



# FINANCE 101

with



# GetBucks

[www.getbucks.com](http://www.getbucks.com)

# KNOW the LINGO:

## Income

Money that gets paid to you. This can be anything from salaries and wages to social grants.

## Expenses

Anything that you spend money on. Some expenses are predictable (rent, etc.) while others can be unexpected (doctor's fees).

## Inflation

This refers to the rate at which things get more expensive over time, usually expressed as a percentage. For instance a loaf of bread costs roughly R12.00 in 2016, up from R3.75 in 2006.

## Interest

This can be interest on credit, which is the extra money that you pay to creditors as a fee for borrowing from them. There can also be interest on savings, which is a reward paid to you for saving.

## Funeral Insurance

Insurance that you take out to cover the cost of your funeral after you, or a family member dies.

# KNOW the LINGO:

## Tax

There are two main types of tax that are important. The first is VAT (value added tax), which is charged on most products and services. The second is income tax. This is the portion of your income that legally has to go to SARS.

## Credit/Debit

Credit means that you get something of value (a lump sum of money, a car, etc.) and pay it back over time with interest. Credit is your ability to take on debt, while debt is the actual amount that you owe a creditor.

## Default

To default is to miss a scheduled loan repayment. If you do default, you will be liable for extra fees and penalties.

## Instalment

This is the amount of money you need to repay every month to pay back money that you have borrowed.

## Credit Life Insurance

The insurance cover a consumer takes out to cover their credit payments in the event of their death, disability, terminal illness, unemployment, or other insurable risk.



# FINANCIAL WELLNESS:

Being financially healthy means being in a position where you are meeting all of your financial commitments and putting money away in savings.

In an ideal situation these are the pillars that should be in place for you to be financially healthy.

Benefits of financial health include less stress and pressure, more freedom to do the things you hope for and peace of mind about your future and that of your family.

Investment

Emergency Funds

Credit Report

Savings

Insurance Cover



# BE SMART:

To achieve financial wellness, you will need to set goals and work toward them. Here is one system (SMART) for setting reachable goals:

## Specific

Be clear about what you want to achieve. For instance, you could say that you want to save enough to put down a 10% deposit on a reasonably priced car.

## Measurable

You have to be able to keep track of your goal and measure your progress. For instance, for that deposit I will need to save R18,000.

## Attainable

Set realistic goals that you will be able to achieve. For instance, if you want to save R18,000 for a deposit, you might plan to put away R1,000 a month. If you earn R15,000 a month, that might be possible but if you earn R5,000 a month that probably won't be possible.

## Reasonable

Is it reasonable to purchase a car? If it is, you must decide whether buying a luxury car is reasonable or whether it is better to go for a reliable mid-range car. Set goals that make sense and that are realistic.

## Time Frame

Your goal must be linked to a date or time range. Just remember that you need to stay realistic.



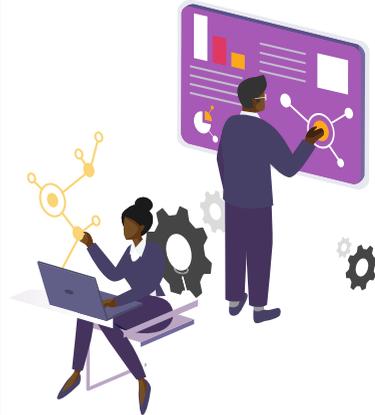
# BUDGET:

It is highly unlikely that you will be able to achieve your financial goals without having a financial plan. You need to look at your expenses, add them all up and then subtract them from your income. That way you will know what you have left to use towards achieving your goals.

**Here is an example of how to layout your budget:**

<b>Goals</b>	
Short-Term	Pay off clothing store account
Medium-Term	Save for holiday
Long-Term	Invest in retirement

<b>Income/Expenses - Actual</b>		
<b>Item</b>		<b>Comments</b>
Total Income:	R 13 210.00	Rent, etc. Groceries, etc. See below financial plan
<b>Expenses</b>		
Fixed Expenses	R 4 338.00	
Variable Expenses	R 5 900.00	
Debt Repayments	R 2 370.00	
<b>Savings/Investments</b>		
Savings	R 200.00	
Investment	R 200.00	
Emergency Fund	R 200.00	
Difference	R 2.00	



<b>Accounts/Creditors</b>			
<b>Creditor</b>	<b>Balance</b>	<b>Monthly Instalment</b>	<b>Extra Payment</b>
Credit Card	R 2 178.22	R 478.00	R 22.00
Store Account	R 1 250.00	R 320.00	R 100.00
Vehicle Loan	R 63 329.00	R 1 450.00	R -

# SAVING:

When you get money in, there are two main things that you can do with it. You can either spend it or save it. It is important to save money for a long term goal, or even a rainy day.

