

Rands with Sense

How Younger People Can Better Manage Their Finances

1. No matter how old you are, if you want financial wellbeing, you must **draw up a personal budget**. No matter how much money you make, you must never spend more than you earn, otherwise you'll never be financially independent. A budget is the only way you can keep track of your expenses.
2. The experts say that there are two basic financial planning needs: **life cover and savings**. There are two reasons why you should invest in life cover: to cover your debts and liabilities, and to cover your future stream of income for your dependents. However, if you do not have dependents or any liabilities, you do not need life cover.
3. Don't rush into these things. **Ask yourself what it is you need** and do your homework before signing away a portion of your salary.
4. **Savings can be split into three groups**: short term for things like holidays and birthdays. Medium term savings for a deposit on a house or your kids' school fees, and long term savings for retirement. What you need to do is draw up your personal budget and write down your saving needs and goals. This way you'll have a better idea of which savings option would work best for you.
5. Always remember: **speak to a financial advisor** if you're unsure which policy or investment will be best for you and your future. And don't hesitate to shop around for a second opinion.

