Standard Bank

Savings **strategies for beginners**

A step-by-step guide to becoming a savvy saver and building a solid financial foundation

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Introduction

Taking charge of **your financial future**

Welcome! You've taken a crucial first step towards financial freedom by downloading this e-book. Whether you're just starting to save or looking to refine your saving habits, this guide will provide you with practical strategies and actionable steps to build towards a solid financial foundation.

In this step-by-step guide to saving, we'll do the following:

- give you the practical skills for budgeting
- explain the different types of savings tools and how to use them to set a clear path towards achieving your financial goals
- help you adopt smart saving and spending habits, and avoid common pitfalls that can prevent your savings progress

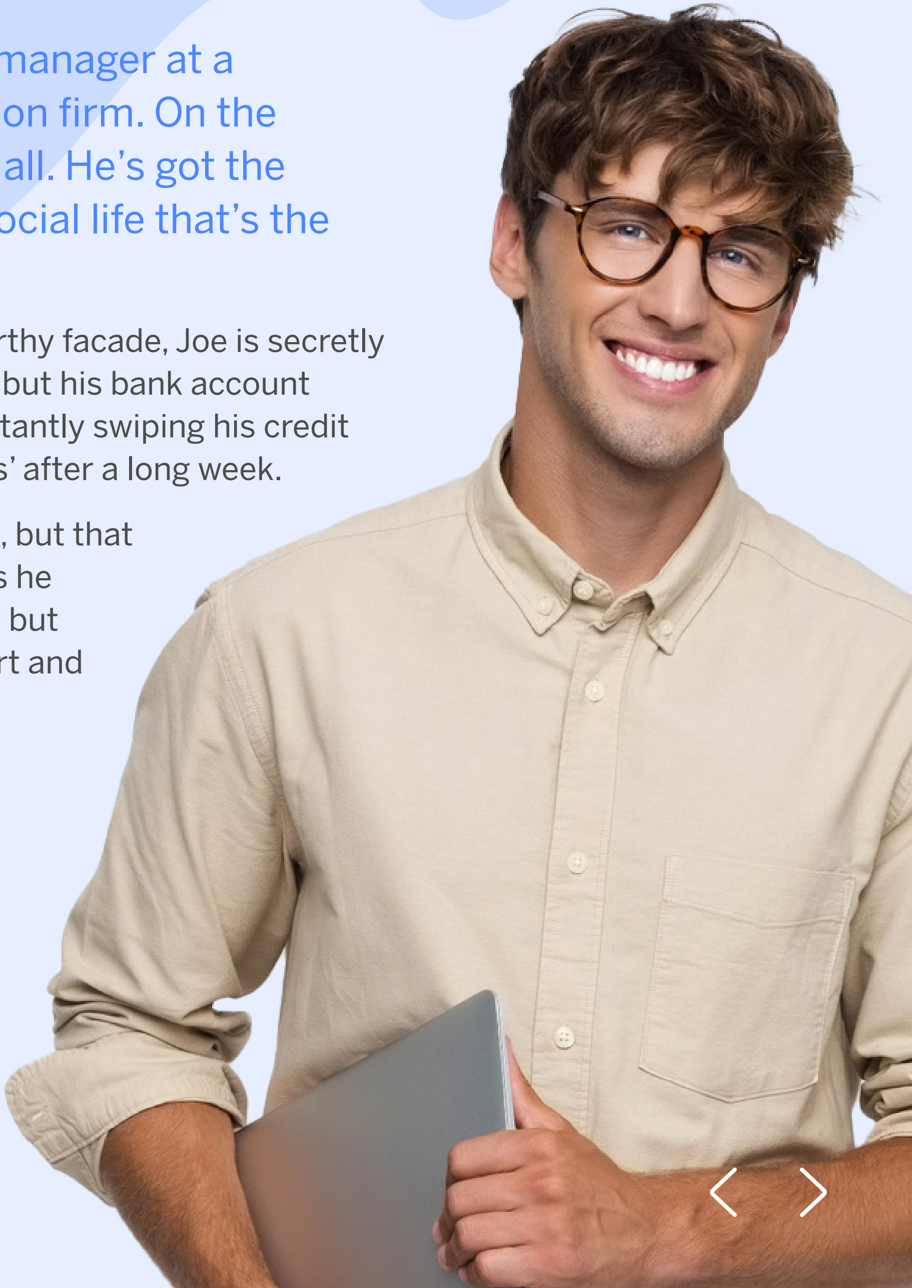
Meet Joe

Joe is a 28-year-old project manager at a development and construction firm. On the surface, he seems to have it all. He's got the cool job, the fast car and a social life that's the envy of his friends.

However, behind the Instagram-worthy facade, Joe is secretly stressed. He earns a decent salary, but his bank account always hovers near zero. He is constantly swiping his credit card, justifying it with 'I deserve this' after a long week.

He dreams of owning his own place, but that feels impossibly far away. He knows he needs to start putting money away, but he doesn't quite know where to start and how to fit it in.

Throughout this guide, Joe's story will steer us, showing you how he overcame his financial hurdles and worked towards his goals. He's not a financial guru, just a regular guy who figured out how to take control of his money, and if he can do it, so can you.



The biggest myth about saving is that only people with money can save.

Anyone can start saving, and you don't have to start with big amounts. Even small amounts can build up to something, and given time, become significant.

\- **Thopi Mhloli**
Head of Savings and Investment, Standard Bank

Budgeting basics

Budget like a pro, **even if you're a beginner**

The first step to effective saving is understanding where your money goes. In this section, we'll explore different budgeting methods, from the classics to using tech, and show you how to do the following:

Track your spending

Identify areas where you can cut back without sacrificing enjoyment

Discover easy ways to **automate your savings**

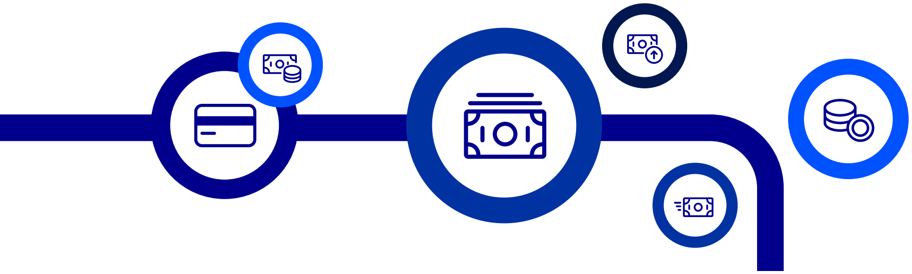
Small changes can lead to big wins, especially when combined with the power of compound interest!

