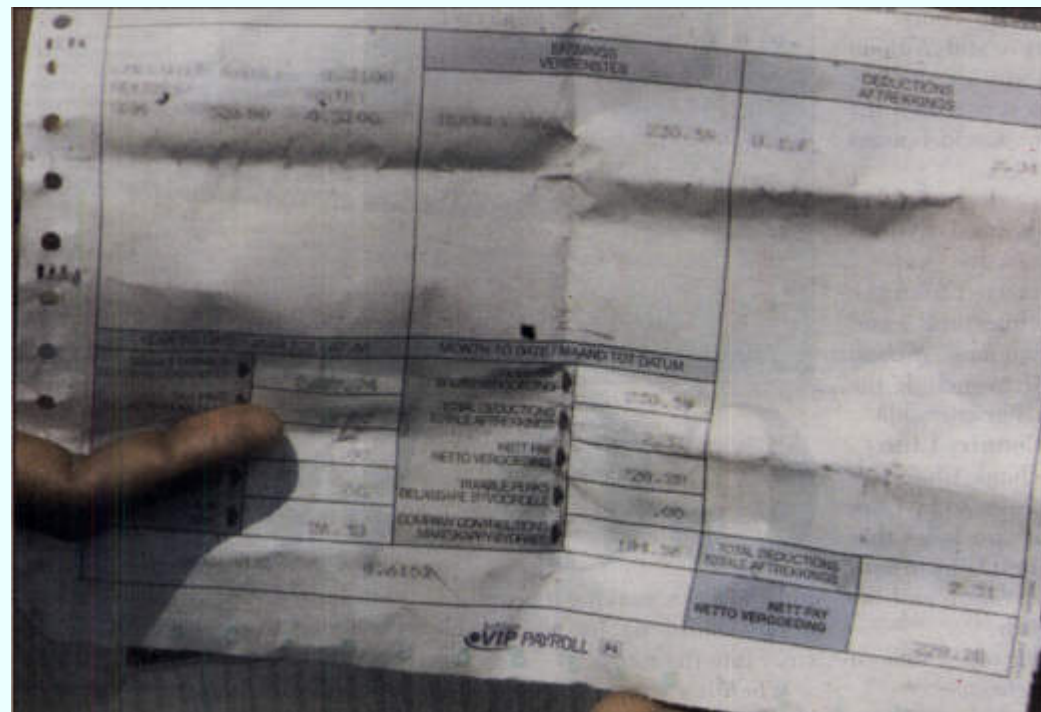
A word of caution: always ensure that you have enough funds in your account to cover your debit or stop orders. Banks charge heavy penalties if you don't have funds in your account on the day that the automatic payments are due. Don't let this happen to you.

How much should I save?

The answer is simple – save as much as you can afford. The future is uncertain, the more you put aside for a rainy day, the better your future will be.

There is no magic percentage or formula. Every one of us has different needs and circumstances.

Choose a target, say about 15% of your monthly income. If that is too high, start with what you can



TOUGH TIMES: It doesn't matter if you start by saving a small amount, as long as you're doing something

afford and build up as quickly as you can.

If you save R600 on a monthly income of R4 000, you're doing well. If you save R600 on a

monthly income of R5 000, you need to look at your expenses very carefully to see whether there are non-essential items you can cut out.

The earlier you start the better. Even if you have to start with a small amount. It's always better to save than not to save.

■ Next week: Where to save.