



# MoneyUp<sup>↑</sup>

Your journey to financial wellness



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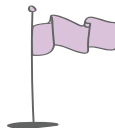
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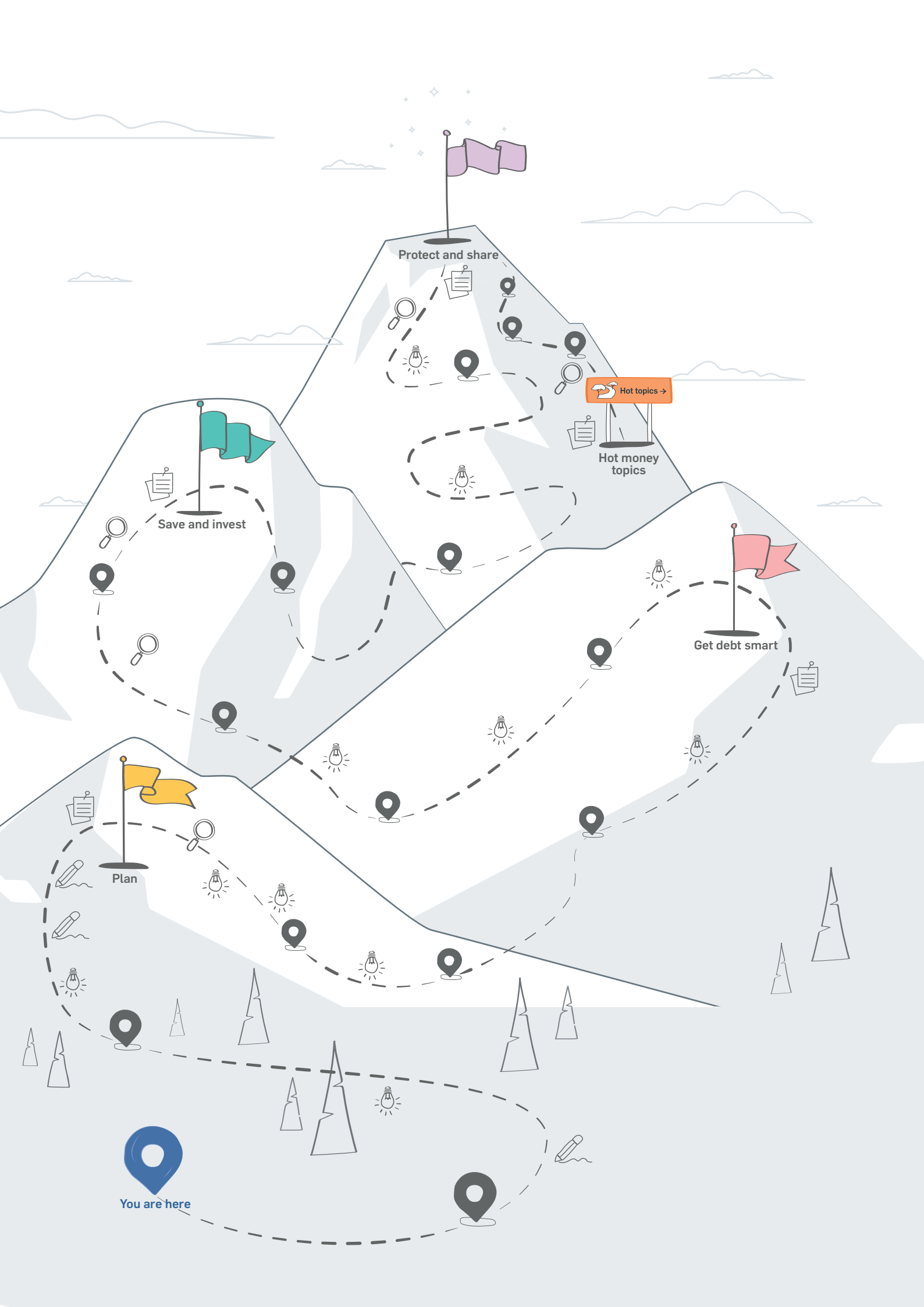
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Creating a better life for you  
and your family requires a...

# plan

Spending less than you earn, being in control of your debt, and being able to uplift yourself and your family, is what we call **financial wellness**.

It's the ability to work towards the goals that matter to you.

It's sleeping soundly, knowing you're in control of your debt repayments.  
It's the privilege of supporting your family and community.

It's showing up for yourself

In this guide, we'll walk towards the peak of financial wellness together, one step at a time. **Are you ready?**



To get us started, meet

# Ntombi

“I am ready to give my money more purpose”

Ntombi knows that showing up for yourself means that you:

① value yourself and your earnings

“Can you show me how to plan and start budgeting?”

② take action

“And how about saving for emergencies, because life happens!”

③ act consistently

“I want to start working towards my retirement every month. I hate leaving things to the last minute.”

④ celebrate the wins

“I want to be able to spend on the right things. And celebrate the milestones along the way.”

**Money is supposed to work for you!**

Becoming financially healthy is not a one-time event but a series of small financial steps and decisions that take you closer to reaching your goals.

It's never too late to make the right choices. You can do it!

Ready to get started?

In this guide we'll cover:

- Planning to reach your goals
- Saving as a habit for your future
- Getting debt savvy
- Future-proofing your life with insurance

- Investing
- Digital banking and banking safety
- Buying a car



To begin any journey right, you need to know where you're going.

That's where your dreams and goals come in. And the best part is that *you* get to decide what the goal is at the mountain top, not a celebrity on social media, or another parent from school.

# set your goals

**You are in control of your money.**

Decide what you want and when you want it by.

To help you achieve your dreams, make sure your money goals are **S-M-A-R-T** goals:

- S**pecific
- M**easurable
- A**chievable
- R**ealistic
- T**imely

Here are 2 of Ntombi's goals:

Goal 1

*"I want to pay off my short-term debt"*

Goal 2

*"I'd like to save enough so we can retire comfortably"*

Now, let's turn them into **S-M-A-R-T** goals:

Goal 1

*"Starting next month, I'll repay an extra R200 every month into my store card account so I can pay off all my short-term debt in 12 months."*

measurable, realistic & specific

achievable & timely

Goal 2

*"I'm going to increase my monthly retirement contributions by 2% when I get my next annual salary increase."*

measurable & realistic

achievable & timely



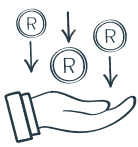


# create and manage your Money Plan

Just like you need a location pin to know where you are going, you need a Money Plan (also known as a budget) to help you take control of where your money goes.

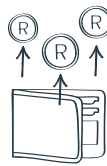
A Money Plan is a spending plan that helps you organise your income and expenses over a period of time so that you can manage your spending and saving better in future.

## It has 3 parts:



### Income

The money you earn



### Expenses & obligations

Everything that costs you money (what you spend) before you earn again



### Savings & investments

The money you put away towards your savings goals

## Let's see how Ntombi and her family do it:

### Ntombi 32 years

"I earn R21 000 a month. This is after my retirement, medical aid, tax and UIF have been deducted. I also bake cakes at the weekend as a side hustle, earning an extra R1 750 on average each month."

### John 35 years

"I'm a contract worker and I earn between R17 000 and R22 000 a month. I don't contribute to a retirement fund."



### Income

Ntombi is married to John and their dependents include their son, young niece and Ntombi's parents.

At 32 years old, Ntombi has 386 monthly salaries left until she retires at 65.

That's 386 chances to decide on the best way to spend and grow her money.

#### Ntombi and John's income:

	Ntombi
Salaries	R21 000
	John
+	R19 667
Side hustle	+ R1 750
<b>= R42 417 in total</b>	



“But wait, how did we get R19 667 for John's income?”

Income can either be **fixed** or **variable**.



### Fixed income

This stays the same, like a salary or grant. It may increase if you get a raise, but it won't be different every week or month.



### Variable income

This can be more or less each month. For example, if you work on commission, your income will depend on how much you sell.

VS

## How to calculate average variable income

$$\begin{array}{r}
 R22\ 000 \\
 R17\ 000 \\
 + R20\ 000 \\
 \hline
 = R59\ 000 \\
 \div 3 \\
 \hline
 = R19\ 667 \text{ on average}
 \end{array}$$

- Step 1:** Add together the amounts you earned in the last 3 months
- Step 2:** Divide the total amount by 3
- Step 3:** Use this average for your Money Plan

**Tip**

### Budgeting for bonuses

Only once you know you'll get a bonus and how much, can you budget for the extra money.



## Expenses & obligations

Once you've calculated your household monthly income, it's time to look at your monthly spending.

Ntombi and John go through their bank and credit card statements, even the slips in their pockets and handbags, to see what they spent their money on.

Just like with their income, there are fixed and variable expenses.

They write it all down...

# Ntombi and John use the Money Plan to add their income and expenses to the different categories:

## 1. Current

how much you are currently spending in each category

## 2. Planned

how much you plan to spend next month, after reviewing your expenses

## 3. Actual

how much you actually spent at the end of the month

If you didn't stick to your planned budget, you need to make some more changes next month.