Know where your money goes: Tracking spending

Do you ever feel like your money disappears into thin air? You earn a decent salary, yet you're constantly wondering where it all went? The likely culprit is a lack of awareness about your spending habits.

Tracking your spending, in its simplest form, means keeping a record of every cent you spend. It's like being a detective for your own finances, uncovering the mysteries of your 'missing' cash flow.

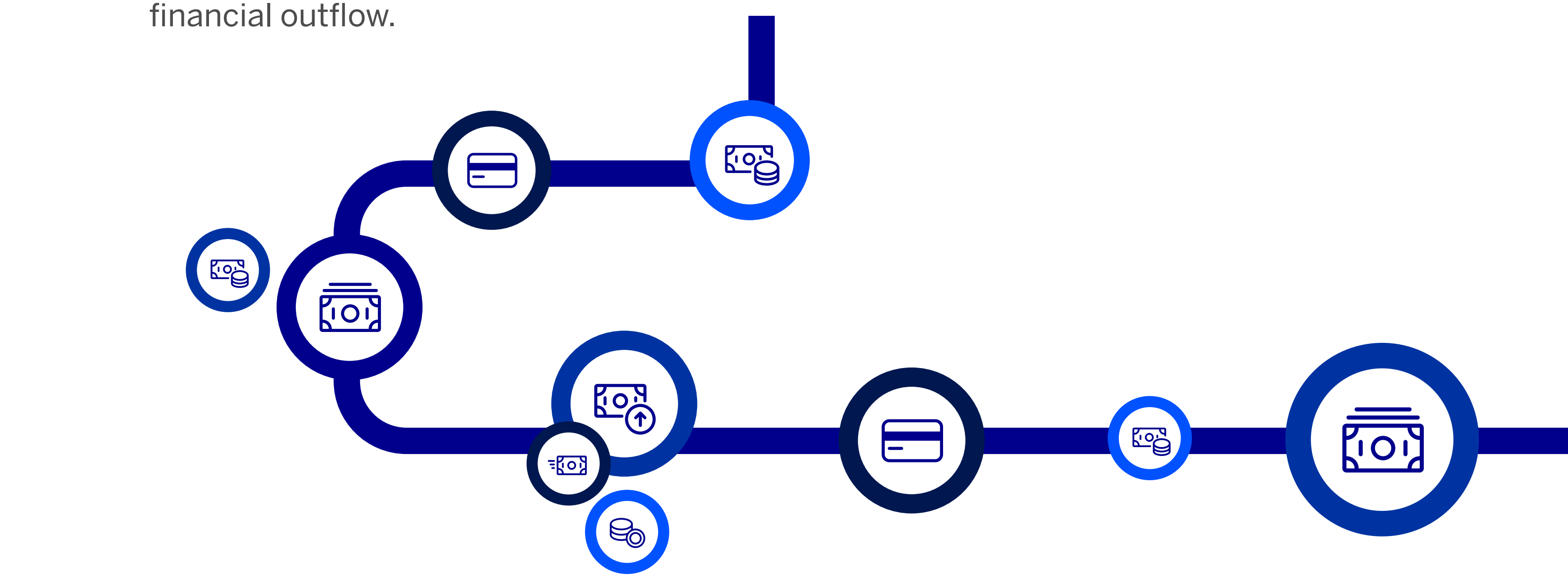
While it might seem tedious at first, the insights you gain from knowing where your money is going are invaluable, and the skills you acquire will help you make better financial choices.



What tracking your spending really means (and why it matters)

In practical terms, tracking your spending means meticulously noting down every purchase you make, whether it's a large expense, such as rent or a car payment, or a small one, such as a morning coffee or takeout.

It includes everything from groceries and fuel to online subscriptions and those impulse buys at the checkout counter. It's about gaining a crystal-clear picture of your financial outflow.



There are several reasons why tracking your spending is important, including the following:

Identify spending leaks

Small, frequent purchases often go unnoticed but can significantly drain your budget. Tracking these 'invisible expenses', such as daily coffees or forgotten subscriptions, reveals the spending leaks in your pocket and how you can redirect that money towards your goals.

Create a realistic budget

You can only create a realistic and effective budget if you know where your money is currently going. Tracking provides the data you need to build a budget that aligns with your lifestyle and goals, helping you allocate the right amounts to different spending categories so that you can still enjoy life without overextending yourself.

Gain control of your finances

Tracking expenses empowers you to make conscious spending choices, reducing financial stress and furthering your goals. Without tracking, the impact of small recurring expenses remains hidden, leaving you to make decisions by relying on guesswork or hoping for the best.

Achieve your financial goals

Tracking your spending illuminates your finances, revealing savings opportunities to build a stronger financial future. By understanding your spending patterns, you can make informed decisions, cut back in key areas and redirect funds towards your goals, whether it's a house, vacation or retirement.

A step-by-step guide on how to track your spending

Choose your tracking method
Use our Banking App, create a customised spreadsheet or record all your expenses manually in a notebook.

Gather your information
Collect your bank and credit card statements, receipts and bills to create a complete spending picture*.

Categorise your spending
Group similar expenses into categories to identify spending patterns, for example, transport, housing, groceries and entertainment.

Analyse your spending
See how much you're spending on each category, where you're overspending, and what trends you're seeing.

***Note:** our Banking App pre-populates your budget based on your spending, but if you use multiple banks, you'll need to link each account to ensure complete tracking.