By saving money, you are really growing your money which means that your money will **WORK FOR YOU**. This happens through a process of earning interest and putting it back into saving so that you earn interest on interest.

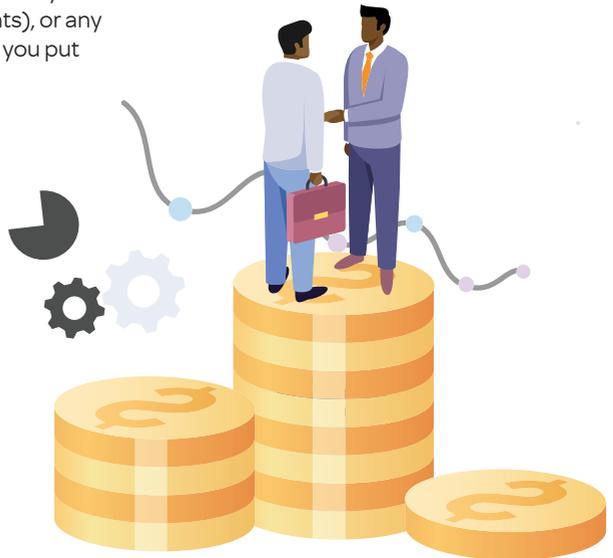
## To demonstrate, let's look at an example:

If you invest R10,000 today at 6%, you will have R10,600 in one year. Now let's say that rather than withdraw the R600 gained from interest, you keep it in there for another year. If you continue to earn the same rate of 6%, your investment will grow to R11,236.00 by the end of the second year.

In this way you could have R17,900 after 10 years. That is R7,900 that you earned without doing anything.

## Remember:

You should always pay off debts where you are in arrears (behind with payments), or any legal action has been taken before you put extra money into saving.



# CREDIT:

You can use credit to buy things over a period of time. This can be short term like a personal loan or longer term like a home loan. To get credit, you need to have a good credit score.

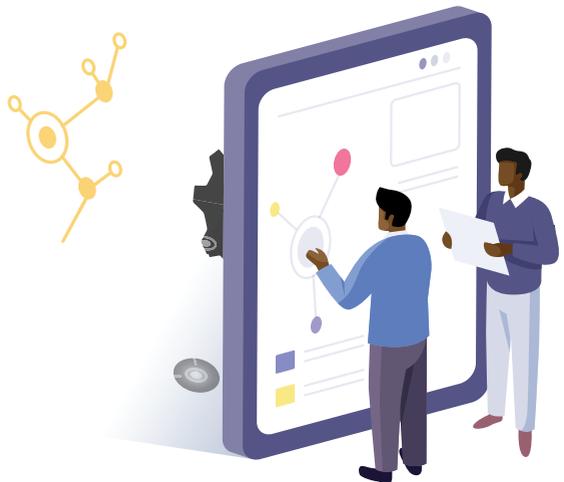
## What's that?

**YOUR CREDIT PROFILE IS YOUR FINANCIAL REPUTATION.**

Your payment behaviour is put on your credit record, whether it is good (paying credit instalments in time or early) or bad (missing payments).

