

JUST MONEY

Feel like you've no money to spare? Here's how to start saving

You should always be in control of your finances, but often, it may seem like it is the other way around. The sad reality is that many people really battle to balance and manage their money effectively.

The good news is: it doesn't have to be this way. Money management starts with knowing where your money goes. Good money management revolves around making the right choices, like living within your means, saving for rainy days, managing your credit and repaying your monthly instalments on time.

A recent survey revealed that it takes an average of five days for a middle-income consumer to spend up to 80% of their monthly salary.

Here are a few reasons why your money may not last the month:

- Not drawing up a budget and sticking to it.
- Not setting yourself a financial goal.
- Your budget is outdated. Ideally, a budget needs to be revised regularly to keep pace with the rising cost of living. Food and fuel prices are steadily increasing.
- Spending money you just don't have, instead of trying to save.
- Buying large and lavish, rather than small and significant.
- Buying impulsively, instead of shopping around and comparing prices.

1. How can people free up money for savings or grow their income?

Here are a few tips that will help you to better manage, and even grow, your money:

Draw up a realistic budget and stick to it.

Spend less than you earn.

Set up an emergency fund – this will decrease your reliance on credit in case of emergencies.

Find the best possible investment for your savings, like a fixed deposit account. Shop around for the best possible rates.

2. What advice would you give people in starting their savings journey?

When it comes to saving money, the secret to success is saving regularly, not only when it is convenient. If you are looking for easy ways to save money, think about having a pre-determined amount transferred to a savings account every time you get paid. You can automate the process too – think of it as a

debit order for a brighter future. In effect, you are paying yourself, and your future self will thank you for it.

If you find yourself struggling to organise your finances, the best place to start is with a budget. Having a clear picture of how your money is spent will also reveal the areas in which you can save. To make your budget work, you need to commit to sticking to it. It requires a bit of discipline, but the rewards are well worth it.

How a budget should be run:

1. Determine what you earn
2. Determine your fixed expenses
3. Determine your variable expenses
4. Compare your expenses to your income
5. Track your expenses
6. Adjust your budget as needed
7. Evaluate your budget

A really helpful budgeting tool is the 50/20/30 rule. This means that 50% of your income should go to fixed payments (rent, car payment, medical aid), 20% should go into a savings account, and 30% can be reserved for any additional costs like groceries, eating out, petrol, etc.

For some inspiration, visit the African Bank website and read our blogs on how to save and grow your money through investing.
<https://www.africanbank.co.za/en/home/blog-landing/how-to-manage-your-money/>