

African Bank Limited press release

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### **Become a better saver - top five savings tips**

July is national savings month but in today's economy saving can be tough, especially when you experience the month-end phenomenon known as 'too much month at the end of your money'.

With South Africans being under constant pressure from the increase in VAT, petrol and general living costs, savings remain under pressure although there does appear to be an improving trend. In the long-term, the South Africa Household Saving Ratio is projected to trend around 0.20 percent in 2020, according to econometric models.

African Bank's Group Executive: Sales, Branch Network, Mellony Ramalho, says that while setting a portion of your salary aside may seem impossible, it can be done with a little discipline. "Just by cutting out a few luxuries now you can really start to see the difference."

Holidays, festive weddings, or renovating your house, for example, are all exciting life adventures worth ensuring you have healthy and sustainable savings to achieve," she says.

Take a look at the following five tips on what you need to know about saving for the future:

#### **1. Understand What You're Working With**

When it comes to your finances, it is important to take note of what you're working with. Do you have one salary or are you combining two salaries from two people? What are your monthly responsibilities? If you want to draw up a realistic budget, take your net salary (after tax) and subtract your monthly debit orders and payments - these could be the monthly instalments on your credit card, personal loans or cell phone. Once you have subtracted these amounts, take a look at your responsibilities and try and work out an estimate of what you need to spend on each responsibility. Subtract the responsibilities, and your possible savings lie in what is left over. Keep in mind the fact that saving 10 to 15% of your net salary is an ideal starting point.

## **2. Live Like You're Earning Less**

If you decide to save 10 to 15% of your earnings aside every month, it is important to remember that you will need to live like you're earning 10 to 15% less. While it might require some sacrifice, living a simpler lifestyle now will ensure that you are able to have better sustainable financial freedom in the future.

## **3. Practice Saying 'No'**

While a new suit, handbag or car may seem like a good idea now, it is important to remember that you may have to spend months or years paying it off. Don't be afraid to say 'no' and remember to keep your end goal in mind.

## **4. Stick to Your Goals**

Do you dream of buying your own home, pursuing your studies or starting a family? Perhaps you need to save up for a deposit on a home or for a new car or would like to pay off your debt? If you're looking for motivation to save, it is important to decide on a financial goal and stick to it.

## **5. Cut down on banking charges and check what interest you are earning**

Know what you are paying for and try and cut out unnecessary bank fees. You will generally pay more to make deposits and transactions at a branch than if you did these electronically. It is also cheaper to withdraw money at a paypoint than an ATM. By cutting down on bank fees you could increase your saving amount each month.

Then when it comes to savings, shop around. Make sure your savings or investments are earning maximum interest and growth.

“At the end of the day the extent to which individuals save is affected by their preferences for future over present consumption, their expectations of future income, and to some extent by the rate of interest they can receive to grow their savings over time. The sooner we can embrace a savings culture the better. Savings can help one regain your financial independence and it is never too late to start. Why not start this month with

good financial savings habits,” concludes Ramalho.

Ends

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