

# financial health booklet



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# Goal setting

We often set goals for things that we think other people expect from us, for a life that society expects us to live. The problem is that those are mostly means goals. There is a difference between an end goal and a means goal. End goals are goals that truly lead to happiness, while means goals just get us closer to what really makes us happy.

If we start by focussing only on our means goals, we often miss out on the opportunity to be truly satisfied and happy. Your first step, or starting point, should be by setting end goals, and then work towards achieving them. End goals can be categorised in 3 categories: experiences, growth and contribution.

## Experience

Think about the most beautiful experiences that would really give you joy. These could include falling in love, raising children, playing with your grandchildren, travelling, creating something, and learning new things.

## Growth

To be the person who can have these experiences, ask yourself who you need to become. To become the best version of yourself, write down a list of how you want to grow and the skills you want to learn. Your growth should be a goal in itself.

## Contribute

Think how you could give back to the world, if you could have all these incredible experiences and be the best version of yourself. Giving is often one of the surest paths to happiness. It is a way you can make a difference in the world and find fulfilment.

| My end goals |        |              |
|--------------|--------|--------------|
| Experiences  | Growth | Contribution |
|              |        |              |

# Setting your money goals (means goals)

The second step is to decide on your money goals. These are the goals that will allow you to reach your end goals and help you on your journey towards financial health. They should be specific and realistic so that you will have the means to achieve your overarching end goals. See them as the steps you need to take. These money goals will give direction to your money plan.

## Making your money goals smart

Smart goals are specific, measurable, achievable, realistic and timely. Then you know exactly what you are working towards and can track your progress. Just setting your money goals is already an achievement.

Break down your goals into: short-term, medium- and long-term goals.

## Money goals



## *Becoming financially healthy*

Being financially healthy isn't about how much money you earn, but what you do with the money you have. Becoming financially healthy isn't a once-off event. It's a series of small financial steps and decisions, which over time become valuable.





# Creating a money plan (continued)

Thandiswe saves R700 (10% of her income) per month towards retirement. Since her employer does not contribute or deduct retirement contributions on her behalf, she makes sure that she pays this every month with a debit order that goes off her bank account directly after her salary is paid into the account.

Mandla and Thandiswe also save R1 200 every month for an emergency fund. Their emergency savings goal is R42 300, which will cover 3 months' expenses in case of unplanned events or a crisis. They have already saved a total of R28 000.

A year ago they also started saving R2 000 per month for a deposit of R200 000 to buy a house. They want to apply for a mortgage loan in 3 years' time.

They also pay R500 per month extra into Mandla's personal loan whenever they can. By paying back the loan quicker, they will save on the total cost of credit. R500 extra each month will also help Mandla to repay the loan in 12 months instead of the remaining 17 months.

In about a year Mandla and Thandiswe will have repaid the personal loan and reached their emergency savings goal. Then they will be able to add the extra money (that they currently pay into the emergency savings fund and on the personal loan) to their monthly savings for a home loan deposit. This will add R3 200 to their deposit per month and will help them to reach their goal within 3 years.

They know this will be difficult, but are determined, and plan to increase their monthly savings annually when they get their salary increases.

Mandla and Thandiswe make sure that they track their monthly expenses to allow for some family fun. They have R1 000 available for non-essential expenses, such as entertainment, after their necessary expenses and savings have been taken care of.

*Track your actual spend in the following month to see if you were able to stick to your budget and to help you make changes where needed.*

## This is what Mandla and Thandiswe's money goals look like:

| Short   0 – 24 months  | Medium   3 – 5 years  | Long   10 years +  |
|--|---|--|
| <p><b>Goal</b><br/>Achieve emergency savings goal of R42 300 in a year.</p> <p><b>How?</b><br/>Continue to save R2 000 every month.</p> <p><b>Goal</b><br/>Pay off personal loan in next 12 months.</p> <p><b>How?</b><br/>Pay R500 extra per month.</p> | <p><b>Goal</b><br/>Reach house deposit goal of R200 000 in 3 years.</p> <p>Get a home loan to buy first home in 3 years.</p> <p><b>How?</b><br/>Increase monthly savings by R3 200 to R5 200 when personal loan and emergency savings goals are reached.</p> <p>Increase monthly savings when salaries increase.</p> <p>Maintain a good credit record by meeting commitments on time and using credit wisely.</p> | <p><b>Goal</b><br/>Pay off home loan.<br/>Grow retirement savings .<br/>Plan for children's college or university education.</p> <p><b>How?</b><br/>Review budget regularly to plan for the long-term.<br/>Increase monthly debt repayments or savings when salaries increase.</p> |

Look at Mandla and Thandiswe's money plan to help you work out your own money goals and money plan. The first step is to understand your current position by categorising your income and expenses in the columns of the money plan.