## Essential expenses

the things you can't live without

## Insurance

## Debt repayments

any money you use to repay outstanding debt

## Lifestyle expenses (wants)

the 'fun' expenses you could live without

## Savings & investments

for your short-, medium- and long-term goals

## 4. Surplus or shortfall

deduct all your expenses from your income - if your income is more than your expenses, you have a surplus and if your expenses are more than your income, you have a shortfall

# Money Plan

Income (Salaries, grants, commission, etc.)			
	1. Current	2. Planned	3. Actual
Ntombi	R21 000		
John	R19 667		
Other income (e.g side hustle)	R1 750		
<i>Total</i>	R42 417		



Expenses & obligations			
	1. Current	2. Planned	3. Actual
<b>Essential expenses</b> (Rent, food, transport, school fees, medical, etc.)			
Rent / Home loan	R12 000		
Petrol	R1 000		
School fees	R2 400		
Family support	R3 000		
Groceries	R6 700		
Water & electricity	R2 100		
Bank fees	R320		
<b>Insurance</b> (Car, home, disability insurance, funeral cover, etc.)			
Funeral cover	R440		
Car	R350		
Household	R200		
Life insurance			
<b>Debt repayments</b> (Loans, vehicle and credit card repayments, etc.)			
Store card 2	R500		
Store card 1	R1 000		
Car finance	R2 200		
Credit card	R3 000		
Personal loan	R4 200		
<b>Lifestyle</b> (Entertainment, holidays, cellphone, clothing accounts, etc.)			
Data	R770		
TV - Dstv and Netflix	R1 128		
Hair and nails	R2 000		
Takeaways	R2 000		
Non-essential clothing	R1 000		
<i>Total</i>	R46 308		



Savings & investments (Emergency savings, retirement and other goals)			
	1. Current	2. Planned	3. Actual
Emergency fund			
Stokvel			
Tax free savings accounts (TFSA's)			
Investing			



<b>4. Surplus or shortfall</b>	-R3 891		
--------------------------------	---------	--	--

**Their Money Plan is shaping up to look like this:**

R42 417	Income
R46 308	Expenses
R0	Savings
-R3 891	Total

**Your Money Plan checklist**

- Work out your total income
- Put your expenses into categories and list them
- Download your last 3 months' bank statements and gather all your till slips
- Add all your savings and investment contributions

**As Ntombi fills in their expenses, her heart sinks...**

She can already tell the numbers aren't looking good. She's beginning to understand why they're always using the credit card for groceries come end of the month.



**She has 2 options**

- 1 Look away and continue using debt to finance her life
- 2 Or take a deep breath and a step forward to becoming financially well



*We may not have savings to add to our Money Plan yet, but we're determined to change that!*

**Reality check:**

Doing your Money Plan is good work, but your journey towards financial wellness is only just beginning.

It's time to be the boss of your money – and not the other way round.

**It's time for action.**



## Review your Money Plan

Now that you've listed all of your current expenses and obligations, it's time to prioritise your spending so that you can plan a 'new' budget from next month.

Go through every expense and:

- see where your money is going
- identify your spending habits
- prioritise your wants and needs
- spot incorrect deductions
- adjust your budget where needed



Wait, we have 3 different funeral policies? That doesn't make financial sense!

## Find ways to cut your spending

Once you've reviewed your budget, it's time to identify the expenses you can cut out completely, and others you can spend less on. Is there a saving you can make?



Write down which of your expenses you think you can:

○ cut out completely

*e.g. subscriptions*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

○ downgrade

*e.g. get a more affordable car*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

○ negotiate a lower price

*e.g. from your insurance provider*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

○ cut down

*e.g. getting your hair done once a month, instead of once a week*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

○ reduce by changing a habit

*e.g. save on bank fees by withdrawing at tills instead of ATMs*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

When Ntombi realises they are paying for 3 funeral policies, she takes action. By phoning the provider and explaining the situation, they are able to consolidate their policies into one that includes her parents.

**Saving: R178**

Ntombi wants to stop paying for satellite TV, but as John spends a lot of time at home watching sport (which is cheaper than going out to watch), they decide to downgrade to a more affordable streaming service that still includes the soccer channel.

**Saving: R310**

Ntombi and John didn't realise how much they were spending on data streaming videos each month - they decide to share videos and images only when using wifi.

**Saving: R671**

**Total saving: R1 159**

Tip

## Make small savings on big expenses

Cutting out your 'wants' is not the only way to reach your goals.

### The journey should feel worth it, too!

We suggest you look at your biggest expenses like your accommodation and transport, and start there to see if you can save.



## Small amounts add up

Ntombi and John make lots of small changes to bring their expenses down. But, they realise that to reach their goal, they need to make the tough decision to attack their biggest expense: their rent.

They move to a smaller place, freeing up another R3 000 each month!

*"I thought I'd feel disappointed in the smaller space, but I feel more powerful than ever! And when my commitment wobbles, I remind myself of our goals."*

Pay off the car



Deposit for house



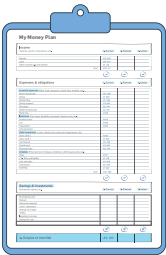
## Savings & investments

Ntombi and John have gone from using credit to make month ends meet, to having enough money to repay existing debt and start saving.

They decide to put **R2 900** towards their savings goals

### Ntombi and John's Money Plan now looks like this:

	Current	Planned
Income	R42 417	R42 417
Essential expenses	R27 520	R23 320
Insurance	R990	R812
Debt repayments	R10 900	R10 900
Lifestyle expenses	R 6 898	R3 117
Savings	-	-
<b>Total</b>	<b>= -R3 891</b>	<b>= R4 268</b>



Tip

## Automate savings

To help you stick to your monthly saving goals, set up an automatic transfer out of your transactional account the moment your salary hits.

If you leave saving until the end of the month, the money will get spent on other things.



←

⋮

### Recurring transfer setup

From  
Main Account

To  
Savings account

Monthly amount  
R2 900

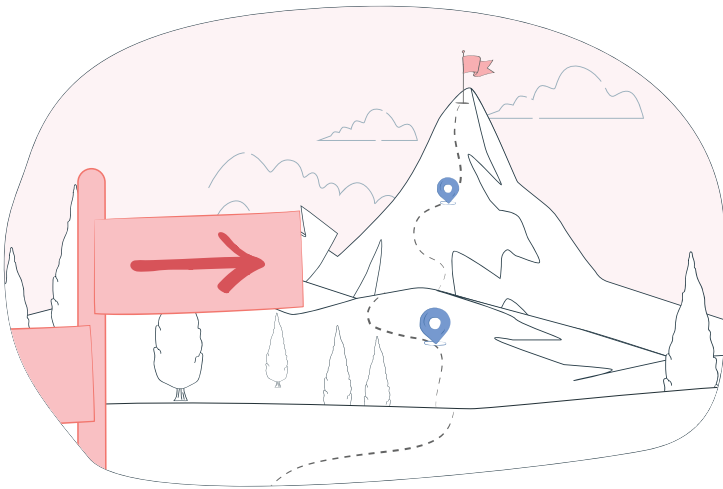
Date  
1st of the month

Add





# get debt smart



The next step towards building your financial wellbeing is to **understand the role that debt plays.**

Whether you already have debt or not, it can be a necessary tool to move you towards your longer-term money goals. But if debt is not used with a healthy financial mindset, it can become a trap.

## What exactly is debt?

It's borrowing money you don't have yet, with the promise of paying it back at a later stage. Debt is an important part of our economy and allows us to make large purchases we wouldn't be able to afford otherwise.

Just like a TV or loaf of bread, it's a product that comes at a cost, in the form of interest and fees.

**The higher the interest rate, the higher the cost of your debt.**

**Your statements use the word "credit" instead of "debt".**

- Credit is the amount a credit provider is willing to lend you
- Debt is the amount you borrow



### Sense Check

## You've probably heard about interest rates rising and falling.

This means the interest you pay on your loans, or receive from savings, can change. Keep this in mind when you make decisions like taking on debt.

Some credit products, like personal loans, could have a fixed interest rate that won't change over the term of the loan. But home loans, car loans and revolving credit products (like credit or store cards) are usually affected because they are linked to the prime lending rate.

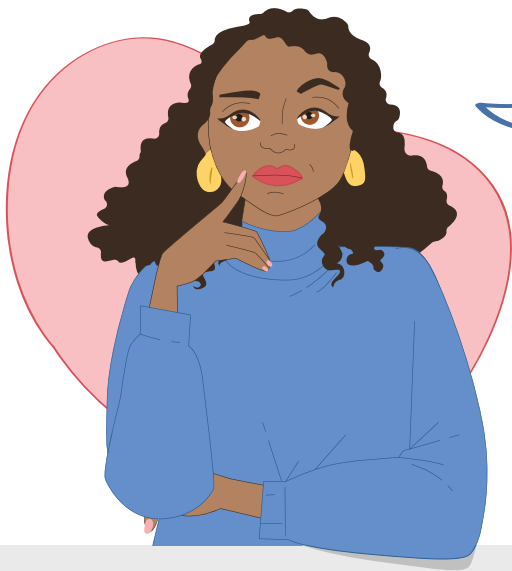
For example, a R1 million home loan at prime in:

	2021	VS	2024
Interest rate of	7.25%		11.25%
Home loan repayment	R7 904		R10 837

## The total cost of credit

The total cost of credit is what you pay for borrowing a specific amount.





