



10 point financial action plan

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In times like these it is important to remain objective about your financial decisions and make sure that you have a plan to protect and grow your wealth, no matter what the economic climate.

This 10 point financial action plan will help you to take control of your financial situation so you can fulfil your dreams and ambitions.

1.	Take action NOW <i>Assess your current financial position.</i>	<ul style="list-style-type: none">♦ If your finances are not in crisis, you should still take action to ensure that you stay out of trouble.♦ If your finances are in a bad state, you need to take action. Ignoring the problem will only make things worse.♦ A sound action plan will give you confidence and peace of mind.
2.	Reduce your monthly expenses <i>If you spend more than you earn, you need to take immediate action.</i>	<ul style="list-style-type: none">♦ Create a monthly budget and prioritise your expenses.♦ Reduce luxuries - a holiday can be put off but retirement can't.♦ Knowing that you have a little money left over each month will help you feel financially secure.♦ If you spend less than you earn, you become richer. If you spend more than you earn (especially if you have borrowed), you become poorer!♦ Get advice before you make changes which affect your long-term wellbeing.
3.	Pay your bills <i>It is tempting to ignore bills which are difficult to pay but this is not in your best interests in the long run.</i>	<ul style="list-style-type: none">♦ This is a slippery slope as you will eventually be blacklisted and lose access to credit.♦ If, after completing your budget, you are still unable to pay your bills, arrange a repayment plan with the companies you need to repay.
4.	Reduce debt <i>Try and pay off debt rather than acquiring more.</i>	<ul style="list-style-type: none">♦ List all your debts and the interest rate for each. Don't forget store credit cards.♦ Rank the debt from highest interest rate to lowest.♦ Pay off the highest interest rate debt first (usually your credit card).♦ Set yourself a target for paying off a certain amount of debt per month, and add it to your monthly budget.♦ If you can't afford repayments, make arrangements with your bank to restructure your repayments. Your bank will want to help you. You can often convert high-interest debt, like credit card debt, to longer term but lower interest debt like your bond.
5.	Plan to cope with financial hardships <i>Make sure you can financially survive unforeseen circumstances</i>	<ul style="list-style-type: none">♦ When finances are tight people are inclined to cancel insurance and "hope for the best". But if catastrophe strikes and you have no cover, your finances may never recover.♦ Make sure your disability insurance is up to date.♦ Rather than cancelling short-term insurance (e.g. house and car), consider increasing your excess or look around for better quotes.

6.	Build up a savings reserve <i>Accumulate savings little by little and only use savings in emergencies.</i>	<ul style="list-style-type: none"> ♦ This will mean that you won't have to tap into your long-term investments if you face unexpected expenses. ♦ Consider a money market fund, where your capital is guaranteed and you receive high interest rates. ♦ Speak to your Liberty Life adviser about ways to save.
7.	Make yourself indispensable at work <i>In tough economic times the possibility of retrenchment increases. Add new skills whenever possible and look for opportunities</i>	<ul style="list-style-type: none"> ♦ Add new skills and look for opportunities to take on more responsibilities at work. ♦ Now may not be the time to take risks by branching out on your own, or taking up a job offer in a less secure company. ♦ If you do face retrenchment you will receive compensation from the Unemployment Insurance Fund and by law you will receive a minimum retrenchment package from your employer. ♦ The financial decisions at such a time are complex and there are significant tax issues to take into account. Get advice from your financial adviser before making any decisions about your pension and benefits.
8.	Don't lose sight of your long-term investment goals, just because of short-term market volatility	<p>Liberty has promoted six key principles to long-term investment for some time. They are even more important in the current volatile market.</p>
9.	Don't make hasty or uninformed decisions <i>Gain knowledge which will help you make better decisions now and into the future.</i>	<ul style="list-style-type: none"> ♦ Remember: your financial situation is different to that of your friends and neighbours. What may be a good plan for them may be inappropriate for you. ♦ Advice from anyone other than a financial adviser is dangerous.
10	Speak to your Liberty Life financial adviser <i>Don't make any decisions which affect your long-term financial wellbeing without getting good advice.</i>	<p>For more information on how you can take back control of your finances, contact your Liberty Life financial adviser.</p> <p>If you don't have a financial adviser or if you have any questions about your policy, please contact our contact centre on 0860 456 789 or email info@liberty.co.za.</p>