Once you understand your current position, you can complete the budget column. Cut back on unnecessary expenses to make more cash available for your financial goals. It is usually easier to cut back on variable expenses than fixed expenses.

# Mandla and Thandiswe's money plan

## Basic needs

What are our basic needs end goals?

To look after our family and to meet their essential needs.  
To ensure our children receive a good education.

Salary R14 000  
Other income: R7 000  
Total income: R21 000

| Basic needs money goals            | Expenses                                | Fixed/Variable | Actual         | Budget         | Track    |          |
|------------------------------------|---|----------------|----------------|----------------|----------|----------|
| Where can we cut down on expenses? | Groceries                               | Variable       | R3 000         | R              | R        |          |
|                                    | Clothing                                | Variable       | R1 000         | R              | R        |          |
|                                    | Transport – taxi/bus/train              | Variable       | R1 400         | R              | R        |          |
|                                    | Transport – fuel                        |                | R              | R              | R        |          |
|                                    | Rent                                    | Fixed          | R3 500         | R              | R        |          |
|                                    | Medical expenses                        | Variable       | R              | R              | R        |          |
|                                    | School fees                             | Fixed          | R2 000         | R              | R        |          |
|                                    | Bank fees                               | Variable       | R100           | R              | R        |          |
|                                    | Levies                                  |                | R              | R              | R        |          |
|                                    | Rates and taxes                         |                | R              | R              | R        |          |
|                                    | Crèche/Aftercare                        | Fixed          | R1 000         | R              | R        |          |
|                                    | Electricity and water                   | Variable       | R300           | R              | R        |          |
|                                    | Other                                   |                | R              | R              | R        |          |
|                                    |   | <b>Total</b>   |                | <b>R12 300</b> | <b>R</b> | <b>R</b> |
|                                    | % income we aim to spend on basic needs | %              | <b>% spent</b> | <b>58,6%</b>   | %        | %        |

| Lifestyle money goals  | Expenses                                | Fixed/ Variable | Actual         | Budget        | Track    |          |
|--|---|-----------------|----------------|---------------|----------|----------|
| Where can we cut down on expenses?<br><b>Paying off personal loan early to save more money for a deposit on a house.</b> | Loan repayment                          | Fixed           | R1 500         | R             | R        |          |
|  | Repay credit card                       | Variable        | R200           | R             | R        |          |
|  | Holidays                                |                 | R              | R             | R        |          |
|  | Entertainment                           | Variable        | <b>R1 000</b>  | R             | R        |          |
|  | Cellphone                               | Variable        | R600           | R             | R        |          |
|  | TV licence/DStv                         |                 | R              | R             | R        |          |
|  | Family donations                        |                 | R              | R             | R        |          |
|  | Furniture account                       |                 | R              | R             | R        |          |
|  | Clothing account                        |                 | R              | R             | R        |          |
|  | Other                                   |                 | R              | R             | R        |          |
|  | Other                                   |                 | R              | R             | R        |          |
|  |   | <b>Total</b>    |                | <b>R3 300</b> | <b>R</b> | <b>R</b> |
|  | % income we aim to spend on basic needs | %               | <b>% spent</b> | <b>15,7%</b>  | %        | %        |

## Lifestyle

What are our lifestyle end goals?

To have fun as a family and contribute to the community.

Total expenses: R20 000  
Income – Expenses =  
Surplus/Loss R1 000

## Remember

- If you earn a variable income, plan for this by taking the average net income into your bank account over the last 6 months. Ignore annual bonus months
- **Yearly expenses:** Make a list and spread the cost over 12 months. These expenses may include your TV licence and car licence and service
- **Replacement expenses and repair work:** Plan for these by setting money aside each month for things that may need to be replaced or repaired someday, such as your fridge

## Wealth creation

What are our wealth creation end goals?

