Department of Finance, Risk Management and Banking

Personal financial management

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VERY IMPORTANT!

AS THIS SUBJECT IS DYNAMIC BY NATURE AND EXTENDS OVER NUMEROUS FIELDS OF STUDY, CHANGES TAKING PLACE IN THE FINANCIAL AND BUSINESS WORLD RESULT IN THE INFORMATION IN BOOKS ON PERSONAL FINANCES CHANGING ALMOST DAILY. HOWEVER, SUCH JUDICIAL OR OTHER CHANGES DO NOT RENDER THE SUBJECT, HANDBOOKS OR STUDY GUIDES USELESS. EVERY PERSON AND STUDENT SHOULD CONSTANTLY COLLECT NEW INFORMATION AND BE ABLE TO LINK IT TO ALREADY EXISTING INFORMATION – ALL PEOPLE ARE ETERNAL STUDENTS.

Note:

The secret of personal finances and financial planning is to be aware of all (or as many as possible) of the factors that could influence your financial future positively or negatively. You could consult a specialist in a specific field to acquire specific information on a subject, based on the latest legislation and operational practices.

You yourself will most probably never be a specialist in the overall field of personal finances because this field is simply too immense and extensive.

CONTENTS

THE IMPORTANCE OF PERSONAL FINANCIAL MANAGEMENT (PFM)

- PFM is a field of study that affects all people.
- Only one out of every ten people is able to retire financially independent, mainly due to a lack of knowledge of PFM.
- Personal financial life skills are probably the most important life skills one can have.
- People with knowledge of basic money matters can take responsibility for their own financial future.
- People with this knowledge and skills can also transfer these to their children and thus ensure that their children will have a positive financial future.
- Many job opportunities are available to people with this knowledge, be it as an employee or as a successful entrepreneur and business person.
- Business success is increased by acquiring knowledge of PFM.

PURPOSE OF THE COURSE

The purpose of the course is to equip students with a detailed knowledge base in the theory and practice of personal financial management. The course further aims to develop the analytical and problem-solving abilities of students through the identification of key personal financial issues, the selection of appropriate support methods and techniques for resolution of these issues, and the application of the developed knowledge and abilities in the student's personal life and in a business context.

PRINCIPLES UNDERLYING THIS STUDY GUIDE

This study guide was developed according to the principles of outcomes-based education.

The first step was to create a need for you to know more about the specific topic. We have therefore explained **why** it is necessary for you to learn about the topic of PFM.

The second step was to put the topic in a **real-life context** (refer to the prescribed books) to afford you the opportunity of experiencing a real-life situation.

To make this approach more practical, you are challenged to become involved in analysing relevant problems and issues. These challenges are provided in the activities and assignments that form part of the performance tasks of this module.

In the third step, a solid **foundational theoretical knowledge base** is provided to substantiate your analysis of the context.

Fourthly, we want you to ask yourself the question: **What can I do** with what I have learnt in these steps in order to improve myself, others, my organisation, the community and the environment? Finding the answer to this question entails continuous reflection on your part.

The last step involves **evaluation** with the dual purpose of academic and self-evaluation.

The strategy that is followed in the evaluation step is based on four outcomes. This means that in answering questions, be it the activities, the self-assessment task, assignments or the examination, you must prove that you

- can explain why (knowledge)
- can do something (skills)
- want to make a positive difference (values)
- want to do it well (attitude)

Applied competence entails applying your knowledge, skills, values and attitudes in three ways:

- **practical competence** – demonstrated ability to consider a range of options/possibilities and make decisions about practice
- **foundational competence** – demonstrated understanding of what we are doing and why
- **reflexive competence** – demonstrated ability to connect our understanding to our performance in such a way that we will learn from our actions and are able to adapt to changes and unforeseen circumstances

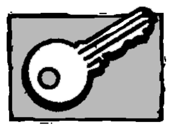
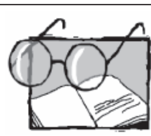
Throughout the various study units, you will encounter a number of activities and self-assessment tasks. The purpose of these is to afford you the opportunity to apply the above competencies on all levels. It should be clear that we are not only interested in your reproduction of the given theory, but also in your abilities to apply the theory in a given situation.

We trust that you will find this module in personal financial management meaningful and personally enriching, and that it will be of practical value to you in your personal life and work situation.

You are now ready to start with topic 1, which is an introduction to the concept of personal financial planning.

Good luck, and may you take up the challenge to make the most of this learning experience!

ICONS USED IN STUDY GUIDES

	**Learning outcomes**. The learning outcomes indicate what aspects of the particular topic or study unit you have to master (that is, have to know and understand).
	**Assessment criteria**. The assessment criteria indicate what aspect of the particular topic or study unit you will be tested/examined on and demonstrate that you have mastered the study material (that is, competence).
	**Key concepts**. Attention is drawn to certain keywords or concepts that you will come across in the topic or study unit.
	**Overview**. The overview provides the background to a particular topic or study unit.
	**Activity**. These self-assessment activities should be performed to develop a deeper understanding of the learning material.
	**Feedback**. Feedback is provided on the self-assessment activities.
	**Read**. This icon will direct you to read certain sections of the prescribed book for background information.
	**Study.** The “study” icon indicates which sections of the prescribed book you need to study (that is, learn, understand and practise).
	**Assessment**. When you see the “assessment” icon you will be required to test your knowledge, understanding, and application of the material you have studied.

	**Summary**. This section provides a brief summary of what was covered in a particular study unit and what can be expected in the following study unit(s).
	**Checklist**. After completion of a particular study unit, you should confirm that all learning outcomes were in fact achieved and that you comply with the assessment criteria.

Frequently asked questions

The prescribed book

Do I have to buy the prescribed book? Can't I just study the study guide?

Please buy a prescribed book as soon as possible after you have registered for the module, Personal Financial Management (FIN 2602). Bookstores could run out of stock, which may cause an unnecessary delay in your studies. You should study the chapters of the prescribed book as indicated in the study guide.

I cannot get hold of the edition of the prescribed book specified in Tutorial Letter 101. May I use another edition?

No, you must only use the prescribed book: Swart, NJ. *Personal financial management*. 3rd edition. Cape Town: Juta.