We took out a R75 000 personal loan, which we're paying off every month. By the time we've repaid it, we will have paid around R101 000 because of interest and fees.

**But how does this work?**

## Interest is usually the biggest cost of borrowing money.

It is charged as a percentage – the interest rate – of the amount you owe. Percentage just means per hundred. Understanding how interest works can help you pay less of it and take control of your debt.

1

The higher the interest rate - the more interest you pay

If the annual interest rate is 20%:  
You'll pay R20 interest on every R100 you borrow over a year.

Amount borrowed	<b>R100</b>
Interest rate	<b>x 20%</b>
Annual interest amount	<b>= R20</b>

But, if the annual interest rate is 22%:  
You'll pay R22 interest on every R100 you borrow over a year.

Amount borrowed	<b>R100</b>
Interest rate	<b>x 22%</b>
Annual interest amount	<b>= R22</b>

The higher the interest rate, the more interest you'll pay for **every rand** you borrow.

2

The more you owe - the more interest you pay

And of course, because interest is charged per rand you owe, **the more rands you owe, the more interest you'll pay.**

Amount owed	<b>R1 000</b>	
Interest rate	<b>x 20%</b>	<b>x 22%</b>
Annual interest amount	<b>= R200</b>	<b>= R220</b>

3

As you repay - the less interest you pay

As you repay what you borrowed, the amount you owe (your outstanding balance) decreases. The more quickly it decreases, the less interest you'll pay. **Here's how it works:**

Although interest is quoted as an annual (yearly) rate, it's typically charged monthly.

This matters because the amount you owe becomes less every month that you make a payment, and so does the interest on it.

Let's say you take out a loan of R10 000. At the end of the first month when your first payment is due, the outstanding balance is R10 000 plus interest.

By the end of the next month, the outstanding balance is less and **so the interest charged on it is too!**

In fact, **the cost of interest is lower every month, as you pay off your loan.**

This is because the monthly interest due is calculated based on the amount owed (outstanding balance) in that month, not the total amount borrowed at the start.



*"I'm realising that understanding debt is critical to our financial wellness."*

Month	Owed at start of month	Interest charge per month (20% per year)	Total owed when payment is due	Instalment	Owed after payment is made
1	<b>R10 000</b>	R167	R10 167	R1 000	<b>R9 167</b>
2	<b>R9 167</b>	R153	R9 319	R1 000	<b>R8 319</b>
3	<b>R8 319</b>	R139	R8 458	R1 000	<b>R7 458</b>
4	<b>R7 458</b>	R124	R7 582	R1 000	<b>R6 582</b>

\*For simplicity, monthly service fees and other fees have not been included in this example

Tip

When you pay more than the instalment, any extra will go towards repaying the outstanding balance.

This means you will save even more interest and repay even quicker.

**So, if you can afford to pay more, do it!**



# know your numbers

Being in control of your debt is an important milestone on your upward climb towards your goals.

Ntombi realises that they need to get smart about how they manage their existing debts, to be able to realise their long-term goal of buying a home.

She starts by doing a credit health check-up.  
Here's how to do it:

1

## Check your credit score

By registering yourself on a credit score site (for example ClearScore, TransUnion or Experian), you can see how well you've been managing your debt, and how you compare to other consumers.

### Your score takes into account:

- if you are making your agreed payments by their due date
- recent debt that has increased your total debt
- if you have any accounts in arrears/unpaid bills
- any legal action and defaults against you
- how many times a credit provider has viewed your profile i.e. how often you apply for credit

### Why is this important?

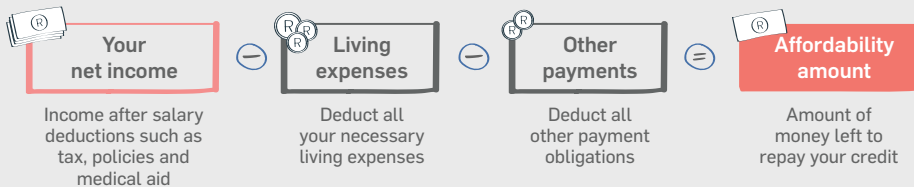
A good credit score means you are a **reliable borrower**, in which case you:

- could qualify for credit at lower interest rates

2

## Check your Money Plan for affordability

Using the numbers from your Money Plan, work out if you can afford the planned credit payments.



### To think about

- Is your employment and/or income stable enough to manage the repayments?
- Are you willing to sacrifice savings or investment contributions (or even some of your 'wants') to make space for debt?

3

## Find out your debt-to-income ratio

$$\frac{\text{Total monthly debt repayments}}{\text{Total monthly net income}} \times 100 = \text{debt-to-income ratio}$$

## Ntombi and John's calculations

$$\frac{R10\ 900}{R42\ 417} \times 100 = 26\%$$

"Phew - it's a relief that our numbers look okay, but John's income isn't the same every month, so we need to be vigilant."



If your ratio is **over 40%**, reducing your debt needs to be a priority



Tip

You know you're relying too much on debt if you find yourself depending on credit for essentials or to get you through to payday.



This could become a dangerous spiral, so go back to your Money Plan and prioritise cutting back on spending.

Once you know your numbers, it's time to tackle your debt head on.

## Credit: tool or trap?

### Good credit

VS

### Bad credit

You can use credit as a tool to open opportunities, help you reach big goals and build your quality of life.

Or it can become a trap that holds you back and puts strain on your everyday life.

“Turn it into a tool!”



## But how can you tell the difference?

Here are 6 questions that will help you determine if the debt you already have, or the credit decision you're about to make, is a tool (which adds long-term value to your life) or a trap (that holds you back):

- 1 Is the value of having something now worth the extra cost of buying it on credit?
- 2 Is borrowing money getting me closer to or taking me further away from my goals?
- 3 Do I understand the full amount I'll need to pay back including all the fees and interest? And if I don't, do I know how to find out?
- 4 Can I afford this repayment every month, even if interest rates go up?
- 5 Have I compared 3 quotes? (because not all credit providers charge the same)
- 6 Can I wait to improve my credit score for a better interest rate and start saving for a deposit?

In answering these questions, Ntombi realises that their existing debts are stopping them from reaching their ultimate goal of buying a home.



Our existing debt feels more like a trap at the moment.

It's time to make a change.

# pay it off faster

## Paying off debt using the debt snowball method



“Now that we know our numbers, we need to face them head-on. We’ve decided to use the debt snowball method because it shows quick progress, which will keep us motivated.”

The **debt snowball method** is a debt repayment strategy that focuses on repaying all your debts, starting from smallest to largest outstanding balance.

How it works:

### Step 1

List all your credit accounts and their balances, ordered from smallest to largest outstanding balance.

Ntombi and John’s accounts look like this:

	Minimum repayment	Outstanding balance
Store card 2	R500	R3 500
Store card 1	R1 000	R17 000
Personal loan	R4 200	R75 000
Credit card	R3 000	R85 000
Car finance	R2 200	R100 000

### Step 2

Keep paying the minimum repayments on all of your accounts.

Their monthly repayments are:

	Minimum repayment
Store card 2	R500
Store card 1	R1 000
Personal loan	R4 200
Credit card	R3 000
Car finance	R2 200

### Step 3

Find extra money in your Money Plan by reviewing your expenses. Use the money to pay more than the minimum on the account with the smallest balance. Keep doing this until the account is paid off.

Their repayments are now:

	Minimum repayment	Extra payment	Total payment
Store card 2	R500	R1 000	R1 500
Store card 1	R1 000		R1 000
Personal loan	R4 200		R4 200
Credit card	R3 000		R3 000
Car finance	R2 200		R2 200

After 3 months their first debt will be paid off.

### Where to find extra cash

Remember how Ntombi and John made some big and small changes to their Money Plan?

- They decide to use R1 000 from the money they freed up in their Money Plan
- This means they now have R1 500 to put towards their monthly debt repayments on their smallest debt, Store card 2

## Step 4

Now, add the repayment from the debt you just repaid to increase your repayment on the next smallest debt.

And so, your progress on this next account will be faster – like a snowball rolling faster as it grows.

They pay R2 500 towards Store card 1 every month:

	Minimum repayment	Extra payment	Total payment
Store card 2	<del>R500</del>	<del>R1 000</del>	<del>R1 500</del>
Store card 1	R1 000	R1 500	R2 500
Personal loan	R4 200		R4 200
Credit card	R3 000		R3 000
Car finance	R2 200		R2 200

Instead of taking 21 months to pay off Store card 1, it will only take 9 months using the debt snowball method!

Once Store card 1 is paid off, they will have an extra R2 500 to put towards their personal loan:

	Minimum repayment	Extra payment	Total payment
Store card 2	<del>R500</del>	<del>R1 000</del>	<del>R1 500</del>
Store card 1	<del>R1 000</del>	<del>R1 500</del>	<del>R2 500</del>
Personal loan	R4 200	R2 500	R6 700
Credit card	R3 000		R3 000
Car finance	R2 200		R2 200

Thanks to the debt snowball method, they will pay off their personal loan 4 months sooner.

## Step 5

Keep repeating step 4 until all of your accounts are repaid.