Use the budgeting features on the Standard Bank App to create a budget, track your spending and stick to your budget. Here's how:

Open the **Add-on Store** on your Banking App home screen

Add **'Budget Manager'**

Tap **'Start'** to create a pre-populated budget and take the hassle out of starting from scratch

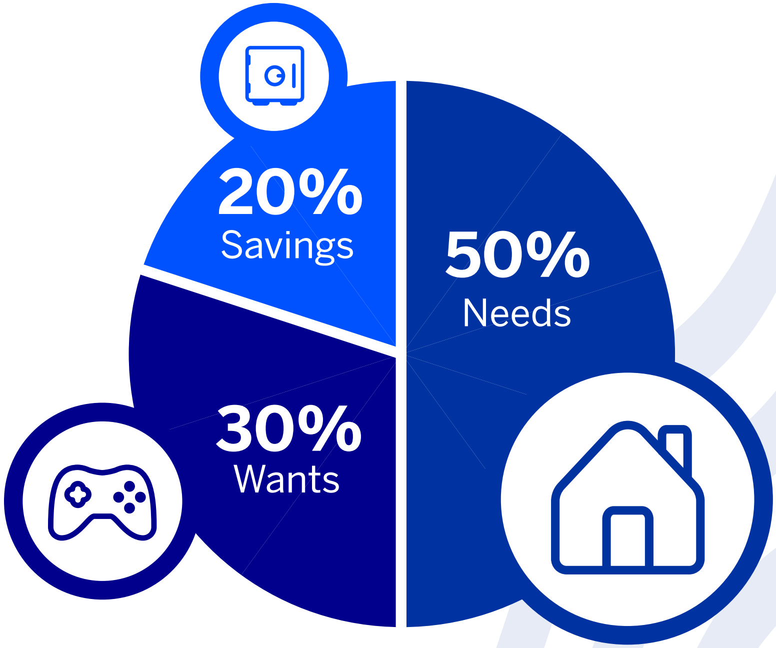
You'll now be able to **view your money spent & money in;** and customise your budgeting period

Budgeting methods

Once you have a clear picture of your spending habits, you can create a budget that aligns with your financial goals and lifestyle. There are various budgeting methods to choose from, each with its own approach, including the following:

50/30/20 budget

This method divides your after-tax income into **50% for needs, 30% for wants and 20% for savings.** It's a straightforward approach that helps you prioritise essential spending while still allowing for some flexibility and fun.



Envelope budgeting

Allocate specific amounts of cash to specific spending categories in envelopes (groceries, housing, transport, entertainment and savings), creating a hands-on approach that gives you a visual representation of your budget limits and curbs overspending.

Do it digitally: use the Standard Bank App to customise your category budget amount and then get alerted as you approach your limit.

Download on the App Store | GET IT ON Google Play | EXPLORE IT ON AppGallery

Zero-based budget

This budget lets you assign money to every expense and ensures that you plan for your spending and have a purpose for your money.

Income (everything you earn) **-** **Expenses** (everything you spend) **=** **Zero**

List all your income sources:

- ✓ Paycheque
- ✓ Bonus
- ✓ Side hustle
- ✓ Tax return

Allocate funds to every expense category:

- ✓ Bond/Rent
- ✓ Utilities
- ✓ Medical aid
- ✓ Transport
- ✓ Groceries
- ✓ Savings
- ✓ Emergency fund
- ✓ Debt

Automating savings: The power of paying yourself first

Automating your savings means scheduling regular automatic transfers of money from your account to your savings account, making it effortless to prioritise saving and build a financial safety net.

It's a pay-yourself-first strategy, ensuring that you make consistent contributions (that can accumulate over time), which fosters financial discipline and helps avoid the temptation of dipping into your savings or forgetting to save, and instead, treating saving as a non-negotiable expense.

Cutting expenses

Understanding your spending empowers you to make conscious choices, cut costs and enjoy greater financial freedom without feeling deprived. When you've tracked and categorised your spending, you'll be able to identify whether you're spending on things that you don't need or are unnecessarily paying for, so you can free up money for savings.

Top 10 areas of spending unnecessarily

01 Dining out and take-aways

02 Expensive cellphone contracts and unused gym memberships

03 Entertainment

04 Subscriptions

05 Coffee and bottled water

06 Alcohol, cigarettes and vapes

07 Luxury care

08 Late fees and penalties

09 Designer clothing and shoes

10 Impulse buys

5 Easy ways to cut expenses without cutting the fun

- Brew your own coffee, take a packed lunch and plan, prep and cook your meals at home.
- Review your recurring subscriptions; if you don't use them, cancel them.
- Avoid impulse buys by waiting 24 hours before making non-essential purchases.
- Delete the shopping and/or gambling apps.
- Pay your bills on time so you don't get charged late fees and penalties.

Setting a SMART savings goal

S	M	A	R	T
Specific Clearly define what you want to achieve	**Measurable** Can see the result(s) and track progress	**Achievable** It's realistic and you can make it happen	**Relevant** It's important and has a purpose	**Time-bound** You've set a deadline to make it happen
G	O	A	L	S

Defining your savings goals is the crucial first step towards achieving them. A vague desire such as 'saving more money' lacks motivation and direction.

SMART goals provide clarity and direction, so you know exactly what you're aiming for, how to get there and when you've succeeded.

For example, instead of 'dream vacation', aim for 'R50 000 for a trip to Europe in 12 months'. This concrete goal allows you to calculate monthly savings and monitor progress effectively.

Joe’s story

Joe used to dread the word ‘budget’. He thought it meant giving up all the things he enjoyed, but then he realised it put him in control of his money so he could get more out of it.

When he started tracking his spending, he was shocked to discover that he was spending almost R1 000 per month on takeout coffee, a fortune on eating out and a gym membership that he never uses.

In addition to starting to brew his own coffee and cutting back to free up a significant amount each month, Joe set a SMART goal to save R100 000 for a down payment on a property within 3 years.

He downloaded the Standard Bank App and started using the Budget Manager add-on to help him categorise his spending and balance his needs, wants and social life. He also automated a R3 000 transfer to his ‘future house fund’ every payday to make saving effortless.

Key takeaway

Budgeting can help you reach your goals. Understand where your money goes, explore different budgeting methods, and set clear financial goals. These skills empower you to take control of your finances, and make smart spending choices to help build a secure financial future.

What to do next

- ✓ **Track your spending:** Record expenses for a week to understand your spending habits.
- ✓ **Find your budgeting style:** Choose a budgeting method that fits you and try it this month.
- ✓ **Aim high:** Set one SMART goal to give your savings purpose.

The key to shifting from a spending mindset to a saving mindset is about setting goals and ambitions and training yourself to plan before buying.

Once you set your goals, it is easier to save as you become encouraged by saving towards something. A spending mindset focuses on the now and instant gratification without worrying about the implications, such as debt and interest piling up.

While a savings mindset creates delayed gratification, focusing on planning and saving for later and the bigger reward that could come from that.

- **Thopi Mhloli**
Head of Savings and
Investment, Standard Bank


Smart savings strategies
Planting
the seeds
of wealth

Whether you're building a financial safety net or planning for a dream vacation, saving effectively is key to reaching those goals, but there are various ways for you to get there, which is why it's important to choose the right savings solution for your needs.

