Saving step by step – advice from SASI experts and partners

Step one: Set clear financial goals.

You need to plan your short-term goals (less than five years) where saving money is more important than growing it. This can be settling debt and putting an emergency fund in place or saving for an overseas holiday. Your medium-term goals (five to ten years) require you to balance the security of your money with growing its returns. This may include making provision for your children's education or buying a car. Your long-term goals (more than ten years) are where the returns on the money you have accumulated count most – here we're talking retirement planning or settling your homeloan.

Step two: Track your spending and create a realistic budget

You must have a very clear picture of how much money you earn, what you spend it on and how much can be saved. It also helps you cut expenses. Part of this budget exercise is to face the harsh reality of the dent debt makes in our cashflow situation.

Step three: Get rid of toxic debt.

As far as expenses in your budget go, there is a huge difference between a food bill and debt repayment. Hopefully, your debt had a very relevant purpose initially, but repaying it at a high interest rate makes an ugly dent in a monthly budget. Focus on one debt at a time, focusing first on those with the highest interest rates.

Step four: Plan for risks.

Build up your savings by having an emergency fund available for the next time you face some unexpected nasty financial surprise. This is where insurance also becomes a critical tool in your financial plan: it gives you the opportunity to transfer the risk.

Step five: Start saving and find your #crazywaystosave

You have identified your goals, used your budget to determine and free up excess funds by getting rid of debt and managing your expenses, and covered your risks as best as possible. Now the only thing left is to do is invest your surplus funds to reach your financial goals and dreams.

#Crazywaystosave from SASI

1. Financial Wellness Days: Ask your employer to give mandatory time off to review your finances with a Financial Planner once a year. Regular meetings with a Certified Financial Planning Professional will help you remain in control of your finances.

2. Automated Savings: Debit orders to Savings Accounts allow automated saving. You can set up debit orders Tax Free Savings Accounts (TFSA), 32 Day Notice Accounts and Unit Trust Accounts.

3. 13th Cheque: Ask your employer payroll to save for a 13th cheque paid to you in December by lowering your salary. This extra pay cheque will allow you to ride out the Festive Period and New Year expenses without major impact on your finances.

4. Pension Fund Contributions: When starting a new job, ask your employer to default to the highest allowable retirement fund contribution percentage of your income. You can also ask your employer to review your current contribution. Best of all, all retirement funding contributions are tax deductible annually up to R 350 000.

5. Group Savings: Start of Join a Stokvel or Investment Club with family and friends. The group will encourage you and allow you to develop the discipline required to be a regular saver.

6. Savings Buddy: Ask a friend to be a savings buddy whom you meet with regularly to discuss your savings journey. By holding each other accountable, you can help each other to grow wealth.

7. Have the money discussion with your partner: Some people are conservative while others are free spirits when it comes to managing money. The truth is that talking about money makes many people feel uncomfortable, and couples may be inclined to avoid financial discussions because they fear the disagreements that may arise. However, by talking openly and honestly about money, couples can establish common grounds despite their differing money styles.

8. Baby Gifts: You can seed a child's future savings by requesting baby gifts of cash to deposit into TFSA or even taking out a Retirement Annuity (RA) for a baby.

9. Children: Open Tax-Free Savings Accounts for all your children to maximize the benefit they receive from these accounts. Set up debit orders to contribute to these accounts as they grow up together with cash gifts they receive on birthdays etc. You can encourage grandparents and other family to also contribute regularly.

10. Domestic Help: Set up a Savings account or Retirement Annuity for your domestic helper. These important members of our families are often forgotten in future planning.

11. Retirement Fund Statement: By receiving your retirement fund statements monthly or quarterly, you can be encouraged to keep track of your savings to ensure that you have sufficient income when you retire.

12. Financial Products and Insurance: Shop around and use a financial institution that rewards consistent savers either through a high savings interest rate or cash back for no claims.

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