Ntombi and John celebrate with the kids every time a debt has been paid off. It is a team effort after all. To spoil themselves, they decide to do movie nights with take-aways.

If they stick to the debt snowball method until all of their debts are repaid, **this is how much time and money they will save:**

It will take them

**30 months**

instead of 65

They will save

**almost R30 000**

in interest

They will free up

**R11 900 per month**

All this from an extra  
**R1 000 per month!**

**Disclaimer:** for simplicity, these figures assume that interest rates on all credit products will not change and that no new debt will be taken out during this timeframe.

Ntombi and John discover that many small steps forward can add up to a great distance.

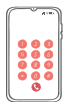
They are on their way! In the next stage of their journey they'll be using what they learnt paying off their debts, to grow their wealth.

# get out of debt stress

If you're missing debt repayments or feel like you're drowning in debt, don't despair. There are so many South Africans feeling exactly like you. But, it is time for drastic changes.

## What you can try on your own

Grab your Money Plan, make a list of all your loans and then do the following:



### Phone your credit providers

Ask them if one of these 3 options could work for you:

#### ① Reschedule your loan:

This makes your loan term longer which gives you a lower monthly instalment.

Because you **pay less every month:**

- your balance reduces more slowly
- interest is charged over a longer period

So, you'll be **paying more interest** over time.

#### ② A payment break:

If you're in a short-term crisis which you know will end, you can apply for a few months of not paying your repayments.

Because you **don't pay for a few months:**

- your balance reduces more slowly
- interest is charged over a longer period

So, you'll be **paying more interest** over time.

#### ③ Apply for a consolidation loan:

Your current or new provider will **settle your current loan** and give you a **new loan**, possibly with a lower interest rate or longer term – **both of which will lower your monthly instalment.**

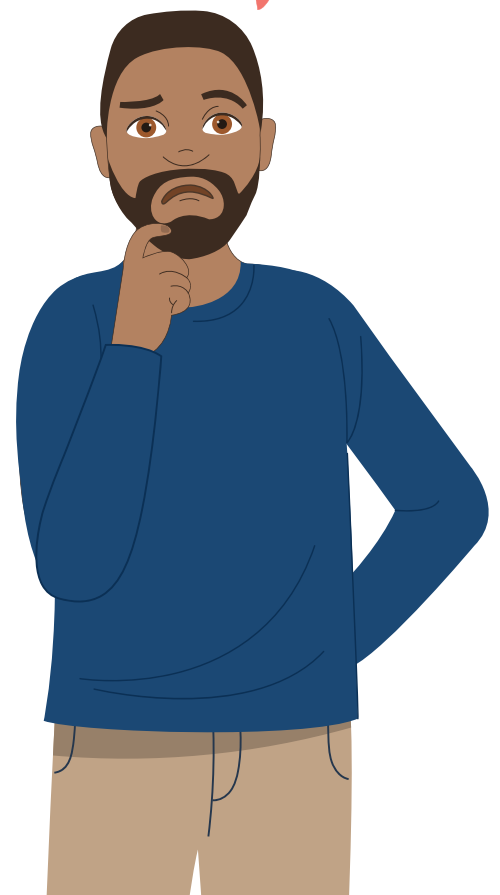
**It's important that you do not take up more credit.**

To bring instalment relief through a consolidation loan, you typically have to consolidate over a longer term, which means you will pay more interest.

#### Remember:

There are no freebies here, you'll still have to pay for everything, it might just be spread out over more time.

"I'm starting to understand that many small steps forward can go a long way to getting out of debt."



### Keep making your repayments

Missing repayments will negatively affect your journey to financial wellness.

**Tread carefully!**

If you do miss a repayment, work out a plan with your credit provider to catch up and keep a record of any agreements made. Write down every reference number.



### Answer the calls

Keep communicating with your credit providers and do your best to pay what you commit to, and prove that you're willing to fix your debt.



### Increase your earnings

Any extra work, whether it's freelancing or your side hustle, can help you improve your financial situation. Spread the word that you're looking for work through your colleagues and friends.



### Make drastic expense cuts

Sometimes it takes drastic measures to get out of debt. Review your Money Plan again and look for more ways to cut your spending.

Rather hard now than later, because your journey to financial wellness can begin again once your debt troubles have been solved.

### Debt Smart Intervention:

If you or someone you know is considering going to a Mashonisa, also known as a loan shark, **beware**.

Mashonisas prey on you when you're at your most vulnerable and could make your problems much worse.

If you can't get a loan anywhere else, it's a sign that you're in debt stress and might need help from a reputable provider.



## What about debt review?

If you've already tried all the steps we've suggested here and are still not managing, or if you're feeling overwhelmed emotionally or don't have enough money to live on, then you might have to consider debt counselling.

This is when a company steps in to manage your debt obligations. They will negotiate reduced monthly instalments with all your credit providers.

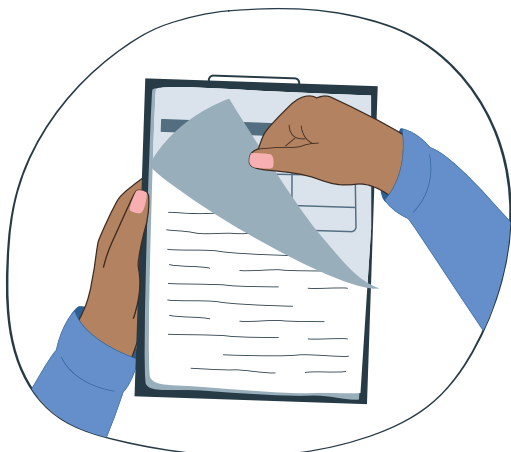
They do this by increasing the term of your debt and possibly decreasing your interest rate, allowing you to pay your debt back over a longer period of time, with lower instalments.

You'll then be placed under debt review until all your debt has been fully paid. The debt counsellor uses an agent who will distribute a single monthly payment to your credit providers.

## The benefits and consequences of being under debt review

Benefits	Consequences
You pay a reduced monthly repayment	Your profile on the credit bureau will be flagged and you won't be able to take up new debt while under debt review
You make a single monthly repayment, which is distributed by an agent to your credit providers	You'll have to pay several costs, which are regulated by the National Credit Regulator (NCR), so make sure that these costs are explained
*Your assets, such as your home and vehicle, are protected if you continue to make your payments under debt review	To lower your instalments, your debt repayment period must be extended, which means the total cost may be higher and it will take longer to pay off your debts
There is no permanent record of your debt review status	You remain under debt review until all your debts (excluding your home loan) have been repaid in full and a clearance certificate has been issued
You can increase your payments if your financial position changes, therefore getting out of debt review faster	

\* Your assets are only protected if included under debt review before the formal legal proceedings have begun



### Tip

Many consumers are placed under debt review without fully understanding the implications or not realising that they consented to debt counselling.

### Finding a reputable debt counsellor is important.

Beware of misleading marketing or advertising where unscrupulous debt counsellors send SMSs or call consumers offering "debt consolidation" or to "write off" a debt.





A series of horizontal lines for writing, spaced evenly down the page. The lines are light gray and extend across the width of the page, starting from the right edge and ending at the vertical dashed line on the left.

# save and invest

Being able to take care of yourself and your loved ones now and in the future is the ultimate privilege. It's the only status symbol that **never goes out of fashion.**



## Saving is a big deal

### ○ Saving for **emergencies**

Many people use debt to get out of emergencies, but this delays the start of your savings journey and has a big impact on how much money you get out.



*"I don't want to rely on my credit card to pay for an unexpected doctor's bill again."*

### ○ Saving for **retirement**

Even if it's just a little, the sooner you start, the more time it has to grow.



*"One day I'll receive my last salary, and I'm likely to live for another 20 years after that."*

### ○ Saving towards **other goals**

Once you have the first 2 saving priorities in place, start planning and saving towards your other goals.

## It's time to take action to grow your wealth.

Here's how you'll do it:

- ① Create a savings action plan
- ② Understand how compound interest helps your money make money
- ③ Learn about investing

Tip

What's the secret to wealth and financial wellness?

**Spend less than you earn and save or invest the rest.**



Easy to understand, but hard to *do*. So let's get to the doing.

*I'm feeling disappointed, I'm so far from my goal of being a homeowner.*



# create a savings action plan

The **basics** of a savings plan include saving towards:

## Emergencies

Experts recommend saving at least 3 months' expenses to cover emergencies.

Using your Money Plan, add up 3 months' expenses and make this your Emergency Savings goal. Next, work out how much you can afford to save towards this goal each month and add it to your Money Plan.

## Retirement

If your employer isn't deducting retirement contributions for you, you need to start yourself.

Even if it's just a little, the sooner you start, the more time it has to grow. Aim to increase this amount to be around 15% of your income, if possible.

## Other goals

Ntombi and John have worked hard on their Money Plan to create breathing space. Remember that R2 900 they committed for future monthly savings?

They want to save a deposit for a home. But, as their ultimate goal is to be able to look after each other and their family in future, they prioritise John's retirement.

Having savings means they have more choice. Not just that, but they can sleep, feel and work better knowing they have savings to fall back on if something happens to their income.