Let's take a closer look at how your money grows, where to house your funds, how to make the most of your money's growth and how compound interest can work in your favour.

Understanding the role of interest

Interest-bearing accounts grow your savings exponentially through the power of compound interest. This means your money earns interest, which is then added to your balance. Future interest calculations are based on this new, higher amount, not just your initial deposit.

The power of compound interest

Compound interest is the secret weapon of long-term saving. It's the process where your earnings generate even more earnings, creating a snowball effect that can significantly boost your savings over time. That's because you aren't just earning interest on your savings; you're earning interest on the interest you've earned.

How it works

If you put R10 000 into a savings account offering 5% annual interest, this could be what your growth looks like:

Year 1	Year 2	Year 3
Starting balance: R10 000	**Starting balance:** R10 500	**Starting balance:** R11 025
Interest earned: R10 000 x 5% = R500	**Interest earned:** R10 500 x 5% = R525	**Interest earned:** R11 025 x 5% = R551.25
Ending balance: R10 000 + R500 = R10 500	**Ending balance:** R10 500 + R525 = R11 025	**Ending balance:** R11 025 + R551.25 = R11 576.25

Why it's powerful

Compound interest accelerates growth, so even if your contributions are small, they'll add up substantially over time. You'll also get to your goals sooner, and the longer your money is invested, the more dramatic the impact of compounding becomes.

Tips to make compound interest work for you

Start early:
The earlier you start saving, the more time your money has to compound.

Reinvest your earnings:
Don’t withdraw your interest; reinvest it to maximise the compounding effect.

Consistency is key:
Even small, regular contributions can add up significantly over time.

How to grow your money

Where you house your savings will determine the rate that it grows at, but before deciding on a specific approach, think about what your specific financial goals and needs are. Think about what you are saving towards, how much you need for it and when you want it by.

For short-term goals
(less than 5 years)

Once you've determined what you need, you can look at the types of accounts that serve the purpose you're looking for. Here's a breakdown of different account types and their ideal uses:

Traditional/ Basic savings account

What it is: An account designed to provide a safe and convenient place to store your money and earn a small amount of interest.

What it's great for: Putting money aside to start building an emergency fund or saving for short-term goals, such as a holiday or big-ticket purchase.

High-yield savings accounts

What it is: Offers a higher interest rate compared to traditional or basic savings accounts, which means your money grows faster, allowing you to earn more interest on your deposits.

Interest might be tiered based on your balance level, and they may have some restrictions, such as minimum balance requirements or limited access options.

What it's great for: Accelerating your savings growth and holding cash you may need soon; ideal for emergency funds and short-term savings goals, such as travel and down payments.

Money market accounts

What it is: Money market accounts offer highly competitive, often fluctuating interest rates, tied to market conditions, with guaranteed capital and growth. They typically have minimum balance requirements and tiered interest rates and may incur fees if balances fall too low.

What it's great for: It's a safe place to park your money and grow it with confidence and without risk. It's good for growing a nest egg or growing money to put towards other investments.

Notice deposit account

What it is: A notice deposit account is a type of savings account where your money is locked in a fixed period (days to years) at a predetermined interest rate. You have reduced access, and you must let the bank know when you want to withdraw. Penalties could apply for early withdrawals, but deposits are unlimited.

What it's great for: A lump sum of money that doesn't need immediate access to; ideal for goals for which you can plan for withdrawal in advance, such as a down payment, a big celebration, educational goal or growing your money instead of letting it sit idle.

Fixed deposit account

What it is: Fixed deposit accounts offer higher, guaranteed returns on a lump sum deposited for a fixed period. Longer terms typically yield higher interest rates, and access before maturity incurs penalties.

What it's great for: It's ideal if you have a lump sum of money to grow and you don't need immediate access to it, and it's a good option if you are risk-averse and prefer guaranteed returns. A fixed deposit account is well suited to goals that you can plan for and that will happen soon, such as a down payment on a car, a wedding or home renovations.

For long-term goals
(5+ years)

Tax-free savings account (TFSA)

What it is: TFSAs are long-term investment accounts offering tax-free growth and withdrawals, with an annual limit of up to R36 000 and a lifetime limit of R500 000. Exceeding these limits will incur tax penalties.

To maximise growth and tax benefits, it's recommended that you don't access this money in the short term, leaving it as a long-term investment.

What it's great for: Every South African should have a TFSA as a savings supplement to other savings options, including retirement saving. It's ideal to start contributing as soon as you can for yourself and your children; the earlier you start, the more time your money has to grow.

Retirement plans

Retirement accounts (retirement annuities, pension funds and provident funds) offer tax advantages for long-term retirement savings, with specific rules regarding access. Choosing the right option depends on individual financial needs and goals, and each option has its own benefits and tax implications.

It's advisable to consult with a financial advisor to determine the most suitable retirement savings strategy based on your individual circumstances and financial goals.

The easiest way for someone to start building an emergency fund, even if they're living paycheck to paycheck is to be intentional about starting one.

If you don't have extra cash, you can start by cutting those small day-to-day expenses that you'd normally not feel on your budget (e.g. takeout coffee, lunch, etc.) and put the money you would've spent on it into savings. Then you can adjust as you get motivated or as your financial situation improves.

Another way of freeing up your cash flow is to take advantage of rewards points and programmes, such as redeeming your UCount Rewards Points into your savings account.

- **Thopi Mhloli**
  Head of Savings and
  Investment, Standard Bank

Emergency fund: Your financial safety net

An emergency fund is a stash of money set aside specifically to cover unexpected expenses, such as medical bills, car repairs or job loss. It acts as a financial safety net, protecting you from having to take on debt to cover expenses when life throws a curveball.

Why it's crucial

- **Reduces stress:** Emergencies are less stressful when you have a financial cushion, allowing you to focus on resolving the situation, not finding funds.
- **Prevents debt:** Having cash readily available in your emergency fund helps you avoid accumulating debt and paying hefty interest charges.
- **Independence:** An emergency fund empowers you to manage unexpected situations on your own terms, without having to rely on loans.

Creating an emergency fund

The amount of money required for an emergency fund and the time it can take could seem overwhelming and intimidating, but the financial payoff is worth it.

Often the hardest part is getting started, and while it's important to understand that it won't happen overnight, being consistent and having a realistic plan will ensure you reach your goal.