My local bookstore does not have any copies of the prescribed book. Can you provide me with the details of bookstores that may have the book in stock?

The list of booksellers appears in the Unisa booklet entitled *Your service guide @ Unisa*. The booksellers do not inform us of their stock levels and we cannot say at any particular point where you will be able to buy a particular prescribed book.

May I use any alternative books?

We strongly recommend the use of the prescribed book. You are welcome to consult additional reading material but the examination paper is based on the prescribed book.

Which specific pages do I need to study and which can I leave out?

The chapters you should study are indicated in your study guide. The study guide (or tutorial letter 101) will indicate if any pages may be left out.

Could you highlight the most important aspects of each chapter?

Some students are inclined to study only the "most important aspects". This may prove to be disastrous in the examination. All aspects of the prescribed chapters should be regarded as important for the examination.

Study guide and tutorial letters

I have lost my study guide. Could you please mail or fax me a copy?

Please order replacement copies of study guides from the Despatch Department (tel No 012 429 4104). We do not mail or fax copies of study guides to students.

I have lost one of my tutorial letters. Could you please mail or fax me a copy?

Please order replacement copies of tutorial letters from the Despatch Department (tel No 012 429 4104). We do not mail or fax copies of tutorial letters to students.

The sequence of the study units in the study guide and the chapters in the prescribed book do not follow each other. Should I just use the study guide?

To enable students to use any edition of the prescribed book, the study guide refers only to the chapter title and not to specific pages. You are required to study each chapter in its entirety. The study guide (or tutorial letter 101) will indicate if any pages may be left out.

Assignments

My assignment is late because… May I submit it at a later date?

It is your responsibility to ensure that your assignment reaches Unisa's Muckleneuk Campus on or before the closing date. Please do not call us to request an extension for the submission of an assignment. Multiple-choice assignments are marked (by a mark-reading device) on a fixed date as specified in advance in the planning schedule of the Assignments Section. Hence, multiple-choice assignments submitted after the closing date will not be marked.

Calculators

Are we allowed to use a calculator?

Yes. In fact, we would like to encourage you to use a financial calculator.

I have a scientific calculator. Will it be sufficient for this paper?

No, please use a financial calculator.

Which calculator is prescribed or recommended?

The College of Economic and Management Sciences is considering the possibility of prescribing a calculator that will be suitable for BCom students and which would be acceptable to all departments in the College. We would recommend the following calculator: HP10BII.

Are we allowed to use a programmable calculator in the examination?

No.

Group discussion classes (where applicable)

Is it compulsory to attend the group discussion classes?

No.

Where will the group discussion classes take place?

Details of the group discussion classes appear in Tutorial Letter MNALLEQ.

Supplementary books and videos

Are there any supplementary books that I can use?

No.

Contact with fellow students

I would like to get in touch with students who are also enrolled for… and live in the area where I stay. Please provide me with their contact details.

The particulars of fellow students may be obtained from the Department of Undergraduate Student Affairs (tel No 012 429 4114 or 012 429 4142). Alternatively, use the myUnisa facility to get in touch with fellow students. myUnisa may be found on the Unisa webpage on the internet at http://my.unisa.ac.za/portal or at http://www.unisa.ac.za.

Examination

Are any old examination papers available?

No old examination papers are made available.

What will the format of the examination paper be?

The examination paper consists of 35 multiple-choice questions only. The total mark is 70 and the duration of the paper is two hours.

Will the examination paper contain any theory questions? Will there only be calculations and interpretations?

Multiple-choice questions only.

Will I be provided with all the financial tables (containing the present and future value factors) or should I memorise them? N/A

Will all the equations be provided as an annexure to the examination paper?

No equations will be provided. You have to know all the equations and be able to apply them in the examination.

Can you give me any "tips" on the exam?

No "tips" are provided to students.

I am going overseas a week before the exam results are due to be released. Could you please tell me what mark I received for this paper?

No results are released prior to the dates set by the Examination Section. Please do not call the Department of Finance, Risk Management and Banking and request your results. (See Results in the booklet entitled *My student guide @ Unisa*.)

I am not happy with my examination mark. Will it be possible to have my examination script remarked?

Full details of re-marking/checking of examination scripts appear on the reverse of the examination results that students receive. Please do not phone the Department of Finance, Risk Management and Banking to request a re-mark. Send an e-mail to remark@unisa.ac.za to arrange for a re-mark.

LAYOUT OF THE LEARNING MATERIAL

The model below provides an orientation to the learning material that will be covered by this module, Personal Financial Management.

FIGURE 1.1

Overview of the learning material

TOPICS	STUDY UNITS
Topic 1 Personal financial planning	SU 1: Personal financial planning SU 2: Measurement and assessment of personal financial performance SU 3 The time value of money SU 4: Credit planning
Topic 2 Career planning	SU 5: Career planning SU 6: Income tax planning SU 7: Starting a business: entrepreneurship SU 8: Buying a business SU 9: Buying a franchise
Topic 3 Estate planning	SU 10: Estate planning
Topic 4 Investment planning	SU 11: Investment planning SU 12: Buying a dwelling SU 13: Buying fixed property SU 14: Offshore investments SU 15: Protection planning
Topic 5 Retirement planning	SU 16: Healthcare planning SU 17: Retirement planning SU 18: Emigration planning

Topic 1

PERSONAL FINANCIAL PLANNING

AIM

The aim of this topic is to provide an overview of personal financial planning and an understanding of the different personal financial planning areas, as well as the basic financial principles influencing the individual's financial future.