They decide on the following savings contributions:

Emergency savings

R1 400

\*Retirement saving

R1 000

Stokvel

R500

\*Ntombi's retirement contributions are deducted from her salary each month, so they don't add this to their budget here



*"I want to plan ahead for December festive shopping."*

*It's important to build the foundations first. Let's just stick to being disciplined with our savings.*



The upward path towards their goals feels steep, but there is good news just around the corner.

# Let your money make money

Are you ready for the **superpower of compound interest?**

## Simple interest

When you save money with a financial institution, you are rewarded with interest:

Your savings balance  $\times$  7% interest = You earn

Year 1  $R1\ 000 \times 7\% = R70$

Year 2  $R1\ 000 \times 7\% = R70$

If you withdraw that reward every time you earn it, you will continue earning interest on the original amount you saved.

This is called **simple interest**.

## Compound interest

If you leave that R70 in your account, you can earn **compound interest**. This is the interest you earn on interest. Each time you earn interest, your account balance gets bigger, and you will earn even more interest:

Your savings balance  $\times$  7% interest = You earn

Year 1  $R1\ 000 \times 7\% = R70$

Year 2  $R1\ 070 \times 7\% = R74.90$

This extra R4.90 doesn't feel like much. But over time, it could become your **superpower**.

Year	Start of year balance	Interest rate	Interest earned	End year balance
1	R1 000	7%	R70	R1 070
2	R1 070	7%	R75	R1 145
5	R1 311	7%	R92	R1 403
10	R1 838	7%	R129	R1 967

The original R1 000 has nearly doubled in 10 years, thanks to compound interest!

Compounding means you earn a little more each year. The more years you have, the more growth you'll see. You'll be amazed at what compounding can do if you can give it enough time.

## Let's see this in action.

### Plan A

If Ntombi and John save R1 000 for 10 years, they'll end up with:

10 year period R1 000 monthly

Total put in R120 000

Total savings after 30 years R703 122

Compound interest earned:

R583 122

### Plan B

If they wait 10 years and then start saving R1 000 for 20 years:

20 year period R1 000 monthly

Total put in R240 000

Total savings after 30 years R676 744

Compound interest earned:

R436 744

\*to simplify things, we excluded tax and fees and used a 7% annual interest rate

*“We have to start saving immediately, even if the amount is lower than what we want it to be.”*



Can you see how much harder their money works for them in Plan A?

In Plan A, they put in less, but earn more over the same timeframe.

**This is because compound interest needs time to work.**

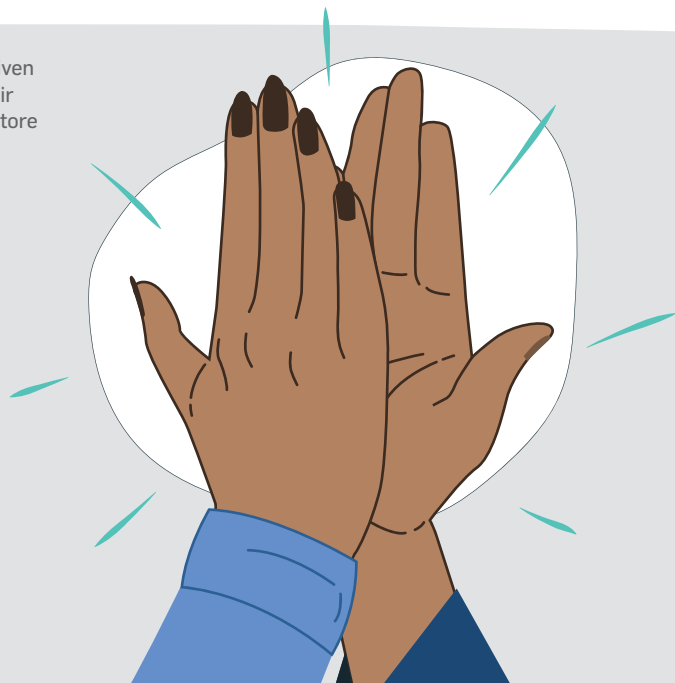
Small gains over time become bigger and bigger. Small steps over time get you closer and closer to the top.

On a day-to-day basis, Ntombi and John's sacrifices don't feel like much. But given time, their actions become habits and their habits become power moves on their journey to financial wellness. They have prioritised paying off debt, (including store cards, credit card, personal loan and car finance) and saving for emergencies.

Remember how we said they would be able to repay all their debt within 30 months using the debt snowball method? **That day has arrived!**

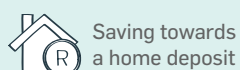
**After 2.5 years, Ntombi and John celebrate their biggest victory yet...**

**“We’re debt free!”**



## How will this impact their savings journey?

They now have **R11 900 extra every month** from past debt repayments, to put towards their savings goals:



Saving towards a home deposit



Tax-free savings accounts for their kids



Increased savings contributions



Fun money

## Having a deposit will make it much easier for Ntombi and John to qualify for a home loan.

But it will do even more than that! It actually saves them money too!

If they save R3 000 a month for a deposit on a home:

→ They might end up with:

**R3 000pm** (X) 5 years  
Fixed Term savings (X) 8% interest

**R222 000** → (this includes R42 000 earned in interest!)

Look at the difference **a deposit will make** to the total interest when repaying a loan over 20 years at 11.75%:

With the deposit	
Purchase price	R1 500 000
Home loan	<b>R1 278 000</b>
<b>Total interest charged</b>	<b>R2 045 948</b>

Without the deposit	
Purchase price	R1 500 000
Home loan	<b>R1 500 000</b>
<b>Total interest charged</b>	<b>R2 401 345</b>

By saving up a 15% deposit, Ntombi and John will pay a lower instalment each month and will save just over R400 000 in interest over the term of the loan.

**Disclaimer:** for simplicity, calculations do not take fees into account

Tip

**To make the most of compound interest growth**



Add extra money (no amount is too small)



Leave your savings to grow for as long as you can

### How to get on track with your savings goal

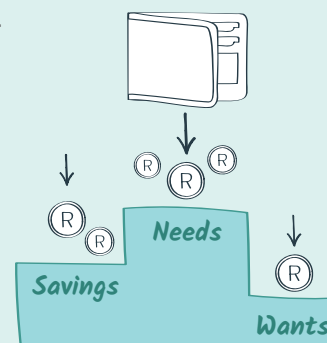
#### 1 Review your Money Plan

Find “extra money” from your ‘wants’ that you can put towards savings instead.

#### 2 Pay yourself first

Send this extra money to your savings the day your salary or income hits your bank account, before lifestyle or day-to-day expenses can eat it up.

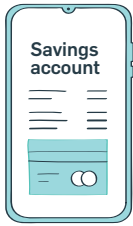
A good way to do this is to create an automated transfer from your main account to your savings accounts.



Now that you know **what** you need to do, **let's look at the 'where'**.

### Tools for saving:

There are different accounts for different types of savings. Which to use depends on if your goals are **short-, medium- or long-term**.



#### Savings accounts at banks

A savings account lets you keep money safe and earn interest.

- Some let you transact on a day-to-day basis
- Some only allow deposits and withdrawals
- For short- and medium-term goals



#### Tax-free savings accounts (TFSA)

A product that allows you to grow your money without paying tax on the returns (this can also be an investment product).

- You can keep going until you've added R500 000 in total (but any money you withdraw is not replaceable). This is your lifetime allowance
- Medium- to long-term goals



#### Retirement allowances and products

These include pension funds, provident funds and retirement annuities.

- Products are specifically designed to reduce tax liability in your working years
- At retirement age you can withdraw a lump sum tax-free and will continue to pay income tax at your marginal tax rate (the tax percentage applied to your qualifying income bracket) on any additional money you withdraw
- Long-term goal of retirement



*"I don't want the kids missing out on their goals because they have to look after us."*



# get retirement ready

To give your family a legacy of financial wellness you need to lead by example. You can break the cycle of each generation having to start at the bottom.

## Decide on a strategy

Ntombi and John are saving for retirement, but with rising living costs, they want to check if it is going to be enough.