5 Steps to building an emergency fund

Know your essentials

- Calculate your monthly expenses
- What’s your targeted total (for 3–6 months)?

Do the math

- How much can you afford to contribute monthly?
- Set a timeline for reaching your target

Rethink your budget

- See where you can cut back
- Allocate that money to your savings

Have a dedicated savings account

- Choose a separate, accessible savings account with a good interest rate

Automate your savings

- Schedule regular transfers (even if they’re small) into your savings to ensure you’re contributing

Short-term savings goals checklist

This checklist provides a structured approach to saving for your short-term goals. Use it to help you stay organised, motivated and on track to achieve your financial objectives.

DEFINE YOUR GOAL

- ☐ Specify your goal (e.g. vacation, wedding, car downpayment or emergency fund)
- ☐ Set a realistic timeline (e.g. within 6 months)
- ☐ Calculate the total amount you need to save

MANAGE YOUR FINANCES

- ☐ Create a budget and track your expenses
- ☐ Prioritise savings as a non-negotiable monthly expense

REDUCE EXPENSES

- ☐ Reduce dining out and entertainment costs
- ☐ Evaluate subscriptions
- ☐ Avoid impulse purchases and shop smart

OPTIMISE SAVINGS

- ☐ Open a high-yield savings account
- ☐ Set up automatic transfers to your savings account

STAY ON TRACK

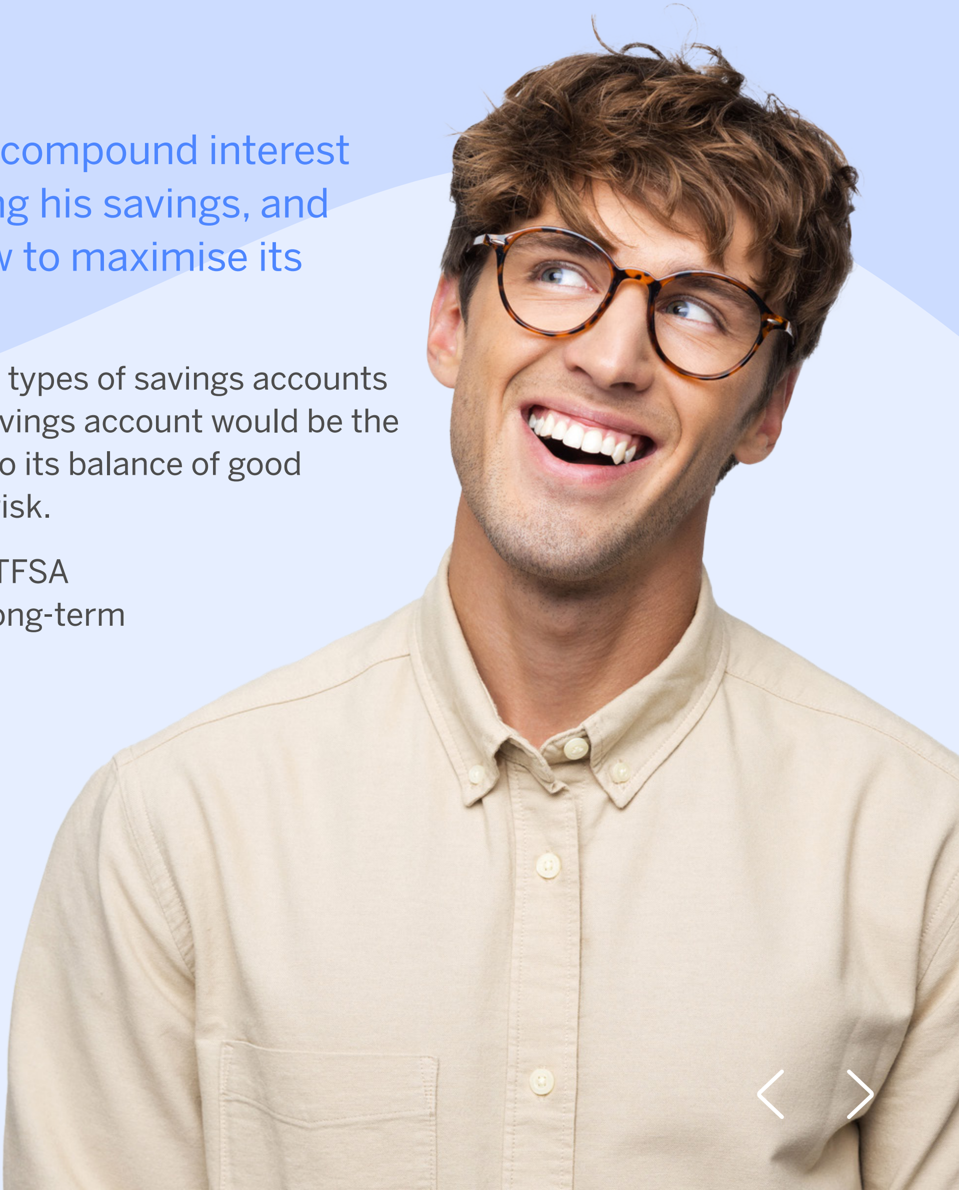
- ☐ Visualise your goal and stay motivated
- ☐ Regularly track your savings progress
- ☐ Adjust your plan as needed

Joe's story

Joe now understood that compound interest was the key to accelerating his savings, and he began strategising how to maximise its benefits.

He started researching different types of savings accounts and decided that a high-yield savings account would be the best starting point for him due to its balance of good interest rates, liquidity and low risk.

He also realised that opening a TFSA would be a smart move for his long-term goals, such as retirement.



