

Spring is here, it's time to spring clean your finances

By Lettie Mzwinila, business development manager at Allan Gray

The year is flying by, but don't let it pass without taking stock of your financial decisions, writes Lettie Mzwinila.

The idea of spring cleaning is energising for a lot of people as it presents an opportunity to start afresh. As the seasons change, many of us take time to thoroughly evaluate what is in our homes, get rid of the old things we no longer make use of, reorganise our living spaces and establish new cleaning habits. But do we afford the same attention to our finances?

Our financial commitments are typically widespread, from bills and credit repayments to savings and investments, and many of us find ourselves drifting along. The choices we make are usually a result of the circumstances we are in, but as our circumstances change, we forget to re-evaluate things.

It is important to make the time to review your financial commitments at least once a year, and attend to your personal finances in the same way you would your home. Reviewing your finances can help you to face your financial reality and be a great tool in ensuring your long-term financial wellness. While major life-changing events, such as getting married or divorced, having a child or retiring, often prompt us to review our finances, to be prepared for these situations it is crucial to take a consistently active approach to your finances. How about starting by spring cleaning your finances?

Five things to do on your financial spring-cleaning day:

1. **Evaluate your budget:** Budgeting has negative connotations for many people who see it as something that deprives them of spending. A budget is simply a plan for your money and is often a good place to start as it shows you what you are receiving and what you are spending your money on. Creating a budget is the best way to help you allocate future funds optimally.
2. **Review your debts:** Compound growth works for you when you're investing but can work against you when you're borrowing, so make sure you review your debts too. Being in debt can feel like you are drowning and unable to come up for air. By reviewing your debt, you can prioritise paying off your most expensive credit first, so that you service your debt more efficiently.
3. **Update your will and retirement fund documents:** Many of us overlook this incredibly important document. Having an updated will is a key part of having your financial affairs in order. A will should be reviewed and kept up to date, reflecting your current financial situation and chosen beneficiaries. If you do not have a current will, use this opportunity to write one. You should also update the nominees listed in your retirement fund documents, so that the claim process is efficient, and your dependants are looked after, in the event of your death.
4. **Check your insurance cover:** It is a good idea to assess your insurance needs annually to make sure you are adequately covered for life's eventualities. You may even find that you are paying for insurance cover that you no longer need and may be able to renegotiate and reduce some of your premiums.
5. **Take stock of your existing investments:** Checking your statements regularly and chopping and changing between investments is never a good idea, but every now

and then it is a good thing to take stock of your investments. This may also be an opportunity to automate some processes, such as setting up debit orders if you do not have any in place.

Whatever your financial situation, you need to know where you stand in order to determine how best to achieve your financial goals, so use your financial spring cleaning day to help you establish this. Managing your finances should be organic, it is not about making permanent changes at one point in time. The sooner you create structure, the sooner you will gain control of your finances. If you need to speak to an expert, schedule time to visit an independent financial adviser who can help you look at your finances holistically.

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