### ① They review their goals

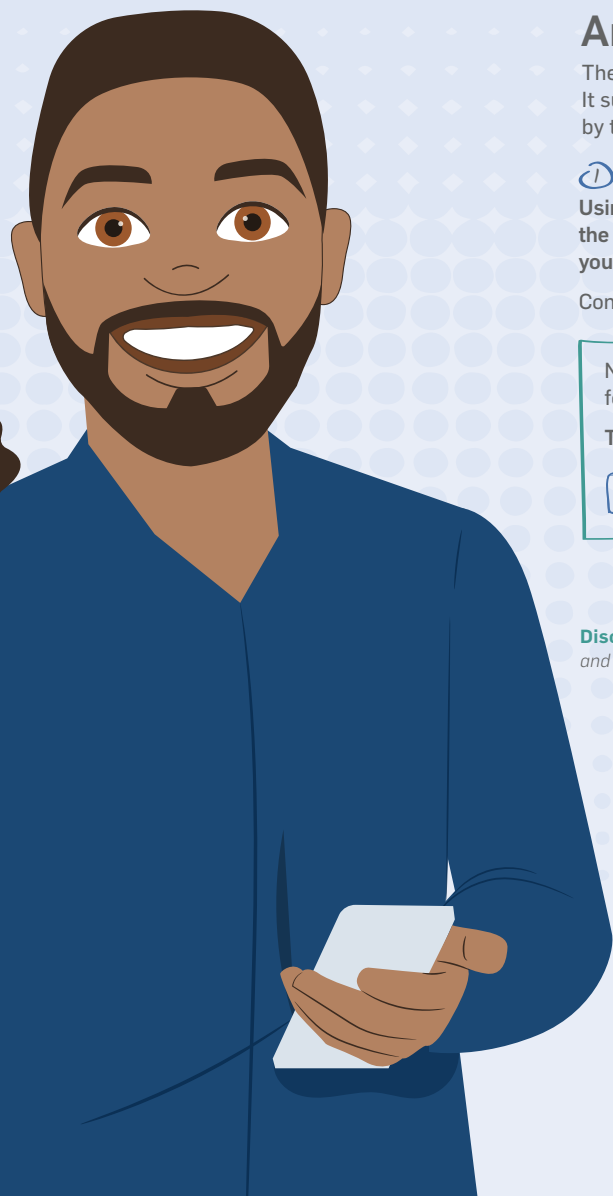
They don't want to have to rely on their kids to support them financially when they retire.

### ② They visit a financial adviser

They still have many more questions about retirement, so they decide to talk to a financial adviser to create a retirement strategy.

Together, they unpack:

- How will our expenses change in retirement?
- Are we saving enough?
- What taxes and other costs will be charged on our investments?
- What if our investments stop performing?
- How do we access our retirement savings when we retire?
- What are we invested in?



## Are you saving enough for retirement?

The **25 x rule** is a general guideline to estimate how much you will need at retirement. It suggests that you aim to save 25 x your annual expenses (or 300 x monthly expenses) by the time you retire.

### ①

Using your Money Plan, add up all the expenses you will have when you retire.

Consider how much your life will change.

Ntombi and John may need extra for medical costs in old age.

Their estimated expenses are:

R27 900 per month

### ②

Take that number and times it by 300 to find out how much you'll need at retirement.

Don't get a fright! It's a big number, but planning ahead is what will get you there.

How much they are likely to need:

R27 900

x 300

= R8 370 000

**Disclaimer:** The 25x rule is a general guide only and does not account for individual circumstances and factors such as life expectancy and investment returns.

"Seeing the amount we'll need when we retire has been a real wake-up call!"

Ntombi and John realise that they must keep prioritising their retirement savings by increasing their contributions as and when their income increases.

# Retirement investment options



## Pension and provident funds

If you're employed and your employer offers a retirement benefit, you can invest in a pension or provident fund to provide income during your golden years.

With both of these, you make regular contributions to a fund chosen by your employer. At retirement, you can withdraw 1/3 of your savings, and must re-invest the rest into a post-retirement product called an annuity.

In the past, provident funds had more flexibility, allowing you to access **all your funds** as a lump sum.

So, if you have money in a provident fund that was invested **before March 2021**, you can still withdraw all of it as a lump sum.



## Retirement annuity (RA)

If you're self employed, or if you want to invest more than you are contributing through your employer, you might choose to open an RA.

But just like the others, you can only withdraw 1/3 of your investment at retirement and must re-invest the rest into an annuity.



### Sense Check

## What is an annuity?

Not to be confused with an RA, an annuity is a post-retirement product that is designed to pay out a regular income in your retirement years.

You can choose between:

### Guaranteed Life Annuity



#### Pros

You pay a lump sum and get a guaranteed income for life that will never decrease



#### Cons

No flexibility to withdraw more income if you need

### Living Annuity



#### Pros

Flexibility to withdraw funds within set limits every year, depending on your needs



#### Cons

If you withdraw too much, you could run out of money too soon

### Blended Annuity

Many retirees opt for an annuity product that combines the best of both life and living annuities into a single product. It's best to speak to a qualified financial adviser to learn more about your options.

## What is the Two-Pot System?

The Two-Pot system (which only applies to retirement contributions from 1 September 2024), is meant to help financially stressed retirement fund members by allowing early access to a portion of their retirement savings.

Here's how it works:

### Savings

1/3 of your contributions goes into your savings pot

- You can access this pot once every tax year for an emergency
- The minimum withdrawal is R2 000 and all money withdrawn will be taxed at your marginal tax rate
- You will also pay a processing fee



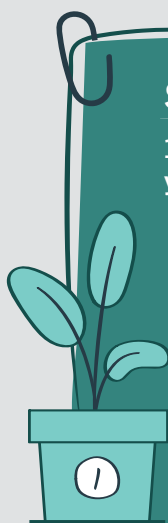
Think carefully before withdrawing because each time you withdraw, you are taking money away from your future.

### Retirement

2/3 of your contributions go into your retirement component

- You can only access this pot at retirement
- You must use it to buy a post-retirement annuity product

Visit the National Treasury website for more information:  
[www.treasury.gov.za](http://www.treasury.gov.za)



Ntombi and John will be able to retire comfortably one day...

*A great achievement!*

# what about investing?

Investing is the action of taking your cash and turning it into assets that earn you an income and/or grow in value. It's how you can turn your long-term goals into a reality.

## Assets that earn you income:

Property	→	Rent
Shares	→	Dividend income
Business	→	Profit share
Cattle	→	Calves

## Assets that can increase in value:

FOR SALE	Property	} Can be sold for profit
	Shares	
	Friend's Business	
	Art	

## Keep the inflation thief away

You've probably noticed how expensive food has become over the last few years. As inflation increases, we can buy less and less with the same amount of money. For example:

### 1kg of onions:

2017	2024	*2054
R11.06	R20.77	R87

### 2l full cream milk:

2017	2024	*2054
R20.06	R35.51	R160

"Imagine paying R160 for a bottle of milk!"



\*This is just an estimate

Investing is the only way to keep your money from being worth less in the future, because when you invest, you expect your money to grow at a higher rate than inflation.

## The difference between saving and investing

Saving	Investing
 You still own cash	 You own assets
Low risk over short term (money can't decrease)	Higher risk (assets could lose value)
You know what you'll earn	Returns are unpredictable and not guaranteed

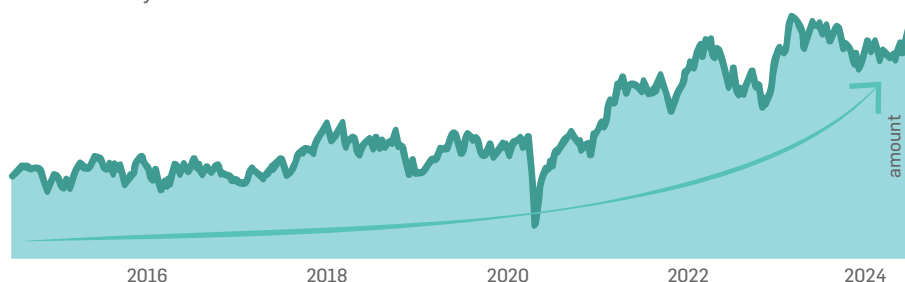
When you invest, you might not get back what you paid for your asset – this is called risk. The exciting part is that you might get much more in return for your money and patience.

The trick is that investing is a long journey.

Over many years (at least 5 or more), quality investments tend to offer a much higher return than bank savings can.

This means that investing even small amounts regularly over many years can be a powerful tool for reaching long-term goals.

Just look at how the overall value of an investment in the Satrix Top 40 ETF (South Africa's 40 biggest companies) goes up and down from year to year. But over a long period, their worth shows a steady increase.



"I always thought investing was for 'already-wealthy' people... But I'm going to invest my way to wealth."



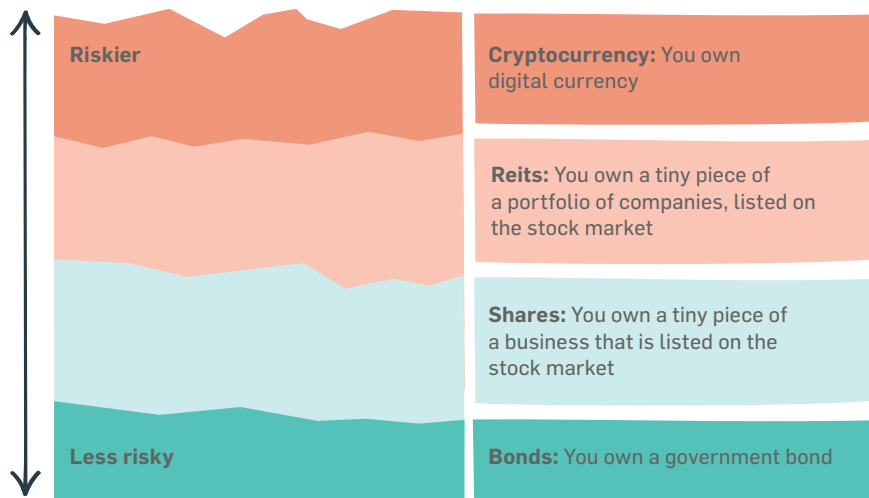
### What are returns?

Returns are the gains or losses that an investment generates over a period of time.

A positive return means profit, while a negative return means a loss.

