



Four big saving blunders you may be making!

➤ Being unafraid of accumulating debt

Less than 10% of South Africans can expect to stay financially independent when they retire. Often, this is because of poor decisions that were made many years before.

As a whole, our society spends far too much on credit, often on things we don't really need. Many of us have an unhealthy relationship with money, and the wrong attitude towards debt. Added to this, the increasing cost of living has left the majority of South Africans financially vulnerable.

But debt can trap you in a vicious cycle. According to statistics compiled by debt management firm, Debt Rescue, South Africans owe as much as 75% of their monthly pay to creditors, while almost 60% of the population are struggling to meet their monthly payments for home loans and credit cards. Your first and most important goal is to try and get out of debt as soon as possible.

➤ Over-insuring

With all the various insurance products out there, it's easy to insure every little thing you have. However, it is probably more crucial to insure things that can lead to bankruptcy - like your home or your ability to earn a living.

If you broke your phone today, you would probably still manage to get by, but if you are in ill-health and are unable to work, the consequences are much more serious.

➤ "I'll start saving later" mentality

There will always be a reason to put off saving your money now, but bluntly speaking, time really IS money. In order for compound interest to work its magic, one key ingredient is TIME.

Plan ahead for your future self. Just like the saying goes, there's "no time like the present, a thousand unforeseen circumstances may interrupt you at a future time". – John Trusler

➤ Not taking inflation into account

The greatest enemy of savings is inflation – the rising cost of living. If your investments are not growing at a rate higher than inflation, over time, you are actually losing, as your money is worth less and less. Investing in the right portfolios that fit your age range and time horizon is critical. If you are unsure, it is always good to get some sound financial advice.

"It's never too late to do the right thing." – Nicholas Sparks