

How financially fit are you?

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Financial fitness, like achieving running fitness, requires a well-structured plan, clear goals, and a supportive companion to keep you accountable and focused. Similarly, attaining financial confidence requires a thoughtfully crafted financial plan and a knowledgeable coach to guide you throughout your journey. Sherwin Govender, business development manager at Glacier by Sanlam, unpacks ten steps to get you on the road to financial fitness.

10 Steps to financial fitness

1. Know what your money needs to do for you. Financial fitness is about money, it's that simple. Some of us want to save or invest for something specific like our first home or an overseas trip. Some of us want our children to have a good education at quality schools, while others want to retire with peace of mind. Financial fitness means different things to different people. Decide what *you* want.
2. Think about your relationship with money and what shaped it. Who first influenced your approach to money and was it negative or positive? What did you learn from them? Your relationship with money is hard-wired into your subconscious, determines how you manage it and is often the root cause of financial stress. When you become aware of the root to your relationship with money, you can work on changing it for the better.
3. Set goals. A goal is very personal and different for everyone. An effective goal is specific, is achievable and has a timeframe. Also, goals can be for the short, medium or long term. For example:
 - I want to have an emergency fund for unexpected expenses like my child needing braces.
 - I want to go on holiday overseas every two or three years.
 - I want to own a house in five years.
 - I want my new-born to attend private schools and go to university.
 - I want a carefree life when I retire.
4. Manage your income. Money comes from three places – your earnings, your savings and

your debt. Each of these streams has a specific growth pattern. Your earnings could grow annually; your savings have returns; and your debt attracts interest. Consider whether your salary is keeping up with inflation; if your debt is good or bad, and whether it is manageable in relation to your income. Bear in mind, you may have limited control over how much your income can grow. However, you can have significant control over your debt and savings.

5. Draw up a budget and stick to it. If you are in a situation of high financial stress, going over your budget, item by item, is a necessity. Categorise your budget items into bare necessities (e.g., food, transport, bond repayments, rent, electricity) and flexible necessities (e.g., insurance, savings, clothing) and flexible “quality of life” expenses (e.g., branded clothing, eating out, gym membership).
6. Managing income is not about denying “quality of life” expenses. Be smart about these expenses. You might enjoy going out to dinner, but instead of eating out at a franchise restaurant once a week at R500 each time, perhaps go out to a nicer restaurant at R800, once a month. Remember, wearing branded clothing doesn’t make you a better, more successful person.
7. Develop a healthy fear of debt. Debt is the enemy of financial fitness. If you are using debt to live, pay off other debt or to finance an unaffordable lifestyle, you are in trouble. Seek help from a financial adviser to help with a debt reduction plan immediately.

Debt makes everything more expensive. Healthy debt is car finance and a mortgage bond, but even in these cases, temper your desires. Do you really need a luxury car or a multi-level dwelling? Remember, those debt repayments will be taking money away from your “quality of life” expenses or your bi-annual holiday abroad. Also, your house or your car doesn’t belong to you until it is fully paid up at the bank.

8. Know the difference between being rich and being wealthy. Being rich is the “show” of being wealthy – branded clothing, luxury cars or a magnificent, multi-level house. Being wealthy is being as close as possible to zero debt. To calculate this, take all of the money you have easy access to (immediate savings, investments and cash in the bank etc.) minus what you owe on your debts (credit card balance, the balance on your bond, outstanding balance on your car finance etc). If you get to zero or positive, you’re wealthy.
9. Get a coach. To become financially fit, requires the help of an appropriately authorised financial adviser. Everyone needs one. Importantly, this must be someone who you are comfortable with disclosing your deepest, darkest financial secrets to. Your honesty with your adviser is critical for them to be able to design a realistic financial plan for you.
10. Take action. Talking, researching and asking questions are important, but until you take steps to put your plan into action, financial fitness is really just a good idea. Like going on that first run to get physically fit, so too must that first action happen to become financially

fit.

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Sherwin has been a business development manager at Glacier since 2016, when he relocated to Cape Town from Kwa-Zulu Natal, where he had joined Glacier in 2011. He is responsible for developing and maintaining an investment intermediary portfolio of Sanlam tied agents and independent planners. This involves growing relationships with intermediaries through his support with technical expertise and planning. His career in financial services spans over 15 years, having fulfilled roles at Old Mutual Wealth, Nedbank Financial Planning and Alexander Forbes. Sherwin holds the following qualifications:

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