Key takeaway

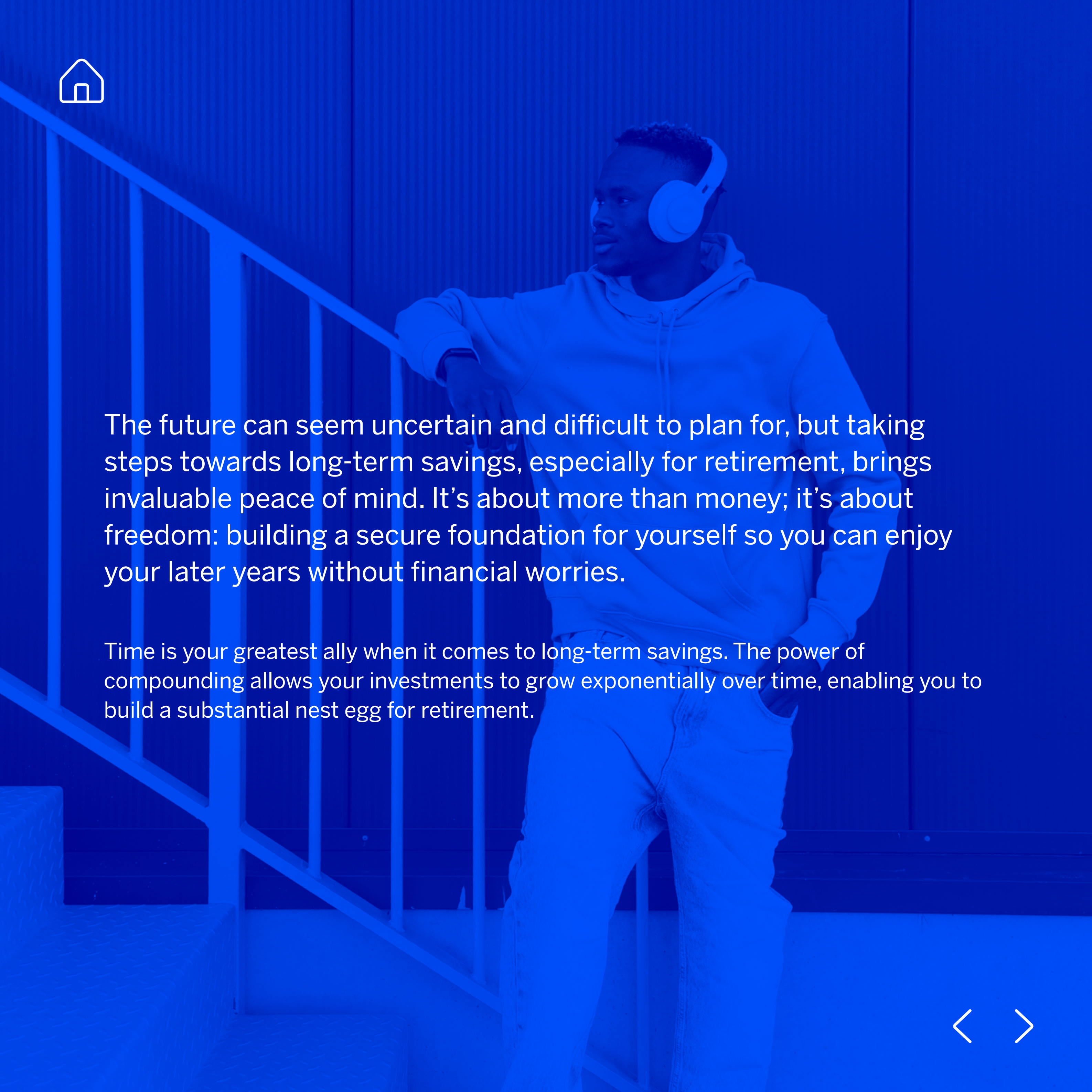
Saving effectively is essential for building a financial safety net and achieving your goals. Understanding interest, especially compound interest, is key to growing your money faster. Choose the right savings account for your goals, and don't forget an emergency fund for unexpected costs.

Put this knowledge to work

- ✓ **Choose a savings vehicle:** Select a savings account that can help maximise your returns and reach your goals.
- ✓ **Build a safety net:** Save 3-6 months of essential expenses in an emergency fund.
- ✓ **Use the checklist:** Use our short-term savings checklist to set up and help reach your goals.

Planning for the future

Secure your tomorrow: **Long-term savings**



The future can seem uncertain and difficult to plan for, but taking steps towards long-term savings, especially for retirement, brings invaluable peace of mind. It's about more than money; it's about freedom: building a secure foundation for yourself so you can enjoy your later years without financial worries.

Time is your greatest ally when it comes to long-term savings. The power of compounding allows your investments to grow exponentially over time, enabling you to build a substantial nest egg for retirement.

Retirement planning: It's never too soon to start

Planning for retirement might seem distant, but it's vital to start early because your contributions (even if they are small) can give you a head start on building a comfortable future. Retirement planning is crucial for several reasons:

Financial security

Having enough income to cover your living expenses, healthcare and leisure activities after you stop working

Lifestyle maintenance

Enables you to enjoy your desired lifestyle without financial constraints

Medical expenses

Prepares you for rising medical costs and being able to afford potential long-term care

Inflation protection

The cost of living rises over time due to inflation, and retirement planning helps ensure your savings maintain their purchasing power

Peace of mind

Reduces stress and worrying about money

Independence

Enjoy control over your financial future and maintaining your independence as you age, reducing reliance on others for financial support

Legacy planning

Allows you to provide for your loved ones and leave a financial legacy

Longer lifespans

Ensure you have sufficient resources to support yourself throughout an extended period

Unpacking retirement annuities

Retirement annuities (RA) are powerful investment vehicles designed to help you save for retirement while enjoying valuable tax benefits. They play a crucial role in building retirement funds, offering a structured way to save and grow your money over the long term.

By understanding the benefits and strategies for maximising your RA, you can take a significant step towards securing a comfortable retirement.

What are RAs?

An RA is a personal retirement savings plan that allows you to make regular contributions and benefit from tax deductions. The funds invested within the RA grow tax-free until you retire.

Upon retirement, you can access a portion of your savings as a lump sum (subject to tax) and use the remainder to purchase a retirement income product, such as a living annuity or life annuity.

The role of RAs in retirement planning

Tax-efficiency

Contributions to an RA are tax-deductible up to a certain limit, reducing your current taxable income. This means you save on taxes now while your investments grow tax-free.

Long-term growth

RAs offer the potential for long-term growth through investments in various asset classes, such as equities, bonds and property. The longer you invest, the more time your money has to grow, thanks to the power of compounding.

Disciplined saving

RAs encourage regular contributions, helping you develop a disciplined savings habit. This consistent approach can significantly boost your retirement savings over time.

Getting the right advice

Choosing the right RA and managing it effectively can be complex, with various factors such as investment strategies, tax implications and fees impacting your long-term returns. Personalised advice from a qualified and registered financial advisor is essential to navigate these complexities.

An advisor can assess your individual financial situation, risk tolerance and retirement goals to recommend the most suitable RA and investment strategy. They can also help you optimise your contributions to maximise tax benefits and ensure your portfolio remains aligned with your objectives as your circumstances change.

