

the money guide

Tips and tools for financial success



What is financial health?

How to set SMART money goals

how to be financially healthy

Make your money 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 achieving your goals. It's never too late to make the right choices about your money, so start by following these 7 steps to become financially healthy. You can do it!

Grow your savings

Get the most out of your money over the long term.

Save every month

Every bit helps to get you to your goals.

Repay credit

Understand credit and the best ways to repay the money you owe.

Track your spending

Pay close attention to what you spend and what goes off your account.

Cut back expenses

See what you can cut out, reduce, negotiate or save on.

Create a money plan

Work out a plan for how you spend and save to reach your goals.

Set money goals

Decide what you want your money to do for you, and by when.

4 key elements of financial health

Security

- 1 **Control your daily and monthly spending.** In other words, spend less than you earn.
- 2 **Ability to cover financial shocks,** such as major repairs, a temporary job loss or a medical emergency, without getting into debt.

Freedom

- 3 **Ability to work towards your financial goals,** like saving for a holiday or retirement.
- 4 **More freedom to make choices,** such as changing jobs or taking up a hobby.

Being financially healthy isn't about how much money you earn. It is about how you use your money to build more security and freedom into your life.

setting money goals

To begin any journey right, you need to know where you're going. That's where your dreams and goals come in.



The difference between dreams and goals

What are your biggest dreams for your life? To build a home for your family? Travel? Raise children? Find a job you love? Our dreams are the things that inspire us and bring us joy, even if they're not always what others expect us to do.

A dream, however, is just an idea if you don't have a plan for when and how you're going to make it happen. Setting clear money goals helps you to take control of your dreams.

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 SMART goals:

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

General goals

"I'm going to save up to buy a computer," or "I'm going to pay off my home loan faster."

SMART goals

"I'm going to stop smoking and save R600 a month (**measurable**) to buy a refurbished second-hand Lenovo computer (**specific** and **realistic**) in 5 months' time (**achievable** and **timely**)."

"I'm going to pay R200 extra (**measurable** and **realistic**) into my bond every month (**specific**) to pay off my home loan in 18 years instead of 20 years (**timely** and **achievable**)."

Money goals



10+ years Long-term goals

- Pay off home loan
- Pay for a child's tertiary education
- Retire in comfort

3 – 5 years Medium-term goals

- Enrol in a course
- Buy a car
- Pay off debt
- Make a down payment on a house



0 – 24 months Short-term goals

- Pay off short-term debt
- Pay off student loan
- Grow emergency savings
- Do home improvements
- Go on holiday



Identify your priorities

Break goals into short-, medium- and long-term actions. This will help you to see what needs to happen first.

0 – 24 months Short-term goals

Examples: Pay off short-term debt or a student loan, grow emergency savings, get married, do home improvements, buy furniture

3 – 5 years Medium-term goals

Examples: Save for a university education, buy a car, pay off debt, put down a deposit on a house

10+ years Long-term goals

Examples: Pay off your home loan, pay for your children's university education, have enough savings to retire

the evolution of banking

In the beginning

The modern banking system can be traced to the 11th century, when Florence and Venice first became trading and finance hubs. Merchants transacted on wooden benches in public squares (the word "bank" originates from the Italian word "*banco*", meaning bench). Some merchants needed a safe place to leave their gold, others needed to borrow money to buy goods – and so the banking system was born.

Merchants could leave their gold in a secure safety deposit box at a bank. The bank would lend this money to other merchants, and would charge them interest until the debt was repaid. The bank would share this profit with the depositor, paying them a portion of the interest charged on the loan.

As international trade developed, merchants needed to transfer money without the risk of moving it by land or sea. This brought about an innovation: book money – money which existed only as a written record of transactions and names.

Modern banking

Technology has transformed much of how banks operate today, but the system itself still operates on the same essential principles:

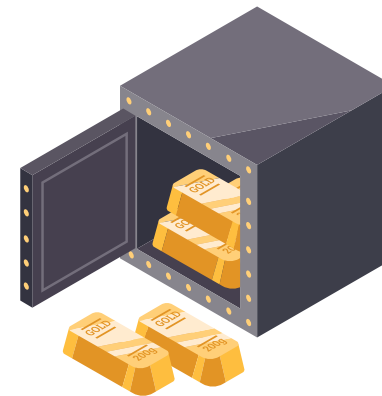
Banks allow clients to safely store money.

To attract these deposits, banks pay interest to clients.

Banks then use these deposits to lend money to other clients, charging a higher interest rate on loans than paid to depositors. This difference is where they make their profit.

Digital banking

We can now bank anywhere and at any time just by pulling a cellphone from our pocket. Transactions are communicated and recorded in real time by computers. Today, banking from your phone is one of the safest and easiest ways to bank.



#SimplifyBanking #LiveBetter



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