

A month-by-month guide to getting your finances in order

Each month, set one financial target and hit it so that this time next year you'll be looking back on 2011 with some satisfaction.

With the New Year well underway, many of our good intentions may already have fallen by the wayside. The only way to stick to your financial goals is to have a plan. Here's an easily achievable 12-month agenda for the year ahead.

JANUARY: Target your cash flow

Get out all your statements and cheque stubs for 2010 and work out where all your money went. Chances are you spent more than you planned or even realised. Restaurants, shopping, entertainment, car payments - it all adds up. If you want to get control of your money, you have to understand it. Now set a budget and talk to your family about ways to cut back and save more. Cancel digital TV and don't go to the movies for the next few months. It is summer time - what are you doing indoors?

FEBRUARY: Max those savings!

You have just recovered from December and paid your big annual expenses like school fees in January. Most financial planners agree you should save 15% or more of your income each year. Try to increase your contribution to your company retirement fund and savings vehicles like unit trusts. The tax man can help you: use the last month of the tax year to get a tax break by investing in a retirement annuity.

MARCH: Live without plastic for a month

Lock up your credit and debit cards. Generations lived without the convenience of plastic and found it much easier to live within their means. Try it. Set a weekly budget, draw that amount from the ATM each week, and live on it. Unless you are travelling - where a card can be invaluable - you may find it easier than you imagined. Once you get used to it, keep going. Studies show you may spend up to 25% less.

APRIL: Reduce or at least consolidate your debt

Pretty much any debt other than a reasonable home loan is a financial burden. Credit card debt is a disaster - you're basically going backward financially as long as you carry an outstanding balance from month to month. Try to consolidate all your debt so that you pay the lowest interest possible. Cut up the cards and live like a pauper till you get out of credit-card jail. Try to build up an emergency fund of three months' salary to meet unforeseen events which may put you in significant debt.

MAY: Tackle your insurance

Chances are you are wasting hundreds of rands a year on home and car insurance. Shop around to find cheaper coverage. Also look at the amount you are insuring: as your car loses value, you should reduce the amount it is covered for. You can also save more by increasing the excess on your policies with at least inflation or the additional amount you have saved in your emergency fund.

JUNE: Invest in yourself

After all, your knowledge and skills are your most important assets. Consider how much you could improve your lot in life if you invested in a leadership workshop, better communication skills or anything to improve your work performance. In time it should pay off handsomely. If you tend to a layer of insulation over winter,

look to improve your health as this could save significant medical costs in future and potentially secure cheaper life cover.

JULY: Check your progress

Given that we have reached the half-way point, it is time to check your progress on the cash flow. Print out all your statements. Analyse spending by categories. See what you planned to spend, and what you actually spent. This is a constant battle. How is that emergency fund coming along?

AUGUST: Spring clean your investments

Decide on the asset allocation you should have, then look at what you have right now: mediocre unit trust funds, shares bought on tips, money left sitting in a low-yielding account? Stop procrastinating. Rather than cancelling policies and incurring further fees and penalties, look at the choices you have, for example, to change portfolios in the existing structures to accommodate your needs. Clear out the rubbish, and make the money work for you.

SEPTEMBER: Start an education fund

Open Fundisa accounts to help educate your children and grandchildren (or anyone whose education you may wish to sponsor). These are really cost efficient and 25% of your annual saving (to a maximum of R600 per year per child) is calculated in October and deposited in your account in December. It will help create a disciplined approach to saving for education.

OCTOBER: Negotiate a Christmas truce with all the adults you know

That means family, extended family and co-workers. Stop the holiday shopping waste before it starts. This may save you hundreds of rands. The only thing you will lose will be a bunch of socks and ties you won't wear and trinkets you don't want. They'll save the same thing, too.

NOVEMBER: Update your will

Do you have one? And if you do, how long ago did you check it? Circumstances change. Maybe you've had children or grandchildren. Or minors have graduated. Your assets have grown (or, alas, shrunk). Too many people avoid dealing with their wills because thinking about death makes them feel uncomfortable. However, dying without a will, or a will that is out-of-date, can cost your family incredible amounts of pain and money and throw away decades of hard work.

DECEMBER: Review your medical and insurance cover

It is time to consider your medical aid contributions: what benefits and cover are you likely to need? Often it is tempting to reduce your benefit cover at this point, only to realise that you have many more out-of-pocket expenses. Many South African's are under-insured. If you are about to embark on a hazardous year-end holiday journey, is there sufficient life and disability cover in place should something unfortunate happen?

Remember, your financial adviser can help you make the most of your finances by helping you develop a financial plan that suits your circumstances and making sure that you stay on track with your finances.

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