Why being tax-efficient matters for retirement

Being tax-efficient with your RA means contributing strategically to lower your current tax bill. You can deduct contributions up to a limit (currently 27.5% of taxable income), and by contributing up to this limit, you effectively lower the amount of income that is subject to tax, resulting in a lower tax bill.

Essentially, it's a way to save for retirement while also reducing your current tax burden.

This doesn't mean you avoid paying taxes altogether; rather, you defer paying taxes on that portion of your income until retirement, allowing your investment to grow tax-free in the meantime.

7 Tips to save for retirement

Start early: The earlier you start contributing to an RA, the more time your investments have to grow.

Maximise tax benefits: Contribute enough to reach the annual tax deduction limit to maximise your tax savings.

Choose the right investment strategy: Select an investment portfolio within your RA that aligns with your risk tolerance and long-term goals.

Refine: Regularly review and adjust your RA's investment strategy based on market conditions and your personal circumstances.

Know your fees: Fees and costs can impact your returns. Compare RA providers to find the most cost-effective option.

Consider inflation: Ensure your contributions and investment strategy are sufficient to maintain your purchasing power in retirement.

Get professional advice: Consult with a qualified financial advisor for personalised guidance on choosing the right RA and developing a comprehensive retirement plan.

Joe's story

For Joe, buying a property was at the top of his list of achievements, but he also realised he couldn't neglect his future and that *now* was the perfect time to start.

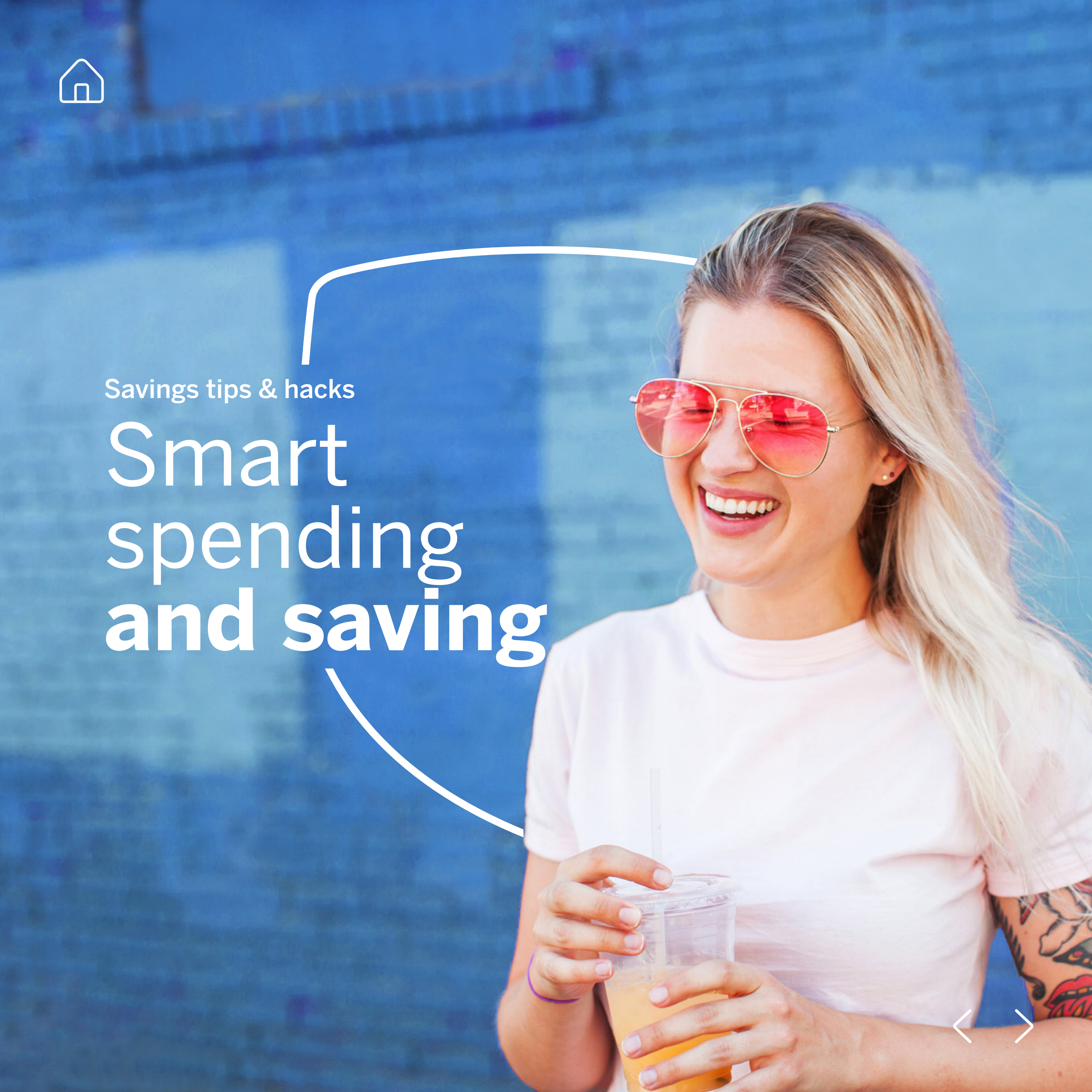
He reached out to a friend who put him in contact with a registered financial advisor to discuss his options and create a comprehensive retirement plan so that so that he could make the most of his long timeline and get set up for a comfortable and secure future.

Key takeaway

Saving for retirement brings peace of mind and RAs are a smart way to save, giving you tax benefits and a chance to grow your savings. Get the most from your RA by saving regularly, choosing investments you're comfortable with, and talking to a financial advisor.

Apply what you've learned

- **Start now:** The earlier you start contributing, the more time your investments can grow.
- **Get the most from your RA:** Contribute as much as possible to boost your retirement and tax benefits.
- **Ask a professional:** Consult with a qualified financial advisor to choose the right RA, create a personalised investment strategy and adjust it annually.


Savings tips & hacks
Smart spending and saving

Saving money, especially for long-term goals, can feel challenging, but there are 2 critical steps to saving success: starting and staying motivated. Both require a combination of effective strategies, mindset shifts and a healthy dose of patience and discipline.

Here's how to approach spending and saving in a way that aligns with your financial priorities:

Shift your mindset

Focus on long-term gains

Visualise the future you're building through your savings efforts. Imagine the financial security, freedom and opportunities that await you. This long-term perspective can help you stay motivated during short-term temptations.