# There are many ways to invest your money; you can buy property or even invest in a friend's business.

There are also products you can invest in no matter who you are or how much (or little) money you have to get started with.



## What are funds?

These are regulated products, like Exchange Traded Funds (ETFs) or Unit Trusts, that make it easy for an investor to buy just one investment that already holds a portfolio, (or basket) of different shares or other assets.

A basket is less risky because it doesn't rely on the performance of a single asset class. Instead, it spreads the risk across multiple asset classes, from the very first rand invested (known as diversification). Some funds allow you to start investing with as little as R100.

Some funds, such as Unit Trusts, are managed by a team of experts (who charge you for their expertise) and some like ETFs follow a 'recipe' that tracks an index (a specific 'grouping' of shares).

## Investing-ready checklist:

- Do you have emergency savings in place?
- Have you paid off your high-interest debt?
- Are you saving enough for retirement?
- Can you leave your investment for longer than 5 years?
- Do you understand what risks are involved in your investment?

## Ntombi and John know that they need to start investing...

They'd like to invest in shares, so they do some research on ETFs, and visit their financial adviser for some more guidance.



### Sense Check

#### The value of a financial adviser

As your wealth grows and your options increase, you may wish to seek help from an independent, accredited financial adviser. An adviser can help you:

- grow your investments
- protect your savings
- manage your retirement savings
- lower your tax burden



*It's a great feeling having an expert on your side to help you with all the research, products and decisions that are involved in your financial wellness journey.*

## They make their first investment!

As an example, look at how an investment in the Satrix Top 40 ETF is likely to perform over time, based on past performance.



Ntombi and John have come so far. They get to stand on the mountain of their achievements and look back at everything they've overcome. It's amazing what you can do by putting healthy habits in place and applying patience to allow your money to grow.

## Avoiding scams when investing 🔍



**An essential skill for protecting your money when investing is knowing how to avoid potential scams.**

Here's a checklist to help you spot scammers before they can you out of your money:

- ✓ Conduct proper research about the investment company - review their website and see what has been published about them
- ✓ Trust your gut, walk away if anything seems suspicious or if it is difficult to understand how the investment will make returns
- ✓ Check if the company is licensed with the Financial Sector Conduct Authority (FSCA)
- ✓ Be wary of being promised very high returns in a short timeframe
- ✓ If part of the deal is referring friends and family for extra profits, it's probably a pyramid scheme and eventually, you'll lose your money
- ✓ If promoters of start-up investments (venture capitalists) promise big returns without making it clear that there are significant risks, avoid at all costs
- ✓ Only deposit money into a business account, (real businesses won't use personal accounts)
- ✓ No financial services provider will pressure you to invest or save
- ✓ Don't send money to anyone who contacts you on social media asking you to invest
- ✓ Avoid sharing personal information until you verify that the investment is legitimate

### How to check if an investment company is licensed with the FSCA:

Visit the FSCA website ([www.fsc.co.za](http://www.fsc.co.za)), which lists all legally registered financial companies. If a company is not listed, but is offering financial products, it's doing so illegally and you should stay away.

*"If it sounds too good to be true, then it probably is a scam."*





# protect and share

When you are financially well, you can create a legacy for those who come after you.

## At the peak of their journey

Fast forward 10 years, and Ntombi and John have come a long way. When we first met them, they were using credit to get through the month. But by creating and reviewing their Money Plan, repaying their existing debt quicker and building their savings, their actions became habits that helped their climb towards financial wellness.

They've reached another big money goal – **buying a home**. How? They used their annual salary increases and bonus payments to:

increase their savings contributions



save for a home deposit



pay the administrative & legal costs of buying a home



# Let's unpack insurance

Ntombi and John are moving onwards and upwards at a steady pace, but protecting their hard work is an important part of their financial wellness journey.

## Insurance keeps you on track

Getting close to a milestone only to be knocked down by a disaster is something that happens to a lot of people. A disaster (such as a permanent disability, or terminal illness) can:

- lower or destroy your income
- drain your savings and investments

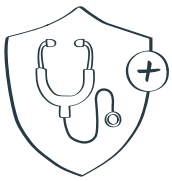
This is what insurance is for - to help protect you from financial loss. By paying a regular amount each month, you will receive a guarantee of financial cover, in case something bad happens.

There are different types of insurance designed to cover different needs.

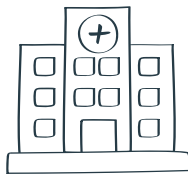
*"Scenario planning, where I think about the 'what ifs?' has helped me make important financial decisions. But it's hard to discuss this with loved ones."*



Taking responsibility for what happens to your family's wellbeing and money means looking into these types of cover:



Medical Aid



Hospital Plan



Funeral Cover

# the legacy of a will

**Your legacy is more than just money.** The best tool to make sure you leave behind a positive legacy is a will.

## Who needs a will?

If you have assets (property, investments, cash etc.) or dependents (a spouse or children), then **you do!**

### Why?

Because if you die without one (known as intestate) then you could be creating big problems for those you leave behind.

And we're here to achieve the highest level of financial wellness:

- Looking after our loved ones

## How does it work?

Upon your death, everything you own must be 'closed down' or wound up.

**With a will**

VS

**Without a will**

### You decide

- who to leave any remaining assets to
- who will take care of your minor children

### The law decides

(according to the Intestate Succession Act) who will inherit your belongings and take care of your minor children

## How to draft a will

Get an expert to help.

### Tip

#### Important things to share with your family

- 1 Create an **accessible file** that lists all of your account and policy details
- 2 **Tell them** what's in your will – no one likes surprises
- 3 Make sure they know who the **appointed executor** is and where your will is stored





### Sense Check

#### Funeral cover: are you overdoing it?

The average South African pays for multiple funeral policies, covering the same family members more than once.

Talk to your family members and find out if anyone is covered by more than one insurer. This is because insurers have limits around how much they will pay out per life insured, even with multiple policies.

Pay out limits:

Adults	Child 0-5 yrs	Child 6-13 yrs
*R100 000	R20 000	R50 000

\*Through the same insurer

By combining policies, you might save on premiums, paperwork and debit order fees.

*I was shocked when I realised how many policies we had. But by phoning our insurer we were able to combine our 3 policies into one and save R178 a month!*



## Next, there's insurance for all your 'things'

Fires, floods and accidents are a part of life. When you own something, protect it with:

- Motor vehicle insurance
- Household insurance for the building and contents

#### Tip

- Shop around for greater savings (get 3 quotes)
- Make sure you can afford the excess
- Keep updating your car's value to save on premiums
- Don't allow old policies to lapse as they often carry lower premiums
- Don't underinsure or you'll only be covered for a percentage of the replacement cost



Life Insurance



Disability Protection



Critical Illness Cover

As Ntombi and John have a number of assets and 2 kids, they want the help of a **professional to draft their will.**

#### A specialist helps them to:

- make a detailed list of all their assets and how they will be distributed
- detail the taxes they'll need to pay on their assets
- decide who the executor will be (person responsible for winding up their estate)
- understand how much it will cost to wind up the estate

#### Dying is expensive

These are typical costs to be paid by your estate:

- 1 any debt you still owe e.g. home loan, credit cards, personal loans
- 2 administration costs – these add up quickly!
- 3 tax, such as estate duty and capital gains tax – this is where talking to an expert really helps



### Sense Check

#### Drafting a will through a financial institution

Banks often offer a free will and will appoint themselves as the executor of your estate at a typical fee of 3.5% of the estate plus VAT.

So, if your estate is worth R1 million, they could end up charging your heirs around R40 000 just to wind it up.

Ntombi and John have reached

# the peak of their financial wellness journey

They've built a stable foundation for their lives and have created protection for their loved ones as well.



While Ntombi and John's journey to financial wellness may be over, don't let yours stop here. Take a look at these free digital learning experiences brought to you by Capitec.

## MoneyUp<sup>1</sup> Academy

[www.moneyup.co.za](http://www.moneyup.co.za)

- Simple and practical info to help you grow your money
- Short, fun modules and quizzes
- No fees and no data costs
- Scan the QR code below to get started



## #MoneyUpChat

087 240 5757

- Great money tips from Moola, our friendly chatbot
- Save our number to your contacts and send a "Hello" to get started on
- WhatsApp



One more thing before you leave...

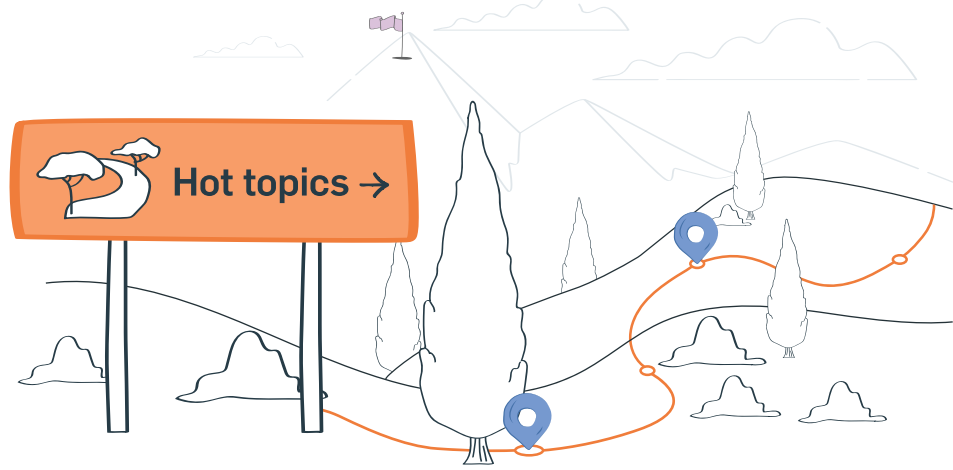




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## More hot money topics

We may have reached the end of Ntombi and John's financial wellness journey, **but here are 2 more vital money lessons they learned along the way**, which will help you as you progress in your own financial wellness journey.



