

SAVINGS AND HOUSEHOLD FINANCE



HOAP

HOME OWNERS' ADVICE PAMPHLETS



SAVING REGULARLY



It is important to learn to save and plan your finances (money). You can build up your own funds and pay for emergencies without taking loans or credit. When you take a loan you ask someone to give you money. There is no guarantee that you will get it and if you do, there are usually lots of conditions such as interest. If you save the money yourself, you are free from these conditions and will be able to improve your life in an ongoing way.

WAYS TO SAVE



- Bank accounts
- In a group, e.g. gooi-gooi, stokvels
- Insurance, endowment or education policies, retirement annuities, pension or provident funds
- Burial society or *umgalelo*
- Buying through a lay-bye, rather than buying on credit where you have to pay interest.

INDIVIDUAL SAVINGS OR GROUP SAVINGS



If you are saving on your own it is sometimes difficult to keep going to reach your goal. Banks often demand that you have a formal job or a payslip before allowing you to open an account. Banks also charge service fees, and the interest is very low.

Often the service charges are more than the interest your money earns in the bank.



If you are part of a savings group or gooi-gooi, you don't need a job. If you save with others in a group you have more money in the bank account so you will earn more interest. Saving in a group is better because the other members can encourage you to save regularly.

HOW TO START A SAVINGS GROUP

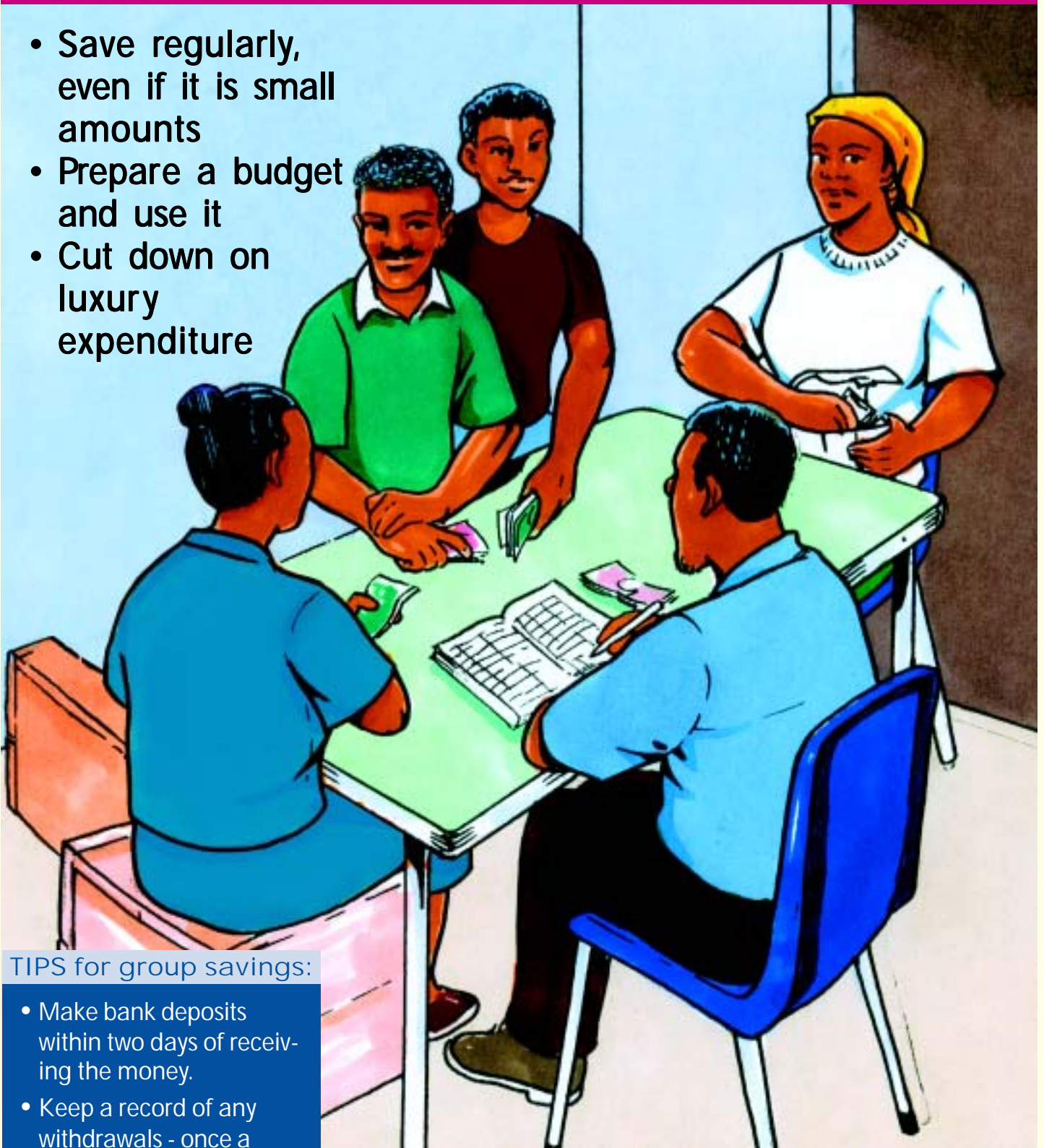
Get together with a group of people you can trust, who will save regularly, and who live or work close to you. Before your group starts saving you must agree on:

- how often and where you will meet
- how often you will save
- how much you will save
- how you will save – bank account, purchasing goods together, gooi- gooi
- how you will keep records and receipts.

To open a club or group account at the bank, you will need a constitution, rules list of member details and the signatories' details and identity documents.

THE MOST IMPORTANT ADVICE IS

- Save regularly, even if it is small amounts
- Prepare a budget and use it
- Cut down on luxury expenditure



TIPS for group savings:

- Make bank deposits within two days of receiving the money.
- Keep a record of any withdrawals - once a member asks to withdraw money, they should receive it within a day.
- Keep all bank statements or the bank book – these should be checked at least once a month and any mistakes should be queried and corrected within one week.

PLANNING YOUR HOUSEHOLD FINANCES

HOW TO BUDGET

You need to budget to make sure that you can take care of your family, your house and pay for services such as water and electricity. A budget is a list of all the money coming into the household (income) and all the money going out (expenses). A budget can be done every week or every month.

EXAMPLE OF A MONTHLY BUDGET:



Income		Expenses	
Wages		Fixed expenditure	
Grants		School fees	
Pension		House insurance	
Other		Other insurance	
		Home loan repayment	
	Rates	
Total Income	Changing Expenditure	
		Food	
		Transport (train / taxi)	
		Electricity / Paraffin	
		Water & other services	
		Savings	
		Clothing	
		Luxury Expenditure	
		Beer / alcohol	
		Cigarettes	
		Sports/hobbies	
		
		Total Expenses

Total Income	R.....
Minus Total Expenses - R.....	
Equals:	R.....



If your expenses is more than your income you are in financial trouble. Fixed expenditure is your regular expenses. These must be at the top of your priority list. Changing expenditure are expenses that will change each month. Try to reduce these expenses if you are in financial trouble. Luxury expenditure means spending on unnecessary things - this expenditure should be at the bottom of your priority list.



ALSO SEE OTHER PAMPHLETS ABOUT:

- Working smart with credit and loans
- Making home improvements



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