LEARNING OUTCOMES

After having worked through this topic, learners will be able to

- apply steps in the personal financial planning process
- identify the most important factors in the different personal financial planning areas
- apply budgeting principles in compiling the household budget
- do calculations of the influence of time on the value of money
- explain the importance of credit planning and ways to handle a debt crisis

TOPIC CONTENT

Study unit 1: Personal financial management
Study unit 2: Measurement and assessment of personal financial performance
Study unit 3: The time value of money
Study unit 4: Credit planning

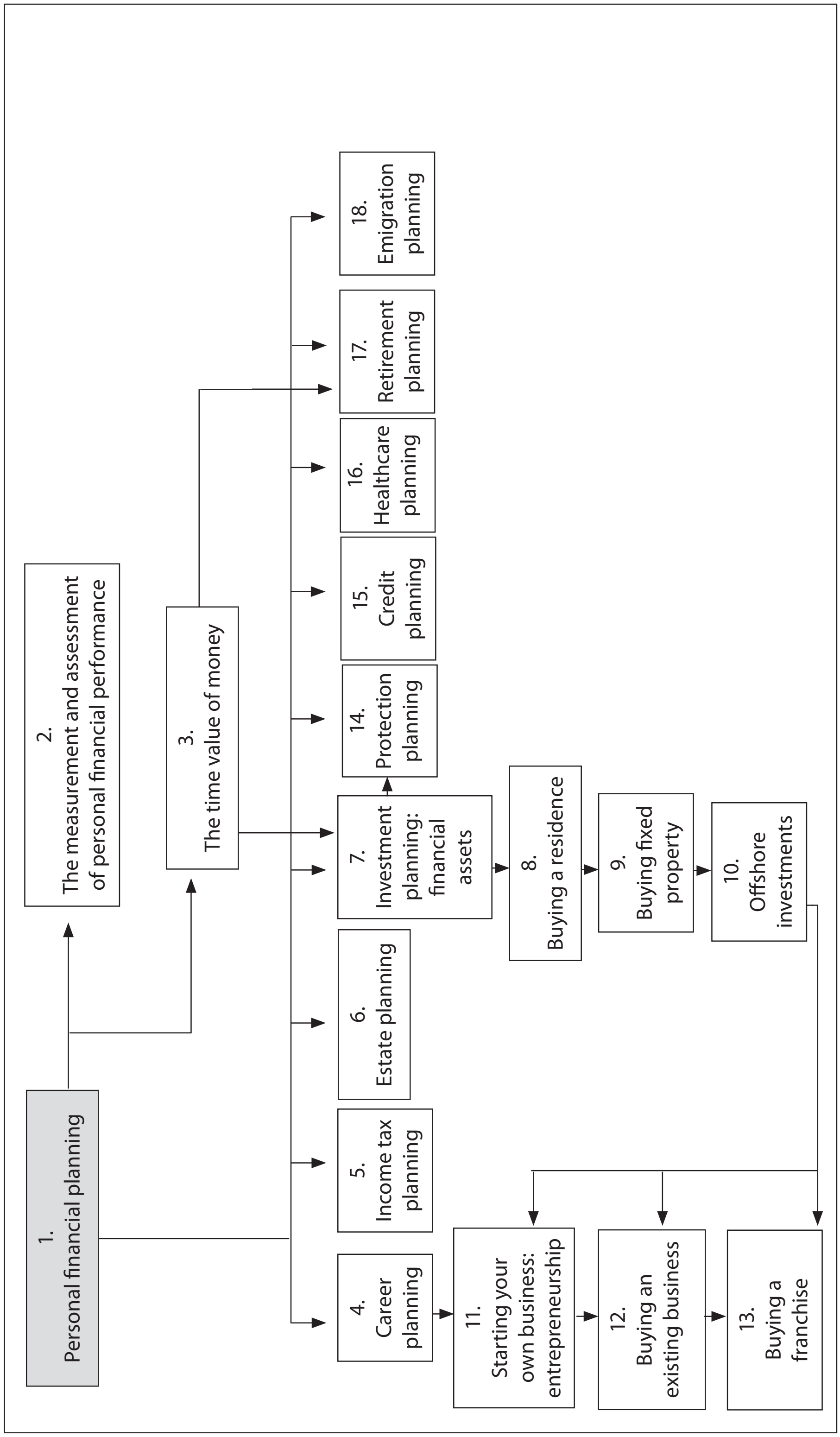
Study unit 1

PERSONAL FINANCIAL PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- explain the importance of personal financial planning
- recognise their position in the financial planning cycle
- identify the different steps in the personal financial planning process
- explain the advantages of personal financial planning
- recognise the different personal financial planning areas

ASSESSMENT CRITERIA

Application of skills during personal financial planning as demonstrated by the following:

- formulation of short-, medium- and long-term objectives for the individual (in the field of finances)
- discussion of the steps of the personal financial planning process

KEY CONCEPTS

personal financial planning

personal financial management

planning cycle

planning process

planning areas

GETTING AN OVERVIEW

A financial manager manages the financial affairs of a business. He or she takes decisions on both the procurement of funds (the financing decision) and the utilisation of funds (the investment decision). Similar to a business, every household (whether it comprises a single individual or a family) should have a financial manager or managers. When we talk about managing personal money matters, we actually mean personal financial management.

As with a business, the personal financial decisions that a family take should be informed decisions. As you will discover later in this study guide, personal financial management entails a lifetime of dedication. Personal funds (whether own or borrowed) must therefore be managed in such a way that short-, medium- and long-term goals are realised.

The long-term goal of personal financial management is to be financially independent after retirement. Make sure that you know what is meant by "financial independence". Such independence does not mean that an individual must have accumulated great wealth over his or her lifetime, but in fact means that the retired person will not be dependent on the state, family or friends for survival. Such a person should also not have to continue working after retirement, but should be able to survive financially by virtue of his or her investments made over a lifetime. Any contribution that you make to your employer's pension fund must be supplemented by additional investments if you wish to retire financially independent.

The personal financial planning process

Personal financial planning involves a number of steps on the part of the individual. Even though the financial situations of individuals may differ considerably, the same steps can be followed whenever personal financial planning is undertaken. These steps are collectively known as "the personal financial planning process".

You should familiarise yourself with the planning process and should be able to discuss it from both a theoretical and a practical point of view.

You should make sure that you would be able to explain each of the steps and be able to use them to do your own personal financial planning.

Personal financial planning areas

To be able to do personal financial planning, knowledge of a number of personal financial planning areas is essential. Each of these planning areas is important and comprises factors that may have far-reaching positive or negative financial implications for the individual. For the purposes of the present course, the following planning areas are distinguished:

- career planning
- income tax planning
- estate planning
- investment planning
- protection planning
- credit planning
- productivity planning
- healthcare planning
- retirement planning
- emigration planning

These important planning areas should all be taken into account during the personal financial planning process. By so doing, the individual will be able to take informed, personal financial decisions because he or she would have considered as many factors as possible during the decision-making process. Make sure that you realise to which extent each of these planning areas may influence your own financial future and your financial independence after retirement.

