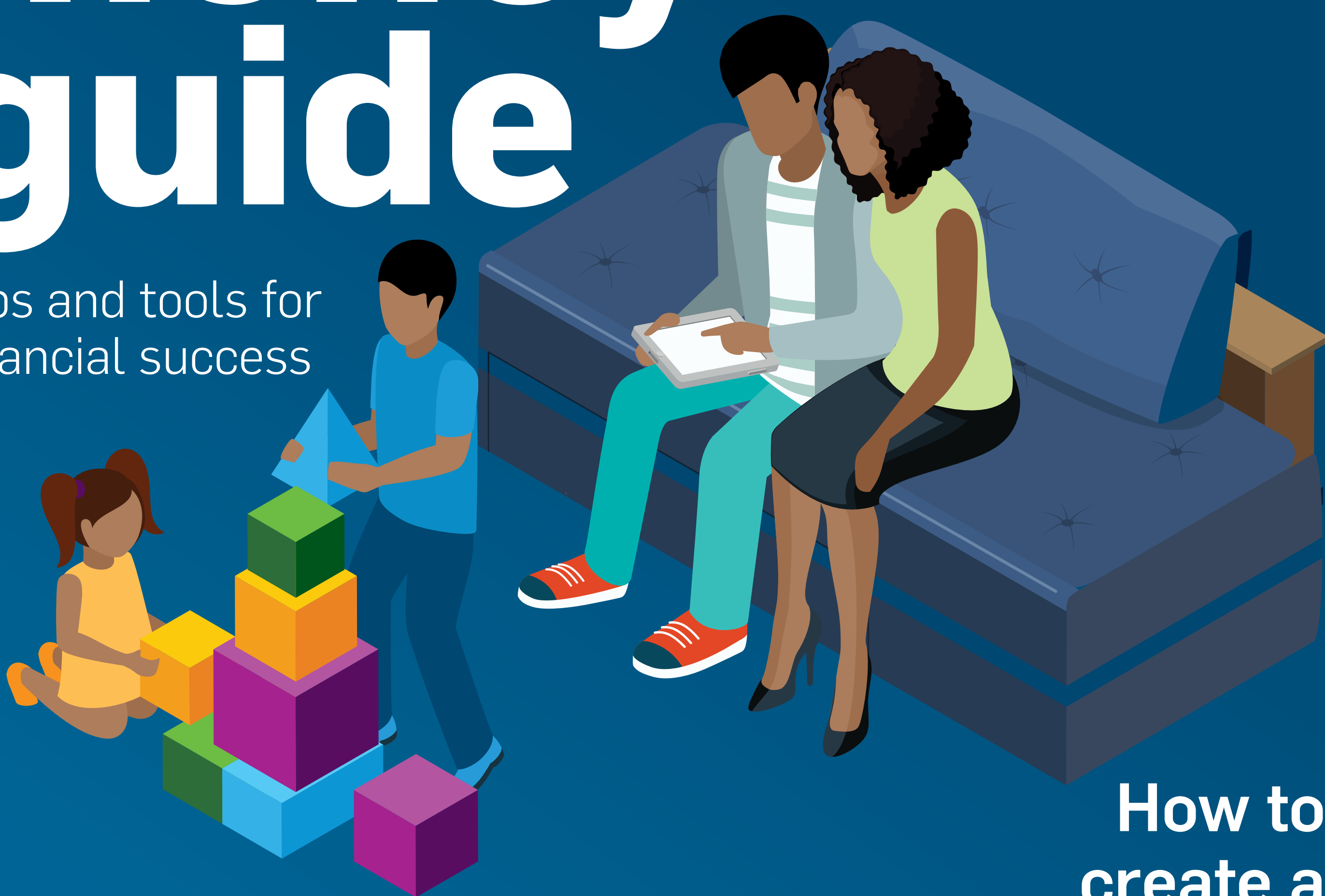
Part 2 of 4

Collect all 4

the money guide

Tips and tools for financial success



How to create a money plan

Smart ways to track your spending

CAPITEC

mobile banking basics

USSD works on any cellphone

USSD, which stands for "unstructured supplementary services data", allows you to use any cellphone to access the service.

Dial your bank's USSD code to select the option you want.

No airtime? Dial your bank's USSD code first to top up your airtime – your service provider allows this transaction free of charge.

Banking apps work on smartphones

They are free to download from the app store.

They are easy to use.

A large range of transactions and services are available at the press of a few buttons.

Digital wallets make payment easy

Masterpass™ by Mastercard® is an app that works like a digital wallet.

It is free to download from the app store.

It lets you pay in-store and online from your phone by scanning a QR code.