We want to create a loving home for our family and one day retire financially independent so that we can experience new things.

| Track    | Budget   | Actual        | Fixed/Variable | Expenses          | Wealth creation, money goals   |
|----------|----------|---------------|----------------|-------------------|--|
| R        | R        | R             |                | Bond              | Where can we increase our wealth?<br><b>Buy a home for our family.</b> |
| R        | R        | R             |                | Pension fund      |  |
| R        | R        | R1 200        | Fixed          | Emergency savings |  |
| R        | R        | R700          | Fixed          | Retirement        |  |
| R        | R        | R             |                | Education         |  |
| R        | R        | R             |                | Investments       |  |
| R        | R        | R2 000        | Variable       | House deposit     |  |
| R        | R        | R500          | Variable       | Loan payment      |  |
| R        | R        | R             |                | Financial goal    |  |
| R        | R        | R             |                | Financial goal    |  |
| R        | R        | R             |                | Stokvel           |  |
| R        | R        | R             |                | Other             |  |
| R        | R        | R             |                | Other             |  |
| R        | R        | R             |                | Other             |  |
| <b>R</b> | <b>R</b> | <b>R4 400</b> | <b>Total</b>   |                   |  |
| %        | %        | <b>21%</b>    | <b>% spent</b> |                   | % income we aim to spend on wealth creation                            |

| Track | Budget | Actual        | Fixed/Variable | Expenses            | Protection money goals                |   |
|-------|--------|---------------|----------------|---------------------|---------------------------------------|---|
| R     | R      | R             |                | Medical aid         | Where can we increase our protection? |   |
| R     | R      | R400          | Fixed          | Life cover          |                                       |   |
| R     | R      | R200          | Fixed          | Funeral cover       |                                       |   |
| R     | R      | R400          | Fixed          | Car insurance       |                                       |   |
| R     | R      | R             |                | House insurance     |                                       |   |
| R     | R      | R             |                | Household insurance |                                       |   |
| R     | R      | R             |                | Other               |                                       |   |
| R     | R      | R             |                | Other               |                                       |   |
| R     | R      | R             |                | Other               |                                       |   |
| R     | R      | R             |                | Other               |                                       |   |
|       |        | <b>R1 000</b> | <b>Total</b>   |                     |                                       | %   |
| %     | %      | <b>4,8%</b>   | <b>% spent</b> |                     |                                       | % income we aim to spend on wealth creation |

## Protection

What are our financial protection end goals?

To know that our family is protected when unexpected events occur or tragedies happen.

- **Saving:** Speak to a Financial Sector Conduct Authority (FSCA) registered financial adviser to help you determine how much you should save monthly to meet your retirement goals. Also put money aside for emergencies and your other goals
- **Surplus:** It means you have money left to increase your savings if you are not yet saving enough. You can also spend it on wants, but before spending on wants, think about your money goals first
- **Shortfall:** It means you spend more than you earn. Have a look at your expenses, especially your variable expenses. Check if there are unnecessary expenses and see where you can cut back on wants

# My money plan

## Basic needs

What are my basic needs end goals?

Salary: R \_\_\_\_\_  
 Other income: R \_\_\_\_\_  
 Total income: R \_\_\_\_\_

| Basic needs money goals              | Expenses                               | Fixed/Variable | Actual | Budget | Track |
|--------------------------------------|--|----------------|--------|--------|-------|
| Where can I cut down on my expenses? | Groceries                              |                | R      | R      | R     |
|                                      | Clothing                               |                | R      | R      | R     |
|                                      | Transport – taxi/bus/train             |                | R      | R      | R     |
|                                      | Transport – fuel                       |                | R      | R      | R     |
|                                      | Rent                                   |                | R      | R      | R     |
|                                      | Medical expenses                       |                | R      | R      | R     |
|                                      | School fees                            |                | R      | R      | R     |
|                                      | Bank fees                              |                | R      | R      | R     |
|                                      | Levies                                 |                | R      | R      | R     |
|                                      | Rates and taxes                        |                | R      | R      | R     |
|                                      | Bank fees                              |                | R      | R      | R     |
|                                      | Crèche/Aftercare                       |                | R      | R      | R     |
|                                      | Other                                  |                | R      | R      | R     |
|                                      | % income I aim to spend on basic needs |                | %      |        |       |
|                                      | <b>Total</b>                           |                | R      | R      | R     |
|                                      | <b>% spent</b>                         |                | %      | %      | %     |