INTRODUCTION IN PRESCRIBED BOOK

Study chapter 1 in Swart *(Personal financial management).*

ACTIVITY 1.1

Describe in your own words what is meant by the following concepts:

- personal financial management
- financial independence after retirement

ACTIVITY 1.2

Do your own personal/domestic financial planning by following the steps in the personal financial planning process.

ACTIVITY 1.3

Write a page on each of the planning areas indicating the influence of each on your own financial future (with a view to a financially independent retirement). Do this without consulting the rest of the study guide or your prescribed textbook; in other words, base what you write on what you know now. Keep these pages. After you have studied all the study units and the chapters in the prescribed textbook carefully, do the exercise again. Then compare the two sets of pages and see whether your views have changed at all, that is, whether you have learnt anything.

SELF-ASSESSMENT

Discuss the personal financial planning process.

FEEDBACK

Steps in the personal financial planning process:

- *Determine the financial situation of the individual/household.*
- *Identify needs.*
- *Determine short-, medium- and long-term goals.*
- *Identify limitations or threats.*
- *Compare one's present financial situation with the needs identified.*
- *analyse investment opportunities.*

- *Develop a financial or investment plan.*
- *Balance the budget.*
- *Implement a personal financial plan.*
- *Revise the plan periodically.*

SUMMARY

After studying unit 1, you should understand what is meant by the concept "personal financial planning". Moreover, you should know how to do personal financial planning and should have knowledge of the various personal financial planning areas. In the next study unit, the measurement and assessment of personal financial performance will be discussed.

CHECKLIST

	Did you read the chapter in full in order to get an overall impression of the content?
	Have you done the activities?
	Did you complete the assessment?
	Have you studied the contents of this chapter?
	Have you achieved the learning outcomes?
	Will you be able to meet the assessment criteria stated?
	Have you discussed any challenges of this study unit with fellow students (personally or via the discussion forum on myUnisa), your tutor or lecturer?
	Are there any additional resources available on myUnisa?

APPENDIX

WHEN YOU PLAN YOU CAN HAVE:	WHEN YOU DO NOT PLAN YOU WILL HAVE:
• A happy family	• An unhappy family
• Plenty of money	• No money
• Good medical care	• No money to pay for medical care for you and your family
• Food, water, electricity	• No food, water, electricity
• Money to repay your loans	• No money to pay the micro-lender
• A house, furniture, clothing	• No house, furniture, clothing
• Educated children	• No education for your children
• A good retirement	• No money for retirement
• A job	• No job

GE O RULAGANYA O KA BA LE:	GE O SA RULAGANYE O TLA:
• Lapa leo le thabilego	• Ba le lapa leo le hlokago lethabo
• Tšhelete ye ntši-ntši	• Hloka tšhelete
• Tlhokomelo ye botse ya kalafo	• Hloka tšhelete ya go lefela tlhokomelo ya kalafo ya gago le ya ba lapa la gago
• Dijo, meetse le motlakase	• Hloka dijo, meetse le motlakase
• Tšhelete ya go bušetša dikadimo tša gago	• Palelwa ke go lefela moadimiši wa ditšhelete tše nnyane
• Ntlo, thoto ya ntlo, diaparo	• Hloka ntlo, thoto ya ntlo le diaparo
• Bana bao ba rutegilego	• Hlokiša bana thuto
• Phenšene ye botse	• Hloka tšhelete ya ge o rola modiro
• Mošomo	• Hloka mošomo

UMA ULWENZA UHLELO UNGABA NALOKHU:	UMA UNGALWENZSI UHLELO UZSOBA NALOKHU:
• Umndeni ojabulile	• Umndeni odangele
• Imali eningi	• Ukungabi nemali
• Unakekelo oluhle kwezokwelashwa	• Ukungabi nemali yoku7khokhela ukukwelapha wena nomndeni wakho
• Ukudla, amanzi, ugesi	• Ukungabi nokudla, amanzi, ugesi
• Ukukhokha izimali ozibolekile	• Angeke ukwazi ukukhokhela umbolekisi-mali encane
• Indlu, ifenisha, izingubo zokugqoka	• Ukungabi nendlu, ifenisha, izimpahla
• Abantwana abaqfundile	• Izingane zakho angeke zikwazi ukuthola imfundo
• Umhlalaphansi okhuselekile	• Ukungabi nemali yomhlalaphansi
• Umsebenzi	• Ukungabi nawo umsebenzi

XA USENZA ISICWANGCISO UYA KUBA NOKU:	XA UNGASENZI ISICWANGCISO UYA KUBA NOKU:
• Usapho olonwabileyo	• Usapho olungonwabanga
• Intyweka yemali	• Ukungabi namali
• Imali yeendleko zonyango	• Ukungabi namali yokuhlawula iindleko zonyango zakho nezosapho lwakho
• Ukutya, amanzi, umbane	• Akusayi kuba nokutya, amanzi, nombane
• Ukuhlawula iimali zemboleko	• Ukusayi kukwazi ukuhlawula uMbolekisi Weemali Ezincinci
• Indlu, ifanitshala, impahla yokunxiba	• Akusayi kuba nandlu, ifanitshala nempahla yokunxiba
• Abantwana abafundileyo	• Abasayi kufunda abantwana bakho
• Umhlalaphantsi omhle	• Akusayi kuba namali yomhlalaphantsi
• Isithuba somsebenzi	• Akusayi kuphangela