3 reasons to bank on your phone

1. **It's convenient,** because it is available 24/7.
2. **It's safe,** since you don't have to queue at an ATM.
3. **It's cheaper** to bank on your phone than at a branch.

Transactions you can do on your cellphone

Buy airtime, data and SMS bundles.

Buy electricity.

View account balances.

View last electricity token purchased.

Do credit facility transfers.

Pay Capitec Bank clients (who have a verified cellphone number).

Transfer money between your accounts.

Register for SMS Update for added security.

Send cash to friends and family.

creating a money plan

Just like you need a building plan to know where each brick goes when building a home, you need a money plan to help you take control and work towards your goals.

How to get started

1. **Work out your total income**
Add up your regular income (salary, rental or other predictable income). This is how much money you have to work with each month. Don't include income that isn't guaranteed (like a bonus or irregular overtime) in your monthly budget.
2. **List all your expenses**
Study your bank statements and receipts to see exactly where your money goes each month. Write down everything. Every. Little. Thing.
3. **Put your expenses into categories**
Decide which expenses are essential (needs), and which you could live without (wants). You can also divide your expenses into fixed (expenses that stay the same each month, e.g. rent and insurance) and variable (expenses that change each month, e.g. food and electricity).
4. **Review and reduce**
To increase your savings (or repay your debt quicker), you need to understand your current spending habits and plan where and how to spend less.
5. **Automate**
Set up automatic payments for savings and debt to go off your account on payday. This way you can't impulsively spend the money you planned to save.
6. **Keep track**
Track your purchases to see if you're sticking to your plan. If you indulge one week, cut back the next. Adjust your budget where necessary.

Meet Mandla and Thandiswa

Mandla (30) and Thandiswa (28) are a married couple who have 2 children in primary school. He earns a take-home salary of R15 000 per month – this is after his retirement fund contribution, medical scheme contribution, tax and UIF have been deducted. Thandiswa earns R7 000 per month after deductions. She does not contribute to a retirement fund through her employer.

Mandla pays off R1 500 per month on a 48-month personal loan, which he took up just more than 2-and-a-half years ago to finance 50% of the purchase price of a car. He had saved for 3 years until he was able to pay 50% of the purchase price of a reliable second-hand car. He has a credit card with a low balance and repays R200 per month. Thandiswa does not have any debt.

Mandla is in a lift club with 3 people, but for one week of the month he travels to and from work in his own car. Thandiswa and the children make use of public transport for work and school. Thandiswa's mother, who is a pensioner and lives near them, takes care of the children after school. They pay her R1 000 per month.

How Mandla and Thandiswa drew up their money plan

1 They calculated their total income

Mandla's salary	R15 000
Thandiswa's salary	R7 000
Renting out a room	R500
Selling sweets	R1 000
Total	**R23 500**

2 They listed all their expenses

They studied their bank statements and receipts to see where their money goes each month, and made a list. They added the monthly total for different spending groups (e.g. groceries) to the "Current" column on their money plan.

3 They separated their expenses into fixed and variable categories

Fixed expenses are regular payments that remain the same. Variable expenses go up or down from month to month.

4 They reviewed and reduced their spending

After reviewing their current spending, they planned where to cut back so they can increase their debt repayment and savings contributions. They added all of their new spending targets to the "Planned" column on their money plan.

5 They automated payments

To make sure they stick to their new targets, they set up automatic payments for their debt and savings contributions. These will go off their accounts on payday.

6 They will track their expenses

In future, Mandla and Thandiswa will track their monthly spending to check if they're sticking to their new targets. They'll record their actual spending in the "Actual" column on their money plan.

Their money plan

1 Income
R23 500

2 Basic needs

Groceries	R3 000
Clothing	R1 000
Transport	R1 400
Rent	R3 500
School fees	R2 000
Bank fees	R100
Childcare	R1 000
Electricity and water	R300
Total	**R12 300**

3 Financial protection

Life insurance	R500
Funeral cover	R100
Car insurance	R400
Total	**R1 000**

4 Debt repayment

Loan repayment	R500
Loan repayment	R1 500
Credit card repayment	R200
Total	**R2 200**

5 Savings & wealth creation

Emergency savings	R1 200
Retirement	R700
House deposit	R2 000
Total	**R3 900**

6 Lifestyle spending

Entertainment	R1 000
Cellphone	R600
Total	**R1 600**

7 The bottom line

Total income	R23 500
Total expenses & savings	R21 000
Surplus	R1 500

Your money plan

Income	Current	Planned	Actual
Salary	R	R	R
Other income	R	R	R
Total	**R**	**R**	**R**

