

Savings – South Africa's real saviour

Rising interest rates, climbing food prices and never-ending fuel hikes seems to have constantly bombarded South Africa of late. What does this all mean for the person in the street? And will there be any good news for consumers?

There is no simple answer and experts are split on whether or not there is good news in stall for you and me. The real question is what can we do to ease the pressure?

As arguments rage on, and without getting too technical, we do have an important role to play. South Africans are traditionally poor savers with the average person saving less than 1% of their monthly income. The bottom line is that South Africans need to spend less and save more. The more South Africa saves the better its economy will be; and a healthy economy usually means more jobs.

Getting our country saving begins with you and I. A sound savings plan can only benefit you.

Budgeting for a difference

So you know that saving is good for the economy, but what about you? The answer may be obvious but do we honestly save enough, are we prepared to be disciplined and save for goals? It's easier said than done and saving is not limited to investments. Savings begins with managing debt effectively, becoming a wise purchaser, looking out for that bargain and budgeting. You will find that a well thought budget can save you tremendous amounts in the long run and ultimately give you more disposable income to save!

Golden savings rules:

1. Prepare a realistic budget, plan for essential purchases like bread and milk first – leave the luxuries for last.
2. List your fixed costs (bond repayments, education fees etc), followed by your changing costs (water and electricity, telephone bills etc.)
3. Add all your expenses and if this figure is close to, or more than your monthly income you need to cut down on your costs.
4. Ideally, you should limit your expenses and put a fixed amount towards savings each month.
5. Look at the best banking option for you; often you can save on charges.
6. Savings accounts allow you to grow money that is invested. Do your research: most savings accounts usually pay tiered interest, which means more money in your account will give you more interest. You will find that every cent counts.
7. Remember savings accounts are designed to encourage savings, and if you have more than two transactions a month then a transactional account may be a better option since transaction costs are usually lower on current accounts.
8. Be disciplined - Remember budgeting and planning for your future requires commitment. A contractual savings account allows you to save a selected amount every month for a chosen period of time.
9. Be responsible with credit. Buying on credit can be very convenient, however the knowledge, priority and consolidation of your debts as well as aligning your lifestyle to what you can actually afford is vital.
10. Get professional advice – Understanding all the savings and investment options on offer can be very confusing.

The bottom line is that saving is a habit. We all need to get into a savings mentality and start being smart consumers. Financial Institutions have a range of products across the board that will meet every need. You can't control the market but you do have say about your financial position. Start saving today!

For various savings options, please contact your nearest ABSA branch.