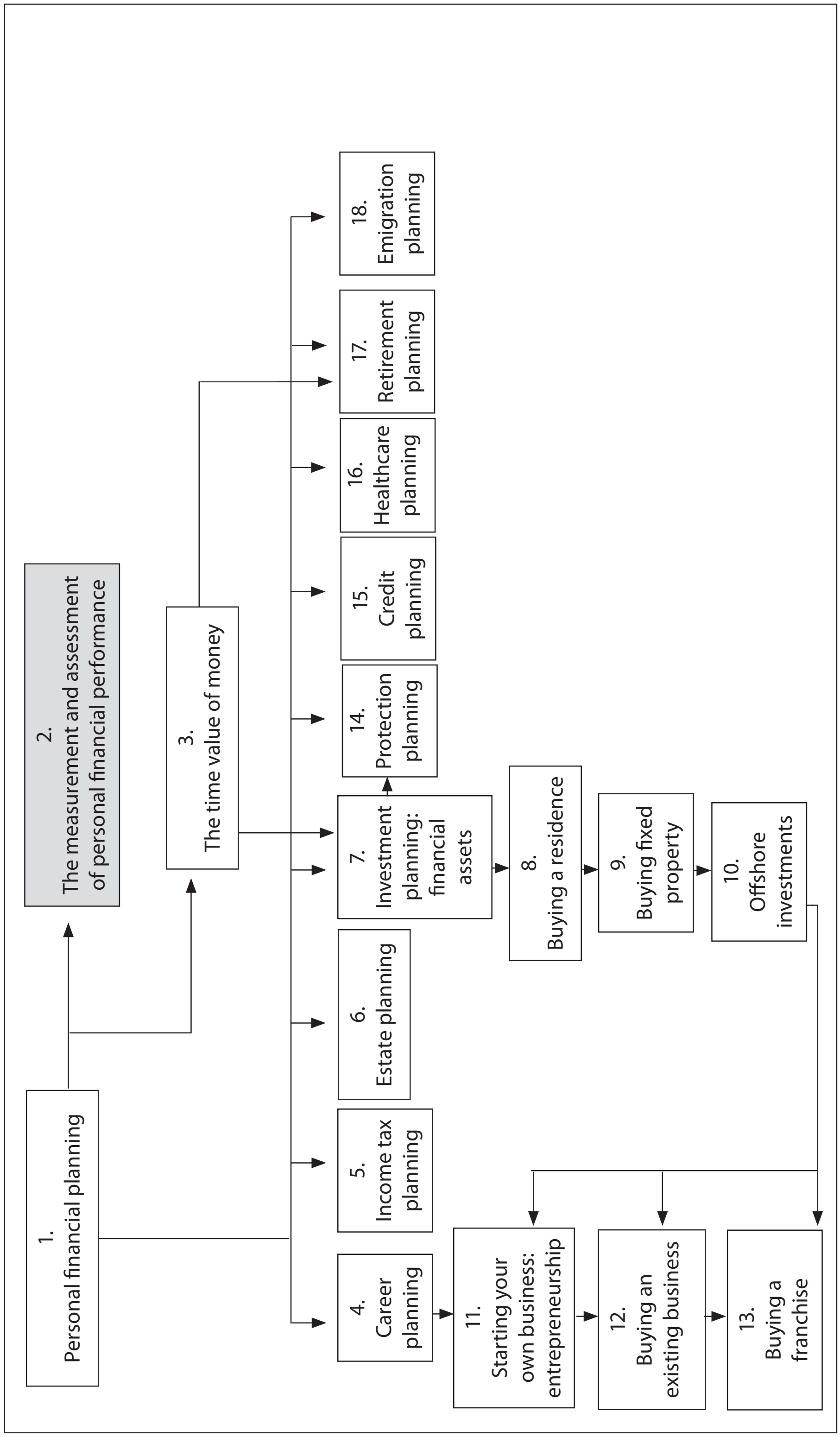
Study unit 2

MEASUREMENT AND ASSESSMENT OF PERSONAL FINANCIAL PERFORMANCE

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- assess annual financial statements
- explain the relationship between an income statement and a personal budget
- recognise the principles of preparing a budget
- draw up their own household budget
- measure their own financial performance
- explain the importance of having a personal budget
- identify the advantages of keeping an effective household record system

ASSESSMENT CRITERIA

Application of skills during personal financial planning as demonstrated by the following:

- discussion of the principles applied when a household budget is drawn up
- explanation of the various steps to be followed when a household budget is drawn up
- explanation of the actions to be followed if the household budget does not balance

KEY CONCEPTS

financial statements

assets

liabilities

net value

income statement

balance sheet

budget

GETTING AN OVERVIEW

In the same way that the financial performance of a business is assessed, each individual or household should measure his/her/its own personal financial performance. Financial performance is measured and assessed by considering whether specific financial goals have been achieved or not. This applies to short-, medium- and long-term goals.

Purposeful and continuous personal financial planning will increase your personal financial performance (or achievement of goals).

To the individual/household, annual financial statements and an individual domestic budget are probably the principal methods of measuring and assessing personal financial performance.

To understand how financial performance is measured and assessed, the following key questions should be answered:

- What is meant by "annual financial statements"?
- What role does the domestic budget play in the measurement and assessment of financial performance?

Annual financial statements

Annual financial statements comprise, inter alia, an income statement and a balance sheet. For the purpose of this course, you do not need to be able to prepare an annual financial statement. As regards the balance sheet, it is important that you know what is meant by the concepts "assets", "liabilities" and "owner equity". By subtracting all our liabilities from our assets, we arrive at our net worth. It is important that your net worth is as big as possible. Consequently, each year, you should determine to what extent your actions (during the year) have resulted in an increase or decrease in this net worth.

In the case of the income statement, you should understand the concepts "income", "expenditure" and "net profit/loss". Also, make sure that you understand the relationship between the individual household budget and the annual financial statements.

The personal financial budget

The personal financial budget is a plan that is expressed in financial terms and that assists in measuring and assessing the household's financial performance. Such a budget is therefore a control mechanism. The purpose of a domestic budget is to achieve personal financial goals that have been set.

It is most important that you should know the principles involved in drawing up the domestic budget, namely, involvement (of all family members); efficient organisation (assignment of responsibilities); an efficient administrative system; good communication; a realistic budget (realistic figures); planning horizons (one or two years); and timetables (eg March to June); flexible implementation; human behaviour; and follow-up. Also, note the limitations and benefits of having a domestic budget.

Make sure that you know how to draw up a budget following specific steps, namely, estimate the expected income; estimate the anticipated expenditure; compare the estimated income and expenditure; and calculate the deficits or surpluses.

A domestic record system is an additional prerequisite for drawing up both annual financial statements and the domestic budget effectively.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 2 in Swart (*Personal financial management*).