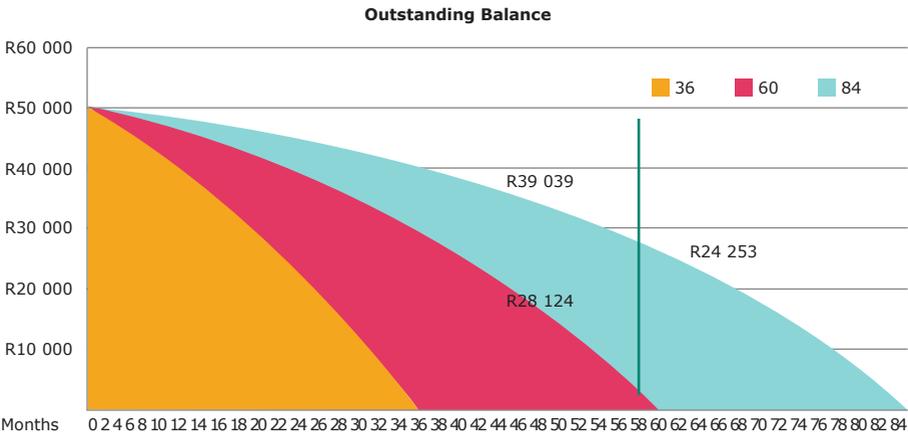
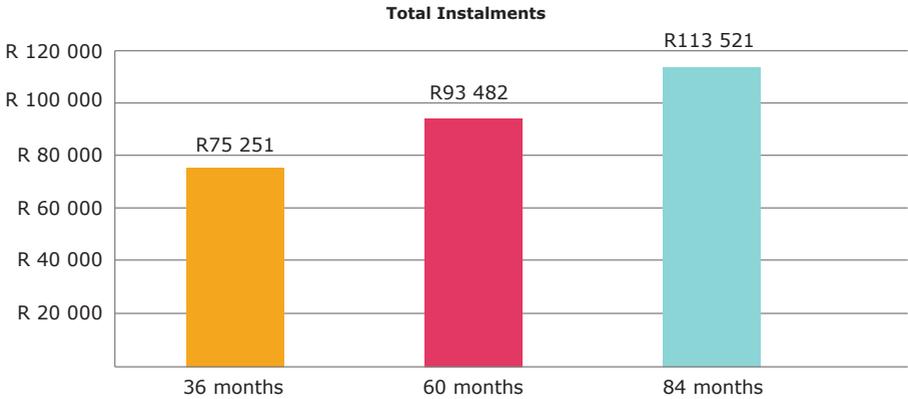
It is important to check your credit record at least once a year to not only see what credit providers can see about you, but also to protect yourself from identity theft. You get one free credit report a year from a credit bureau.

By getting credit and paying it back without missing payments or lodging unnecessary disputes, you can build a good credit score which will allow you to access even more credit. If you have not built up a credit record it is unlikely that you will be able to apply for big loans like a home loan. If you do not have a credit history, you can open an account at a clothing store to build up a credit history. But remember, just because you have it, it does not mean you have to use it.



# CREDIT:

Although borrowing for a longer term might be easier on the pocket each month, it is not the case for the long term. See what happens if you borrow R50 000:



Instead of taking out a loan over a longer term, you could save money by paying it off as quickly as you can.

# OVER- INDEBTNESS:

If you are unable to pay back your debts in full at the agreed times, you are over-indebted. This can happen because your financial circumstances change (if you lose your job) or if you borrow or spend more than you can afford.

To avoid this, you must know what you can and can't afford (by looking at your budget) and you must know the difference between needs and desires.

## Needs vs. Desires

A **need** is something you cannot do without such as water, electricity or food. These are necessary expenses that need to be incurred every month.

A **desire** is something you really want, but can live without. Don't get confused between need and desire. You need to eat, but might want to eat out.



# NCA & NCR:

The National Credit Act (NCA) was introduced to protect YOU as the consumer. It is a law that promotes fair credit practices and regulates pricing.

The NCA required the creation of the National Credit Regulator (NCR), which is a body that keeps track of financial institutions and makes sure that consumers are able to lodge complaints if they feel that they have been treated unfairly.

## CREDIT RELATED MATTERS AND DEBT COUNSELLING

Telephone: 011 554 2600  
Fax: 011 805 4905  
Email: [info@ncr.org.za](mailto:info@ncr.org.za)  
Website: <http://www.ncr.org.za/>



# IDENTITY THEFT OR FRAUD

With advancements in technology it has become increasingly easy for criminals to access your information. With this information they can pretend to be you. All they need is a few details, like your ID number, address, bank details, etc.

If they are able to access this kind of information, they are able to act recklessly, which will affect your credit profile.

## HOW TO AVOID BEING A VICTIM OF IDENTITY FRAUD:

- Do not take your ID book/card everywhere, only keep it on you when you really need it.
- Do not store personal information (like passwords) on your phone.
- Be careful when it comes to competitions or surveys that require your personal information, these could be scams to access private information.
- Do not disclose personal information over the internet or telephonically, without knowing who you are disclosing the information to.



## FRAUD PREVENTION OR REPORTING:

Hotline: 086 010 1248  
Website: [www.safps.org.za](http://www.safps.org.za)



# GetBucks

GetBucks is a registered credit provider, specialising in **short- and medium-term loans** when you really need them.

**For more information visit:**

[www.getbucks.com](http://www.getbucks.com)

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