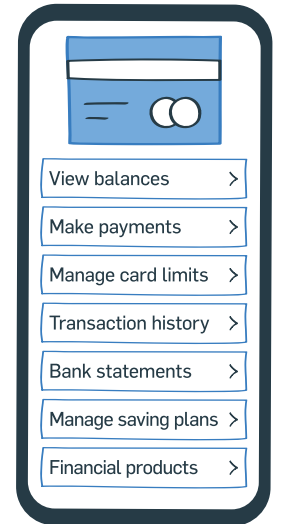
# digital banking

Historically, banking involved long queues at branches and limited access to bank account information. Now, with banking apps, you have 24/7 access to your finances. In addition to everyday banking services like making and receiving payments, tracking your money and taking up new financial products like insurance and credit, you can even:

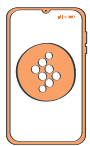
- pay bills
- buy vouchers
- top up airtime and data
- renew you car license disk

This is an ever-evolving list that keeps growing. And it's not just about convenience.

Digital banking has also improved security, with features like biometric authentication (using your fingerprint or face ID) and real-time transaction alerts to **keep your money safe**.



### Different ways to pay on your app:



#### PayShap

This is an affordable digital payment method that allows you to make or receive instant interbank payments.

You can pay or be paid instantly by using a bank-registered cellphone number.

Look for the Payshap icon in your banking app and follow the prompts to register.

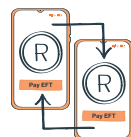


#### Virtual cards

These work like a physical debit or credit card and are designed to be used for secure online shopping and app subscriptions.

Virtual cards can be created and used instantly, making them ideal for online shopping.

A virtual card can't be lost or stolen, and if you suspect fraud on your account, you can cancel it and issue a new one immediately.



#### Electronic fund transfers (EFTs)

You can move money from one account to another electronically. The sender must initiate and authorise the transfer using the recipient's bank account information.

A standard EFT takes 1-3 days to reflect in the recipient's account, but an immediate or instant EFT can be selected at extra cost.



#### Scan to pay

This is a feature allowing you to make contactless, cashless payments quickly and conveniently by scanning a Quick Response (QR) code with your smartphone.

### Have you heard about DebiCheck?

DebiCheck is a system that allows you to electronically confirm debit orders with your bank before they are processed, making the process more secure and transparent, and giving you more control.

Using DebiCheck reduces the risk of incorrect or fraudulent debt orders being collected.



*“The bank queue is always so long. I decided ‘no ways’ and from now, I’m doing everything that I can from my app.”*

**But with digital banking comes responsibility...**

You also need to defend yourself against a new generation of scammers.

# protect your money



Here are some common ways scammers are trying to get at your money.



## At the ATM

Scammers may approach you pretending to offer help, but then create distractions to snatch your card, PIN and money.

### Stay safe

- **Keep your distance and be vigilant:** don't let anyone get too close
- **Do it yourself:** never let strangers help you at the ATM
- **Choose wisely:** avoid ATMs that look damaged



## At shopping malls and on the street

Scammers prey on people's good nature to return kindness. They promise something of value (for example, a voucher from a reputable retailer) for free, in exchange for personal info or a favour.

### Stay safe

- **Contact the retailer:** rather check if the promotion is real before you commit
- **Guard your phone:** don't let anyone remove the SIM card from your phone or take a photo of you
- **Know what you are signing up for:** don't approve debit orders if you don't know what they're for



## Phishing and smishing (email and SMS)

Review emails and SMSs carefully. They may look like they're from your bank or other trusted providers, but they might not be. Your bank won't send you an SMS or email with a link to enter or update your personal details or banking information.

### Stay safe

- **Don't tap on links** in SMSs and emails unless you're sure they're from a trusted source
- **Be careful of fake phone numbers** in SMSs or emails: stick to numbers you've confirmed or are familiar with



## Social media

Scammers may ask for an advance payment on a platform like Facebook for a job, a prize or a loan. Some may pose as crypto and investment experts with glamorous lifestyles to trick you into believing they'll make you lots of money in a short period of time.

### Stay safe

- **Don't pay for something on Facebook Marketplace if you haven't seen it in person.** If you're selling something, wait until you receive the money in your account before handing over your item. Always choose a public location when meeting a buyer or seller.
- Only buy from **well-known** brands or verified sellers
- **Don't pay for prizes** - real competitions won't ask you to make a payment to claim a prize
- **Don't pay an upfront fee** to get a job or loan
- **Beware of WhatsApp and Telegram groups** that you are asked to join out of the blue, offering payments for following or liking accounts
- **Invest with caution** - before you invest, research and check if the investment company is licensed with the Financial Sector Conduct Authority (FCSA)
- **Only work with legitimate agencies** when you pay a deposit for a rental property, holiday or venue. Beware of scammers who impersonate real agents



## Vishing calls

Scammers often impersonate organisations you trust, tricking you into believing you will lose money or something of value if you don't act immediately.

### Stay safe

- An agent from your bank will **never** ask you to:
  - Do transactions on the banking app to stop/prevent fraud
  - Move your money to an unknown account
  - Share your personal information like PINs or card details
- If your bank has a **call verification feature** in their app, you can sign into your app while on a call to verify whether you are actually speaking with your bank
- If you're ever unsure, **play it safe.** Hang up and call your bank immediately



"I was this close to transferring my money to a scammer - they sounded so convincing!"

# buying a car

Along your financial wellness journey, you may have the opportunity to buy a car. It's a great feeling having your own wheels. But it's also a major credit decision, so let's make sure it's a tool and not a trap and that you can stay financially well no matter how you move about.

## Remember how Ntombi and John paid off their car loan on their journey to becoming financially well?

Their car is getting old and it's in the workshop more than on the road, so they're keen to replace it.

Here are the 3 steps they will take to prepare:



### 1 Check affordability

They've learnt how to tell a debt tool from a debt trap. They crunch the numbers on their Money Plan and do some research into current car prices.

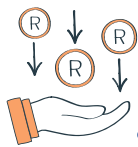
This helps them decide to look only at suitable second-hand cars, with repayments they can comfortably afford.

“I know the moment a new car moves out of that dealership it loses 10% of its value.”



The people who drive the fanciest cars are sometimes the most financially unwell.

Many of the luxury cars you see rolling up next to you are paid for with debt and owned by banks.



### 2 Reduce repayment costs

Ntombi now knows that the bigger the deposit, the less she will have to borrow, which means the less interest she will pay overall. Look at how much interest she will save!

She also knows that the shorter the repayment term, the less interest she will pay overall. Look at the difference now!

	Loan amount <b>R180 000</b>	Loan amount <b>R160 000</b>
Price	R180 000	R180 000
Initiation fee	R1 207	R1 207
Deposit	-	R20 000
Interest	13%	13%
Term	72 months	72 months
Repayment per month	R3 707	R 3 305
Monthly admin fee	R69	R69
Total interest over duration of loan	<b>R80 698</b>	<b>R71 791</b>



“That’s an almost R9 000 interest saving!”

	Loan term <b>72 months</b>	Loan term <b>48 months</b>
Price	R180 000	R180 000
Initiation fee	R1 207	R1 207
Deposit	R20 000	R20 000
Interest	13%	13%
Loan amount	R160 000	R160 000
Repayment per month	R 3 305	R4 394
Monthly admin fee	R69	R69
Total interest over duration of loan	<b>R71 791</b>	<b>R46 382</b>



“Another R25 000 interest saving. I love being credit smart!”



### 3 Understand all the costs

The debt repayments are just some of the costs of owning a car. You'll also need to budget for the following common expenses:

- petrol or diesel
- insurance
- maintenance
- car license



#### Sense Check

### Balloon payments

This is a very expensive way to finance a car purchase, even though it appears to be cheaper. **Why?**

Your monthly instalment is lower, because you only repay a **percentage of the total loan**. The rest you pay as a lump sum (known as a balloon payment) at the end of your loan.

But what many people don't realise is that you pay interest on the lump sum for the whole term, so in the end you pay a **lot more interest!**

And, if you can't pay the balloon payment at the end, you may have to take out further debt to get the cash (which means more interest) or you could risk losing their car.

Enjoy your new wheels, may they take you on **many journeys!**



MoneyUp Academy



[www.moneyup.co.za](http://www.moneyup.co.za)

# MoneyUpChat



**087 240 5757**

Save the MoneyUp Chat number to your contacts and send a "Hello" to get started on WhatsApp.