ACTIVITY 2.1

Using your own annual financial statements, list the reasons why your net worth has increased or decreased over a period of two years. Should you not yet have any annual financial statements, you may use any other annual financial statements (eg those contained in a financial textbook) to draw up the required list.

ACTIVITY 2.2

Draw up a domestic budget for yourself and give reasons (in writing) why you used (or did not use) certain income and cost items, and substantiate the amounts concerned. Also indicate (again in writing) to what extent you employed the principles for drawing up a domestic budget.

ACTIVITY 2.3

Draw up a domestic record system based on the information contained in your prescribed textbook.

SELF-ASSESSMENT

Briefly discuss the principles you would apply when compiling your household budget.

FEEDBACK

Principles:

- *involvement of family members*
- *effective organisation*
- *proper administrative system*
- *good communication*
- *realistic budget*
- *planning and timing*
- *flexible application*
- *human behaviour*
- *control*

SUMMARY

In study unit 2, you learnt what is meant by "personal financial performance". In particular, you became aware of the roles that the annual financial statements and the domestic budget play in measuring and assessing financial performance. By now, the role that a domestic record system plays in drawing up both the domestic budget and the annual financial statements should be clear to you. In the next study unit, the time value of money will be discussed.

CHECKLIST

☐	Did you read the chapter in full in order to get an overall impression of the content?
☐	Have you done the activities?
☐	Did you complete the assessment?
☐	Have you studied the contents of this chapter?
☐	Have you achieved the learning outcomes?
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☐	Have you discussed any challenges of this study unit with fellow students (personally or via the discussion forum on myUnisa), your tutor or lecturer?
☐	Are there any additional resources available on myUnisa?

APPENDIX

HOW DO I DRAW UP A BUDGET?						
EXAMPLE	**January**	**February**	**March**	**..............**	**December**	**Total**
Income (a) (b) (c)						
1. Total Income						
Expenses (a) (b) (c)						
2. Total expenses						
3. Surplus (+) or deficit (–) (1–2)						
4. Cumulative surplus or deficit						

MONTHLY INCOME		
Salary/Wage		
Investment		
Other Income		
Total Income		
MONTHLY EXPENSES		
Tax, Pension, UIF (Payslip?)		
Medical Aid/Hospital Plan		
Doctor/Chemist		
Home Loan/Rent		
Insurance Premium		
Transport (taxi, vehicle, buses, etc.)		
Children's Education/Clothing		
Loan Repayments		
Insurance/Funeral Plan		
Entertainment		
Savings		
Electricity and Water		
Rates and Taxes		
Groceries		
Clothing Acounts		
Telephone/Cellular Accounts		
TV Rental/M-Net		
Other Expenses		
Total Expenses		
SURPLUS INCOME OVER EXPENSES		

WHY IS IT IMPORTANT TO BUDGET?	WHAT DOES YOUR MONTHLY BUDGET LOOK LIKE?		
•	**MY MONTHLY INCOME:**		
•			
•			
•	**MY MONTHLY EXPENSES:**		
•			
•			
•			
•			
•			
•			
•			
•			

A NAA NKA THALA BJANG TEKANETŠO?						
MOHLALA	**Januwari**	**Februwari**	**Matšhe**	**..............**	**Desembere**	**Palomoka**
Letseno (a) (b) (c)						
1. Palomoka ya letseno						
Ditshenyegelo (a) (b) (c)						
2. Palomoka ya ditshenyegelo						
3. Tšhelete yeo e šalago goba yeo e hlaelago (1–2)						
4. Koketšego ya tšhelete yeo e šalago goba yeo e hlaelago						

MOPUTSO WA KGWEDI		
Moputso wa kgwedi/beke		
Peeletšo		
Moputso o mongwe		
Palomoka ya moputso		
DITSHENYEGELO TŠA KGWEDI		
Motšhelo, Phenšene, UIF (setlankana sa moputso?)		
Thušo ya kalafo/peakanyo ya tša sepetlele		
Ngaka/Khemisi		
Sekoloto sa ntlo/Rente		
Tefelo ya kgwedi le kgwedi ya inšorense		
Senamelwa (thekisi, senamelwa, pase, bj bj))		
Thuto ya bana/diaparo		
Tefo ya sekoloto sa kadimo		
Inšorense/Peakanyo ya tša poloko		
Boithabišo		
Tšhelete ya polokelong		
Motlakase le meetse		
Ditirelo le Metšhelo		
Ditlabakelo le dijo tša ka gae		
Di-akhaonto tša diaparo		
Di-akhaonto tša motato wa ka gae/le wa thekeng		
Rente ya TV/M-net		
Ditshenyegelo tše dingwe		
Palomoka ya ditshenyegelo		
MOPUTSO WOO O ŠALAGO GO DITSHENYEGELO		

KE KA LEBAKA LA ENG GO LE BOHLOKWA GO ŠOMIŠA TEKANETŠO?	TEKANETŠO YA GAGO YA KGWEDI E BJANG?		
•	**MOPUTSO WAKA WA KGWEDI:**		
•			
•			
•	**DITSHENYEGELO TŠAKA TŠA KGWEDI::**		
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•			

ULWABIWOMALI NDILUZOBA NJANI?						
UMZEKELO	**Ngo-Janyuwari**	**Ngo-Februwari**	**NgoMatshi**	**...............**	**Ngo-Disemba**	**Isixa sisonke**
Imali engenayo (a) (b) (c)						
1. Isixa sisonke semali engenayo						
Iinkcitho (a) (b) (c)						
2. Isixa sisonke seenkcitho						
3. Imali eyintsalela okanye imali eyintsilelo (1–2)						
4. Intsalela eqokeleleneo okanye intsilelo						