| Basic needs money goals              | Expenses                               | Fixed/Variable | Actual | Budget | Track |   |
|--------------------------------------|--|----------------|--------|--------|-------|---|
| Where can I cut down on my expenses? | Loan repayment                         |                | R      | R      | R     |   |
|                                      | Repay credit card                      |                | R      | R      | R     |   |
|                                      | Holidays                               |                | R      | R      | R     |   |
|                                      | Entertainment                          |                | R      | R      | R     |   |
|                                      | Cellphone                              |                | R      | R      | R     |   |
|                                      | TV licence/DStv                        |                | R      | R      | R     |   |
|                                      | Family donations                       |                | R      | R      | R     |   |
|                                      | Furniture account                      |                | R      | R      | R     |   |
|                                      | Clothing account                       |                | R      | R      | R     |   |
|                                      | Other                                  |                | R      | R      | R     |   |
|                                      | Other                                  |                |        |        |       |   |
|                                      | % income I aim to spend on basic needs |                | %      |        |       |   |
|                                      |  | <b>Total</b>   |        | R      | R     | R |
|                                      |  | <b>% spent</b> |        | %      | %     | % |

| Lifestyle money goals | Expenses | Fixed/ Variable | Actual | Budget | Track |
|-----------------------|----------|-----------------|--------|--------|-------|
|-----------------------|----------|-----------------|--------|--------|-------|

## Lifestyle

What are my lifestyle end goals?

Total income: R \_\_\_\_\_  
 Total expenses: R \_\_\_\_\_  
 Income – Expenses = \_\_\_\_\_  
 Surplus/Loss R \_\_\_\_\_

## Wealth creation

What are my wealth creation end goals?

| Track    | Budget   | Actual   | Fixed/Variable | Expenses          | Wealth creation, money goals               |
|----------|----------|----------|----------------|-------------------|--|
| R        | R        | R        |                | Bond              | Where can I increase my wealth?            |
| R        | R        | R        |                | Pension fund      |  |
| R        | R        | R        |                | Emergency savings |  |
| R        | R        | R        |                | Retirement        |  |
| R        | R        | R        |                | Education         |  |
| R        | R        | R        |                | Investments       |  |
| R        | R        | R        |                | Financial goal    |  |
| R        | R        | R        |                | Financial goal    |  |
| R        | R        | R        |                | Financial goal    |  |
| R        | R        | R        |                | Financial goal    |  |
| R        | R        | R        |                | Stokvel           |  |
| R        | R        | R        |                | Other             |  |
| R        | R        | R        |                | Other             |  |
| R        | R        | R        |                | Other             |  |
| <b>R</b> | <b>R</b> | <b>R</b> | <b>Total</b>   |                   | % income I aim to spend on wealth creation |
| %        | %        | %        | <b>% spent</b> |                   |  |

| Track    | Budget   | Actual   | Fixed/Variable | Expenses            | Protection money goals              |  |
|----------|----------|----------|----------------|---------------------|-------------------------------------|--|
| R        | R        | R        |                | Medical aid         | Where can I increase my protection? |  |
| R        | R        | R        |                | Life cover          |                                     |  |
| R        | R        | R        |                | Funeral cover       |                                     |  |
| R        | R        | R        |                | Car insurance       |                                     |  |
| R        | R        | R        |                | House insurance     |                                     |  |
| R        | R        | R        |                | Household insurance |                                     |  |
| R        | R        | R        |                | Other               |                                     |  |
| R        | R        | R        |                | Other               |                                     |  |
| R        | R        | R        |                | Other               |                                     |  |
| R        | R        | R        |                | Other               |                                     |  |
| R        | R        | R        |                | Other               |                                     |  |
| <b>R</b> | <b>R</b> | <b>R</b> | <b>Total</b>   |                     |                                     | % income I aim to spend on wealth creation |
| %        | %        | %        | <b>% spent</b> |                     |                                     |  |

| Track | Budget | Actual | Fixed/Variable | Expenses | Protection money goals |
|-------|--------|--------|----------------|----------|------------------------|
|-------|--------|--------|----------------|----------|------------------------|

## Protection

What are my financial protection end goals?













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