



South Africans spend close to **75%** of their salaries towards paying off debt!



Only 15% of South Africans can comfortably afford to retire!

4 most common factors that impact debt levels in South Africa

1

Lack of financial literacy
proper budgeting and financial planning knowledge leads to consumers not differentiating between needs and wants

3

Emergency & unplanned expenses
such as a new baby on the way or medical emergencies

2

Spending patterns exceeding income
making purchases beyond your affordability range (e.g. keeping up with the Jones', using credit cards for wants and not needs)

4

Survival
the cost of living exceeds income and getting into debt seems like the only solution (e.g. personal loans, unsecured loans as a short-term measure)

10 tips to avoid the debt trap



1 Have a proper financial plan in place—and stick to it.



2 Spend less – Don't spend money you don't have.



3 Share budget goals with the family. Anyone trying to fulfill savings goals should have a budget and share it with the whole family. Break down the budget into categories, such as food, utilities, allowances and entertainment. If the family unit is all working together to meet mutual goals, then sacrifices can be shared.



4 Buy on sale. These days most prices are negotiable, so wake up the bargainer inside of you. Great deals and coupons are everywhere, if you take the extra time to look for them.



5 Ignore credit card offers. Credit cards should only be used for emergencies. If you are using them for convenience or to build rewards points, only spend what you can pay off in full every month.



6 Instead of buying on credit, why not lay-by? Simply pay for your items over a few months, and then collect them with your final payment. You'll incur no interest charges, and the store will keep them safe for you.



7 Pay off credit cards and accounts with the highest interest rates first. Ensure that your biggest debts are paid first, this includes bonds and car loans.



8 Use your bonus wisely – we all want to splurge and spoil ourselves, but paying off debts will benefit you and your family in the long run.



9 Reconsider the habit of window shopping, trying things on, flipping through magazines or catalogues, or browsing online stores. These practises can stir up desires for items you really don't need. Instead, keep a shopping list of the products you need or want, and shop with discipline when you head to the store.



10 Saving is critical. If you don't already have one, make sure to set up an emergency fund right away. Allocate a set amount every month to continue building that fund over time. Most people get into debt simply because they have no savings to hold them over when rough patches come along.