INGENISO YENYANGA		
Umvuzo/Intlawulo		
Ulwandisomali		
Ingeniso Eyiyenye		
Ingeniso Iphelele		
IINDLEKO ZENYANGA NGANYE		
Irhafu, Umhlalaphantsi, iUIF (Icwecwe Elishicilelweyo Lentlawulo?)		
Uncedo Lwentlawulo Yonyango		
Ugqirha/Ikhemesti		
Ityala Lentlawulo Yomzi/Irhafu yendlu		
Izavenga Zenyanga Zeinshorensi		
Iindleko zokuhamba (iteksi, isitshuthi, iibhasi, njl.njl.)		
Imfundo yabantwana/Iimpahla zokunxiba		
Iimali Zokuhlawula Amatyala		
Iinshorensi/Isicwangciso Sokungcwaba		
Iindleko zokonwabisa		
Imali ezigcinwayo		
Umbane Namanzi		
Iintlawulo Zenyanga Nganye kunye Nerhafu		
Ukutya nempahla Yeenyanga Zonke		
Amatyala Empahla Yokunxiba		
Amatyala Efowuni/Icellular		
Irhafu Kamabonakude/iM-Net		
Ezinye Iindleko		
Iindleko Ziphelele		
IMALI EYINTSALELA KWIINDLEKO		

KUBALULEKE NGANTONI UKWENZA ULWABIWOMALI?	ULWABIWOMALI LWAKHO LUBUKEKA LUNJANI?		
•	INGENISO YAM YENYANGA:		
•			
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•	IINDLEKO ZAM ZENYANGA:		
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NGILUBHALA KANJANI ULWABIWO-MALI?						
ISIBONELO:	**Ujanuwari**	**Ufebhu-wari**	**Umashi**	**...............**	**Udisemba**	**Kukonke kuhlan-gene**
Imali engenayo: (a) (b) (c)						
1. Imali engenayo isiyonke:						
Izindleko: (a) (b) (c)						
2. Izindleko sezizonke:						
3. Ukweqa (+) noma ukushoda (–) (1–2)						
4. Ukwelekanana kokweqa noma kokushoda						

IMALI ENGENA NYANGA ZONKE		
Umholo/inkokhelo		
Utshalomali		
Enye indlela okungena ngayo imali		
Imali engenayo isiyonke		
IZINDLEKO ZENYANGA		
Intela, impensheni, UIF (Iphepha lomholo?)		
Uhlelo lonakekelo lokwelashwa/ lokwelashwa esibhedlela		
Udokotela/ikhemisi		
Isikweletu sendlu, intela		
Ikukhokhela umshuwalense		
Imali yokuhamba (itekisi, imoto, amabhasi, njll.)		
Imfundo yezingane/Izingubo zokugqoka		
Ukukhokha imali eyayibolekiwe		
Uhlelo lokubonelela ngesifo/ umshuwalense		
Ukuzijabulisa		
Imali eyongiwe		
Ugesi namanzi		
Imali kamasipala nentela		
Ukudla nokunye kwasendlini		
Ama-akhawunti ezimpahla zokugqoka		
Ama-akhawunti ocingo/ omakhalekhukhwini		
Ukuqasha umabonakude (TV), M-Net		
Ezinye izindleko		
Izindleko Zizonke		
IMALI ISIYONKE ENGENILE UMA IQHATHANISWA NEZINDLEKO		

KUNGANI KUBALULEKILE UKWENZA ULWABIWO-MALI?	LUBUKEKA KANJANI ULWABIWO-MALI LAKHO LWAZINYANGA ZONKE?		
•	IMALI YAMI ENGENAYO ZINYANGA ZONKE:		
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•			
•	IZINDLEKO ZAMI ZANYANGA ZONKE:		
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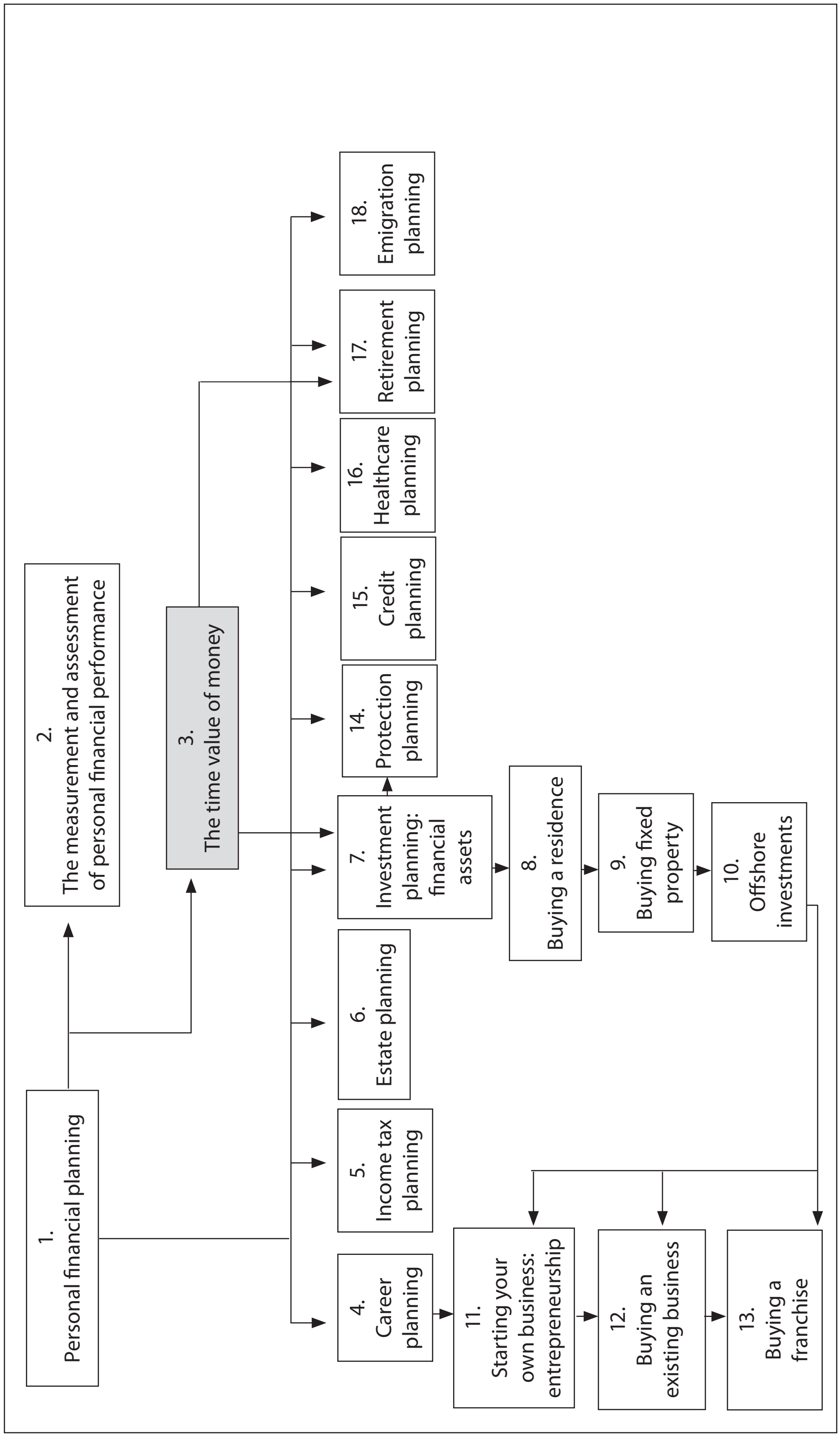
Study unit 3

