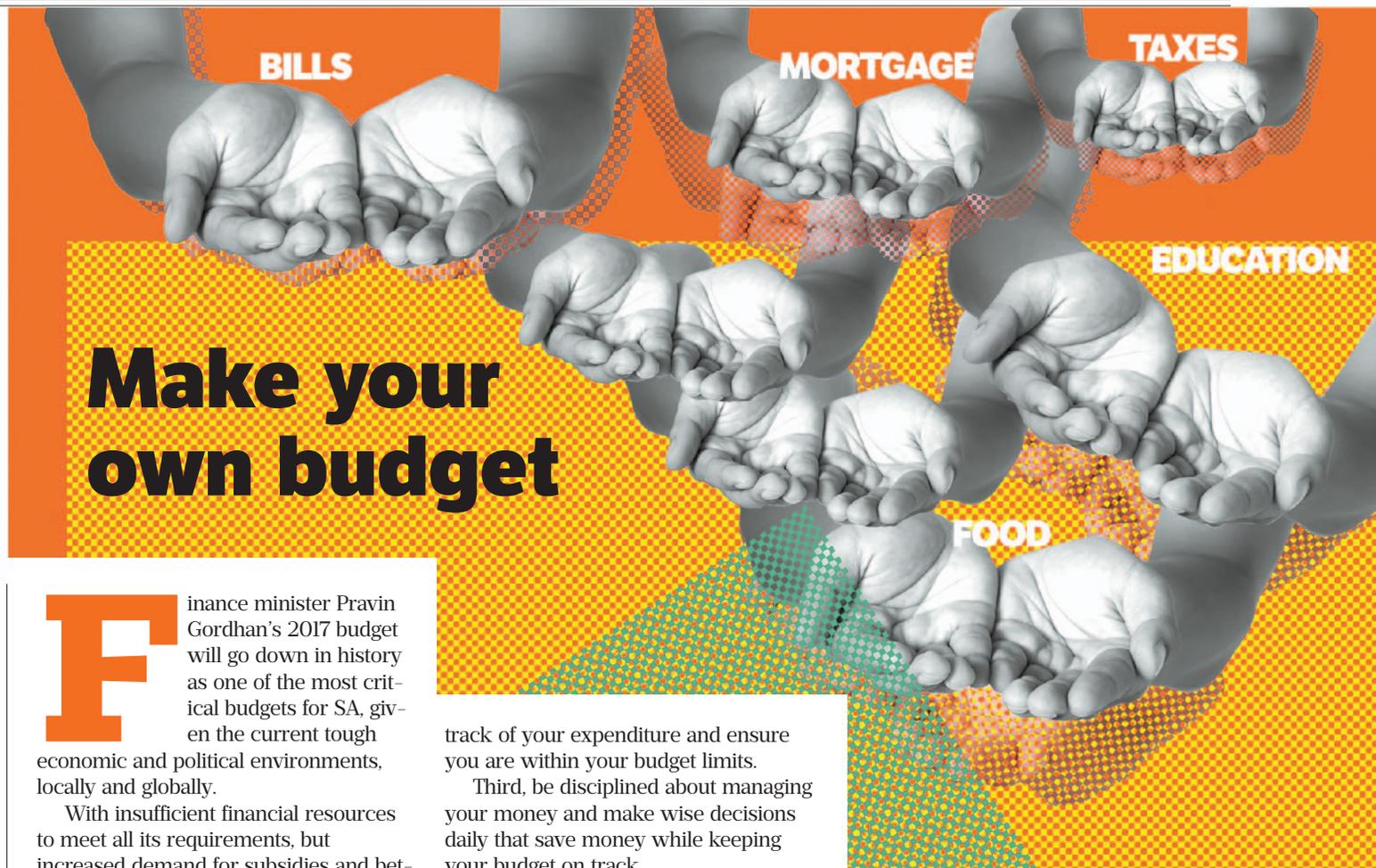




## opinion by etienne de waal



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# Make your own budget

**F**inance minister Pravin Gordhan's 2017 budget will go down in history as one of the most critical budgets for SA, given the current tough economic and political environments, locally and globally.

With insufficient financial resources to meet all its requirements, but increased demand for subsidies and better living standards, government faces the tough task of balancing the needs of its constituency with the looming threat of zero growth, a ratings downgrade and disinterested foreign investors.

Now is an opportune time to take stock of your personal budget. How will the national budget affect your expenditure? Will you pay more for food, education and basic services? Will you benefit from tax breaks? Can you protect and grow your savings?

Just as Gordhan surrounds himself with experts to draw up the national budget, individuals should seek expert advice to create a well-formulated budget as the first step to financial wellness. Financial wellness means being able to sustainably cover planned as well as unforeseen expenses.

Research shows that people with budgets are more likely to be financially healthy. Once you understand how and why you spend money, you can set financial goals.

Momentum recommends a four-step process. First, know where you spend your money. This will help identify areas where you could save. Second, keep

track of your expenditure and ensure you are within your budget limits.

Third, be disciplined about managing your money and make wise decisions daily that save money while keeping your budget on track.

Lastly, look for opportunities to free up money to save for your lifetime goals and ensure financial wellness.

Similarly, Gordhan has drawn up a list of SA's income and expenditure. He will have sought ways to increase income through cost-cutting measures or higher taxes. Then he will have applied any available funds after expenditure to meet SA's wish-list of financial needs and goals.

**A personal budget** can be formulated using spreadsheet software, together with an analysis of your bank accounts. Momentum is investing in digital platforms to give clients the tools to manage their budgets.

Online tools such as Myfintrack on momentum.co.za help categorise and track daily spending. Financial advisers also offer budgeting and financial planning advice.

The expense of face-to-face financial advice, as well as the minimum investable income required, leaves many lower- and middle-income earners unable to afford wealth management advice. With lower fees and investment

minimums, digital advice offers an opportunity to narrow the financial advice gap. By simply using a mobile phone, clients can obtain advice relevant to their current needs and long-term goals.

Digital advice appeals to cost-conscious investors as well as those who do not need face-to-face advice for all their investment needs. Given the compounding effect of interest, even a small cut in fees can make a big difference to the long-term value of an investment.

For most clients, blending digital with face-to-face advice provides the optimal balance between trustworthy financial advice and the most affordable rates. Despite the appeal of cost-effective digital advice, when it comes to complex matters such as trusts, taxation and estate planning, we recommend consulting a reputable financial adviser.

Whichever route you take, use the opportunity of the national budget to reflect on past financial successes and mistakes, measure your current financial wellness and reassess your financial and lifestyle goals. **x**

**When SA revises its budget and sets financial goals, so should you.**

