



## **DON'T WASTE YOUR HARD EARNED BONUSES. IN THESE UNCERTAIN TIMES ONE SHOULD BE SAVING.**

With many lucky people about to receive year-end bonuses in the coming weeks, Kasi Initiatives through its innovative initiative is sounding a clarion call for people to use this as an opportunity to start saving.

We know festive season is when a lot of retail companies make their greatest profits for the year; as people buy their loved ones Christmas gifts, go on holidays and so forth. This is a month where a lot of expenses are incurred by families. "With uncertainties that we face every day", we say the best gift that you can give to your loved ones is saving for them, there has never been a better time to start saving.

As a rule people should pay off debt before investing because it wouldn't make sense to invest while still in debt as the interest on debt is usually higher than the return on investments, but we all know too well that people would generally spend the money and later increase their debt levels through credit cards and so forth.

What we suggest at Kasi Initiatives is saving as little as R100 a week (be it as an individual, or with other family members, or with friends or others), instead of ordinarily spending it on some fancy lunch or on extra beers that you didn't really need to have or a pair of shoes or something that was just a want and not necessarily a need.

### **JANUARY BLUES**

It is not such a vicious cycle of money stresses related to January expenses, especially after a huge spending month of December. The January expenses are normally associated with school fees, university registration, stationary, uniforms and so forth and sometimes debt payment associated with December spending.

We say: Start saving for those January requirements to put an end to these January blues. Turn this into a habit to save up for a festive spending, January requirements and later use the bonus to payoff other debts and this will continue to be a good cycle of saving and less stressful life.



### **FINANCIAL HEALTH MEASURE**

Now, one way to do a quick check on your financial health is using the debt to income ratio. Don't be scared, it is easier to calculate it than actually saying it. This ratio will give you a quick indication of your financial health, whether it's good or bad, remember the best ratio level to strive for is 0% i.e. you do not owe anyone anything. Calculating your debt-to-income ratio isn't hard and it doesn't cost a cent, this is how it's calculated

Add up all of your monthly debt obligations (often called recurring debt -- including your bond payments (principal, interest, taxes and insurance) and loans, student loans, your minimum monthly payments on any credit card debt, and any other loans that you might have. Exclude your monthly entertainment, utilities and food for the above debt calculations.

Once you have the total debt expenses calculated, divide the above total debt by your monthly gross salary i.e.

$$\frac{\text{Total Montly Debits}}{\text{Gross Montly Income}} \times 100 = \text{Debt to Income ratio}$$

For example, if you earn R2, 000 per month and have bond payments of R400, Insurance of R200 and loans and credit card expenses of R450, your debt-to-income ratio is 52.25%

$$\frac{400+200+450}{2000} \times 100 = 52.25\%$$





## FINANCIAL HEALTH MEASURE AND INDICATORS

Excellent	Good	Moderate	Poor
0% – 15%	16% – 35%	36% - 55%	56% – 100%



If you find yourself in the first two categories i.e. between the Excellent and Good categories then you are doing very well in managing your financial health. If you find yourself in Moderate to Poor categories then it's time for action, it's time to get that financial health back healthy levels.

It is time to cut down on unnecessary spending on wants and start spending only on necessities to recover, just like when you are unhealthy you need to exercise, eat healthy and take better care of yourself, in order to get back to shape so does your financial health.

Job losses are a possibility and you may find yourself needing to live off savings for a few months, even years if the country moves into recession given the euro economic uncertainty. With the South African household savings at one of the lowest levels in the world, many South Africans are not well placed to handle hard times.

There are many suitable savings and investment products available for the small investor. One in particular is Exchange Traded Products (ETPs) , ETPs will give you access to the shares on the JSE of blue chips companies at very low investment values ranging from R300 per month or R1000 once of lump sum. Another alternative will be to save up amounts less than R300 a month in a saving plans towards investing in these products in a predetermined investment periods or cycles when a lump sum amount is reached.

What is good about ETPs is when you require your money you can get it in just a day or two, all is needed is a withdrawal notification to the provider and your money will be transferred to your account in a day or two.

But most importantly the returns on these products are great better than other products offer by banks. You might say but I don't know anything about these products, well that's why at Kasi Initiatives we have created an innovative initiative called Kasi Investment Club Umbrella (KICU) to achieve this goal of investing.

ETPs are investment products built for the man on the street to have access to JSE blue chip companies, and allow investors to choose 40 pre-selected "blue chip" shares such as Satrix top 40 in one share. This offering takes away the nervousness and risk when selecting shares by offering a simplified choice of shares. KICU will help all its members to gain more knowledge on how these ETPs work and demystify any misconceptions that might come with investing on the JSE through its partner etfSA ([www.etf.co.za](http://www.etf.co.za)), etfSA is an online ETPs provider, it gives access to all available ETPs in South Africa and some foreign ETPs

At Kasi Initiatives we say let this year be a different year, as the Mayans calendar concludes the counting of 5000 years on the 21st December 2012, let it be the end of the world for your debts and vicious cycle of debts year on year. Let it be the new beginning towards financial freedom, as same action always will result in same results, but different actions will yield different results. Financial freedom starts with you, let this year's Christmas gift be a different gift, an investment gift, let that gift reflect a transition period from stress to peace for you and your loved ones. Give them that kick start to financial freedom with that little investment; give yourself that financial peace by taking action today. Read the attached KICU document to see how we can help you achieve this new goal.

