

# FINANCIALLY SAVVY



## BUDGETING

Compiled by the Financial Literacy Subcommittee



## GREETINGS FROM INVESTSOC...

You cannot improve what you cannot measure. Become your own boss and direct your own money to achieve your financial goals this 2020, and especially into the future. Our aim is to help you find balance between planning your expenses and managing your income. **No-one should be left in the dark regarding their finances.**

A good budget isn't strict, it's realistic. Contrary to popular opinion, **a budget can be realistic.** Find out how to be in control of your budget in the very first edition of the Financial Literacy portfolio's *Financially Savvy* blog.

All questions are selected from your questions during our **Online Budgeting Workshop** on 5 May and your responses to our **Q&A Google Form**. All answers are provided by **Lisa De Stadler**, a financial advisor from **Alchemy Financial Services**.

### About Lisa De Stadler

Lisa is a financial advisor and has been in the financial services industry for the last 8 years. Her personal aim is to give individuals the most honest advice and empower them by educating them as much as possible about the financial services industry. She will use her knowledge to create a deeper understanding of your own personal finance, but also the finance world around you which will impact your life, financially, now as well as the future.

Feel free to contact Lisa via her cellphone (071 522 6127) or e-mail ([lisa@omf.co.za](mailto:lisa@omf.co.za)) for more information.

# Q&A RESPONSES

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Which apps would you recommend helping us budget? - *Shehaam*

Old Mutual has created a brilliant App called *22seven*. This app is extremely **essential** for budgeting as it keeps your budget **organized**. As it is run by **Old Mutual**, it is **safe** and **secure**, and it will **link** all your separate accounts (through the login of each one) and group all of them **together**. All **expenses** from each account will be **categorized** and you can modify them to your own preference. You **do not** have to be an Old Mutual customer to use 22seven. Further, you will be **rewarded** by

using the app to its fullness, and by categorizing all card purchases. - *Lisa De Stadler*

For more information visit their website ([www.22seven.com](http://www.22seven.com)) or contact Lisa (see contact details above).



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Budgeting in South Africa is becoming tougher as the price of goods and cost of borrowing ever increases. What is a balanced way of budgeting around the necessities and debt repayments? - *Matome*

This is **very individual based** but if you can stick to the following formulae or get close to it you will be doing a good job.

- **50% of income** - **Daily/monthly expenditure**/obligations (e.g. rental, day to day groceries, installments and premiums etc.)
- **30% of income** - **Savings** (Investing and retirement savings)
- **20% of income** - **Entertainment** and other unimportant wants. - *Lisa De Stadler*



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How often should I be budgeting as a student? Is quarterly sufficient or should I do it on a monthly basis? - *Michael John*

It is always good to have a look at your **budget monthly** as costing can always change for expenses currently on our budget list. Certain instances where budgets need to be changed or rewritten are as follows:

- **Income** has **increased** or **decreased**
- There is an **important expense** which you have to take into **consideration** (e.g. buying a house, renting a house, awaiting a child to be born, requirement of medical aid or risk cover etc.)
- **Changes** to current **monthly premiums** or **installments**
- Any other **unforeseen** or **foreseen** changes in **expenditure**

- You have **not used** up your budgeted **amount** for a **certain expense** for 3 months and you do not see yourself using the entirety of your budgeted amount for a certain expense. The written budget amount for that certain expense can then be **reduced** and the surplus amount can be moved to another expense category or **saved**. - *Lisa De Stadler*



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Is it worthwhile opening accounts with new digital banks like TymeBank since they have zero bank charges? - *Sango*



This depends on your **banking preferences** and can be different for **each individual**. Some may prefer the services and facilities available by other banks, whereas some may prefer TymeBank for not having the attached **bank charges**, however you need to consider that there are **less services** offered by TymeBank.

An important matter here is to **never rush into the decision** to use a bank (or any institution) because of **one factor** they offer. You must always **look at all the offerings** and determine which offer **best** suits you as an individual. There is a lot of competition between banks where they will compete for lower charges, so **always consider the alternatives**. - *Lisa De Stadler*

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# THE BOTTOM LINE

"Relying on a budget is essential no matter your financial situations and you must **always** use a budget in order to plan for financial success as 'a goal without a plan is just a wish'." - *Lisa De Stadler*

We hope the results of the above discussions have made you aware of the options out there to keep you on track with your budget, such as **22seven**. Everyone's budget will be different depending on their preferences and circumstances, but applying the **50/30/20 rule** may be most effective way of implementing your first budget. **Consistency** in budgeting is key, therefore it was suggested for you to always manage your budget on a monthly basis. The final key idea is that you must not rush to opening an account with an institution based on one of the offerings, but instead you should analyze whether the overall offerings match your preference, whilst **always considering alternatives**.

Please feel free to contact Lisa De Stadler (see her contact details posted on the first page) and please do visit our Google Form *here* to pose your questions so that we can include them in our future blogs!

See you next month for **Saving and Investing!**

Special thanks to Lisa De Stadler of Alchemy  
Financial Services & Our respondents



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**"YOU DON'T HAVE TO SEE  
THE WHOLE STAIRCASE,  
JUST TAKE THE FIRST STEP"**  
**- MARTIN LUTHER KING, JR.**

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