



Cube
Advice
CONSULTING

www.cubeadvice.com

Newsletter

- Sep 2016



Clean...
for Spring.



Five tips to save thousands this month!

In such times the adage “a penny saved is a penny earned” could not be more pertinent. This is national spring clean month. Follow these five principles to save yourself thousands this month, and going forward:



Delete debt

It is important that you pay off your debt as soon as possible. Credit card debt typically incurs the highest interest rates and you should therefore prioritise paying off this debt first. The interest charged on car repayments is traditionally higher than that charged on home loans and for this reason it is a good idea to pay off your car more quickly than paying off your home.

That being said, it is important to set aside an appropriate sum (typically three months' salary) in an emergency savings account to cover unforeseen expenses. Before you attempt to pay off your car or your home in record time, ensure that you have emergency savings in place lest unforeseen events threaten your financial stability.

Retrenchment and unanticipated medical bills can force you into a position where you need to take out loans with high interest rates to cover these costs. With an emergency savings account in place, you can become your own “bank” and earn interest as opposed to paying it to another institution. This is an important safety net to avoiding future debt or being a forced seller of long term assets.

Live within your means

Hand in hand with eliminating debt comes living within your means. Enjoying and funding a lavish lifestyle is all too easy and all too tempting. Our culture encourages high-end consumption habits and the credit to pay for this is too readily available. Trying to keep up with the Joneses is one of the most common and costly mistakes you can make. The choice between spending on nice-to-

have now and saving for need-to-haves later is one which should not be taken as lightly as we do.

To this end, consider buying second hand as it can save you a significant amount over the course of your life and this is particularly true when it comes to costly, depreciating assets such as cars. If you do buy new, be it anything from cars or couches, consider not just the affordability of the monthly instalments, but the interest rates charged over the period of the loan as well. It is important that you know and are comfortable with exactly what you are paying in total, as well as the opportunity cost that comes with it (i.e. the lost opportunity to otherwise reduce debt or earn returns off those funds).

Monitor your money

While much attention is paid to what comes in every pay day, typically insufficient attention is paid to what is spent. Overspending on food is one of the quickest and easiest ways to blow your budget. And you would be shocked to see what all those restaurant outings, pre-cooked meals and take away cappuccinos add up to! If you eat out only on special occasions (as opposed to every weekend) and ensure that you buy only what you need while grocery shopping, you will be amazed at the amount you save.

There are a number of handy budgeting tools and apps available online, find the one that best suits you. If it is your first budget, don't worry too much about accounting for every cent. At the end of the day, it is your discipline rather than your detailed plan that will be the key determinant of your success. Soon

all the hard work will become habit and you will be gratified that it has paid off, literally.

Pay your future self-first

We all know that we should start saving for retirement from our first pay cheque, but not many of us do. The opportunity cost of not doing so is remarkably high and it is something that you can never recoup. While such priorities as saving for a down payment, paying off student debt and saving for your child's education are all good goals, the price to be paid should not be deferring saving for your retirement.

Consider your short, medium and long term financial goals and put together a savings plan to achieve them. This can be as simple or as complex as you see fit. Even just defining your broad goals and monitoring your progress against this benchmark can be very helpful.

Find a financial advisor

Financial advice is not the preserve of the rich, but something everyone should take advantage of.

Even if you feel you do not have a substantial amount to invest, the right advice can save you a significant sum in helping you to avoid costly mistakes.

Just as a general practitioner cares for your physical health, so a financial advisor takes care of your financial well-being: assessing financial fitness, diagnosing problems, prescribing appropriate corrective action and advising on wellness.

Find a suitably qualified advisor whom you can trust and who can construct a holistic financial plan to meet your unique goals.

Do not hesitate to contact us if you require any additional information or any clarity on your current portfolio :

Tel: 012-345 6480 * Fax: 086 513 0769 * Geral : 082 326 5517 * E-mail: geral@cubeadvice.com

Material contained within the e-mail and or attachment is intended or general information purposes only and is not intended as professional, Counsel or investment advice, and is not to be used as such. GvJ Financial Services makes no representation as to the accuracy, completeness, timeliness, merchantability or fitness for a specific purpose of the information provided in this newsletter. GvJ Financial Services assumes no liability whatsoever for any action taken in reliance on the information contained in this newsletter, or direct or indirect damages resulting from use of this Newsletter, its content or services. Any unauthorized use of material contained herein is at the user's own risk. Please send the word "STOP" to geral@cubeadvice.com if you want to stop receiving the newsletter. Géral van Jaarsveld Financial Services member of Cube Advice Consulting an Authorised Financial Service Provider (No 40503)