Basic needs	Current	Planned	Actual
Groceries	R	R	R
Clothing	R	R	R
Transport (public transport, car maintenance, fuel)	R	R	R
Rent	R	R	R
Medical expenses	R	R	R
School fees	R	R	R
Bank costs	R	R	R
Levies	R	R	R
Rates and taxes	R	R	R
Childcare	R	R	R
Family support	R	R	R
	R	R	R
Total	**R**	**R**	**R**

Financial protection	Current	Planned	Actual
Car insurance	R	R	R
Home and contents insurance	R	R	R
Disability insurance	R	R	R
Funeral cover	R	R	R
Total	**R**	**R**	**R**

Debt repayment	Current	Planned	Actual
Loan repayment	R	R	R
Credit card repayment	R	R	R
Vehicle repayment	R	R	R
Home loan	R	R	R
Total	**R**	**R**	**R**

Savings and wealth creation	Current	Planned	Actual
Retirement contributions	R	R	R
Emergency savings	R	R	R
Education	R	R	R
Investments	R	R	R
Stokvel	R	R	R
	R	R	R
Total	**R**	**R**	**R**

Lifestyle spending	Current	Planned	Actual
Holidays	R	R	R
Entertainment	R	R	R
Cellphone	R	R	R
TV licence/DStv	R	R	R
Furniture account	R	R	R
Clothing account	R	R	R
	R	R	R
	R	R	R
	R	R	R
Total	**R**	**R**	**R**

Income
R

−

Basic needs
R

−

Financial protection
R

−

Debt repayment
R

−

Savings and wealth creation
R

−

Lifestyle spending
R

=

Surplus or shortfall
R

cutting back expenses

Now that you've written down everything you spend, you can start to plan where to cut back.

How to start reducing expenses

Cancel any services you don't use regularly
Give up paid memberships or subscriptions you are not using on a regular basis any more.

Negotiate where you can
Speak to your insurer to see if you could get the same cover for less, or ask for a different cellphone package. Do this with all your service providers, including your landlord any time you renew your lease. Make regular review and negotiation a habit.

Make saving a group thing
Shop with family or friends to make use of savings on bulk deals.

Try more entertainment at home
You have more control over your spending when you relax at home, so instead of going out, invite friends over to your house.

Talk to your family
Be honest about your financial position and what you can and cannot afford.

3 tips for cutting even more costs

1. **Use your debit card** to pay for purchases whenever you can – this way, you pay no bank fees.
2. **Do cellphone banking.** Transactions on your cellphone banking app cost less than transactions at a branch or ATM.
3. **Draw cash at supermarket tills.** The cheapest way to withdraw money is to request cashback at a Pick n Pay, Shoprite, Checkers or Boxer till.

How Mandla and Thandiswa cut back their expenses

It's the small smart moves that can have a big impact. Here are just a few ideas for ways to spend less so you can save more.

They spoke to their insurer and negotiated a better deal on their short-term insurance.

Instead of drawing cash at ATMs 3 times a week, they now swipe their debit cards.

Instead of buying lunch on the days that he goes into the office, Mandla now packs a sandwich and a fruit for lunch.

They started to shop with Thandiswa's mother and her neighbour to take advantage of bulk and 2-for-1 deals.

They talked to their children about what they can and cannot afford.

how to track your spending

Your bank statements, receipts and banking app let you track your spending to see if you kept to your budget and to help you make changes where needed. Keep working at it and adjust your plan as things change.

Tracking your spending helps you to:

See where your money is going

Identify your spending habits

Prioritise your wants and needs

Spot incorrect deductions quickly

Stay within your budget

Adjust your budget where needed

Tools for tracking your spending

Our money plan template (on page 10)	A daily money diary	A banking app	A spreadsheet

Tip: Automating your budget is a good way to help you save time on tracking and ensure that you keep to your targets – do this by setting up recurring automatic payments that deduct your savings contributions from your account on payday.

Make it a habit

Daily

Keep receipts. You can take photos of your receipts with your cellphone for easy reference and storage.

Weekly

Use your banking app for quick reference on transactions. Check in throughout the month and make adjustments to keep within your targets. If you're overspending in one category, cut back in another.

Monthly

Review your bank and store card statements.

Add up all your spending at the end of the month.

If you find you keep overspending in some areas of your budget every month, adjust your budget so it is more realistic. Your expenses will change over time and your planning needs to be updated accordingly.

Annually

Do a thorough review of your expenses. Look at your fixed costs, too. It is possible, for example, to renegotiate your car insurance because your car decreases in value over time.

Tip: Review all your expenses and your budget each time you get an annual increase. You can save a lot if you increase your debt repayment and savings allocations by the same percentage as your increase.