Identify the opportunity cost

When you're spending money, is it serving or starving your dream? By impulsively spending, are you giving up something in the long run where the money could've been used towards a bigger goal?

Delayed gratification

Resist impulse purchases and practise delayed gratification. Waiting before making non-essential purchases allows you to assess whether you truly need the item and gives you time to find the best deal.

Smart shopping habits

Compare prices: Before making a purchase, compare prices across different retailers using price comparison websites or apps.

Look for discounts and deals: Take advantage of sales, coupons and promotional offers to maximise your savings.

Be careful of threshold spending: Getting 10% off when you buy two doesn't save you money if you only wanted one or didn't even intend to buy that item.

Consider needs vs wants: Distinguish between essential needs and discretionary wants. Prioritise spending on needs and carefully evaluate purchases based on their true value.

Mindful spending: Be intentional about your choices and where your money goes. Instead of asking yourself, "Do I need this?" (which you can easily justify), ask yourself, "Can I go without it?" shifting the focus from justifying the purchase to assessing its true necessity and being content with what you have.

Avoid emotional spending: Be mindful of emotional spending triggers and develop strategies to avoid impulse purchases driven by stress, boredom or other emotions.

My ultimate money-saving hack is that I have disciplined myself to put something aside every month, by doing away with things that I think are unnecessary (e.g. take-away money). Activating scheduled payment was a game changer for me as my savings could happen automatically, and it doesn't feel like a chore anymore.

- **Thopi Mhloli**
  Head of Savings and
  Investment, Standard Bank

5 Conducts of staying motivated to save

What to do	Why it works
Change saving from a chore into a purposeful journey towards something you value	Connects your efforts to a specific, visualised goal, such as a downpayment on a home, to create tangible motivation and emotional connection
Make saving effortless by automating it	Removes the friction and mental barriers associated with saving, making it easier to stay motivated, build consistency and 'pay yourself first'
Track your progress with budgeting tools	Turns saving from a tedious chore into a rewarding and engaging experience when you see your progress
Celebrate milestones	Creates a sense of accomplishment and positive reinforcement that makes it fun and helps maintain momentum
Shift your perspective to see the bigger picture and practise gratitude for what you have	Helps you prioritise long-term wellbeing over short-term desires, fostering contentment and seeing the value of your efforts

A note on seeking professional advice: Consider consulting with a financial advisor for personalised guidance and support.

A financial advisor can help create a tailored savings and/or retirement plan and provide advice that can enable you to make informed financial decisions. Their expert support and accountability could also help keep you on track towards your financial goal.

Joe's story

Joe realised that saving wasn't just about numbers; it was about mindset. Before making any non-essential purchases, he started asking himself, "Is this purchase serving my future or starving it, and how can I make the most of my funds?"

Armed with this new awareness and a growing understanding of financial principles, Joe saw saving no longer as a sacrifice but as an investment in his future self, giving him the confidence to achieve his goals and create the life he desired.

Key takeaway

Saving for the future becomes easier with the right mindset and habits. Focus on long-term rewards and automate savings for consistent progress.

Your savings action plan

- ✓ **Define your 'why':** Visualise the financial security and freedom your savings will bring. Keep this visible for motivation.
- ✓ **Automate your savings:** Set up automatic transfers to take the hassle out of saving.
- ✓ **Be intentional about spending:** Wait 24 hours before non-essential purchases to avoid impulse buys.

A

- **Automated savings:** Setting up regular, automatic transfers from your checking account to your savings account.

B

- **Budget:** A plan for how to spend your money. It helps you track where your money goes and make sure you're saving enough.

C

- **Compound interest:** The interest on both the principal amount of a loan or the initial amount invested and the accumulated interest from prior periods. This interest-on-interest dynamic fuels exponential growth over time.

D

- **Debt:** Money you owe to another party. It can take various forms, including loans, credit card balances, and mortgages.

E

- **Emergency fund:** Money set aside to cover unexpected expenses like medical bills or car repairs.

F

- **Financial freedom:** Having enough money to live the life you want without financial stress.
- **Financial security:** Feeling confident and stable about your financial situation.
- **Fixed Deposit Account:** An account where you deposit a lump sum of money for a set period of time and earn a guaranteed interest rate.

H

- **High-Yield Savings Account:** A savings account that pays a higher interest rate than a regular savings account, helping your money grow faster.

I

- **Impulse buy:** Buying something without planning or thinking about it carefully.
- **Inflation:** The rate at which prices for goods and services rise, decreasing the purchasing power of money.
- **Instant gratification:** Wanting something now and getting immediate pleasure from it, instead of waiting for a bigger reward later.
- **Interest:** The money the bank pays you for keeping your money in their account.

L

- **Lump Sum:** A single, large payment or deposit.

M

- **Money market account:** A type of savings account that may pay a higher interest rate than a regular savings account. Money market accounts may require higher minimum balances but are generally considered a safe and liquid investment option.

N

- **Needs:** Essential expenses like rent, food, and transportation.
- **Notice deposit account:** A savings account where your money is locked in for a fixed period, and you need to give the bank notice before withdrawing.

R

- **Recurring expenses:** Expenses that happen regularly, like rent, subscriptions, or utility bills.
- **Retirement annuity (RA):** A long-term investment vehicle designed to build retirement savings, offering tax deductions on contributions and tax-free growth until retirement.
- **Retirement plans:** Savings plans designed to help you save for retirement, with specific rules regarding access.

S

- **Save:** To set aside a portion of your income or resources for future use rather than spending it immediately.
- **Savings account:** A basic type of bank account that allows individuals to deposit money, earn interest, and withdraw funds as needed. It's a convenient way to store money for short-term goals or emergencies, typically offering easy access to funds while providing a modest return on savings.
- **SMART goals:** Goals that are specific, measurable, achievable, relevant, and time-bound. A clear way to define your savings goals.

T

- **Tax:** A mandatory financial charge imposed by a government on individuals and businesses to fund public expenditures.
- **Tax-free savings account (TFSA):** A savings account that allows you to save without paying tax on such savings subject to certain contribution limits. Contributions are not tax-deductible, but withdrawals and any interest earned/ investment growth within the account are tax free.

W

- **Wants:** Non-essential expenses like entertainment, dining out, and luxury items.

Z

- **Zero-based budget:** A budgeting method where you assign every rand of your income to a specific expense or savings goal, so your income minus expenses equals zero.

For more information and explanations of financial language and terminology, visit the expanded glossary on our website.

Learn more