THE TIME VALUE OF MONEY

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- explain the meaning of the time value of money
- demonstrate different calculations regarding the time value of money
- demonstrate the influence of time value on personal finances

ASSESSMENT CRITERIA

Application of skills during personal financial planning as demonstrated by the following:

- doing calculations regarding the time value of money

KEY CONCEPTS

time value of money
present value
future value
nominal interest rate
effective rate

GETTING AN OVERVIEW

The time value of money is a concept that may sound very complex to some of you. However, it is not the case, as it only means that R1 is worth more today (can purchase more) than the same R1 would be worth in five or ten years' time. Nevertheless, this concept does have far-reaching financial implications for the financial world and for you as an individual. We will now discuss this topic based on the following key question:

- What is meant by the time value of money?

The time value of money and calculations

It is impossible to grasp the importance of timely personal financial planning without knowing what is meant by the time value of money. The time value of money is also known as "the theory of compound interest". Both everyday financial transactions and retirement planning are influenced by the time value of money.

You must have sound knowledge of a number of concepts relating to the time value of money. These include the following:

- present value
- future value

- a single amount or lump sum
- an annuity
- mixed cash stream
- compound interest (accumulation)
- discounting
- yearly, half-yearly, quarterly and monthly interest calculations
- nominal and effective interest rates

You will notice that calculations relating to the time value of money can be performed using either interest tables or a pocket calculator. Interest tables will help you understand what is meant by the time value of money. Nevertheless, we also recommend that you buy a pocket calculator so that you will be able to perform your own personal financial calculations (when purchasing a dwelling, motor vehicle or furniture).

First, you should have some knowledge of the inverse ratio that exists between accumulation and discounting. In accumulation, the future value of a single amount (lump sum), a series of unequal amounts or a series of equal amounts (annuities) is determined. In discounting, the present values of a single amount (lump sum), a series of unequal amounts or a series of equal amounts are determined. Moreover, a distinction is drawn between an ordinary annuity (where the amount concerned is received or paid at the end of a period) and a prepaid annuity (where the relevant amount is paid or received at the beginning of a period).

In order to calculate the above amounts, you should know how to operate a pocket calculator. You should also know where interest rates and periods fit into the calculations. For example, interest is calculated yearly, half-yearly, quarterly or monthly. Make sure that you are able to adapt the calculations (ie, the interest rate, and the period) so that you obtain the correct answer if interest is calculated more than once a year.

Let us consider the following example in order to calculate the difference between nominal and effective interest rates. You invest R100 and, at the end of the year, have R114,93 available. What nominal interest rate did you receive if interest was calculated monthly?

Calculations using a HP10BII calculator

Calculation:

Nominal interest rate

– Clear the financial memory of the calculator (yellow 2nd F, then C ALL).
– Set the payment per year as 12 (12, 2nd F, P/YR).

Input	**Function**
± 100	PV
114, 93	FV
1	2nd F, xP/YR
	I/YR

Answer = (13,996) or 14%

If you received 14% nominal interest and the effective rate is required, the calculation is as follows:

Calculation:

Effective interest rate

Input	**Function**
14	2nd F, NOM%, 2nd F, EFF%
	Answer = 14,93%

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 3 in Swart *(Personal financial management)*.

ACTIVITY 3.1

You purchase a dwelling (house, flat, duplex) for R250 000 and finance the purchase by way of a R200 000 mortgage bond. The mortgage bond interest rate is 18% per year and the period of the bond is 20 years. You wish to calculate the following:

- monthly mortgage bond instalment

  Calculation:

  – Clear the financial memory of the calculator (yellow 2nd F, then C ALL).
  – Set the payment per year as 12 (12, 2nd F, P/YR) .

Input	**Function**
± R200 000	PV
18	I/YR
20	2nd F, xP/YR
	PMT: Answer = R3 086,62

- new mortgage bond instalment if interest rates rise to 23% per year

  Calculation:

  – Store your previous answer (R3 086,62) with the accompanying calculations in the memory of the calculator (press –7M).

Input	**Function**
23	I/YR PMT
	Answer = R3 874

- new mortgage bond instalment, should you have to extend the mortgage bond period to 30 years because of a cash flow problem

Calculation:

– Store your previous answer (R3 874) with the accompanying calculations in the memory of the calculator.

Input	**Function**
30	2nd F, xP/YR PMT
	Answer = R3 837,46

Note that even though the mortgage bond instalment is reduced by R36,54 (R3 874 – R3 837,46), you will pay considerably more in interest.

ACTIVITY 3.2

You purchase a dwelling for R300 000 at an interest rate of 18% per annum. The mortgage bond period is 20 years. After 10 years, you wish to calculate the following:

- amount of **capita**l amortised by the 120th instalment

Calculation:

– Clear the financial memory.

Input	**Function**
± 300 000 18	PV I/YR
20	2nd F, xP/YR
	PMT
	Answer = R4 629,93

Input	**Function**
120	Input
	2nd F, AMORT, =, R764,16
	***Answer = R764,16**

NB: Do not clear any information. Just proceed to the next sentence.

- amount of **interest** amortised by the 120th instalment

– Just press the = sign, R3 865,78

Answer = R3 865,78

NB: Again, do not clear any information. Just proceed to the next sentence.

- outstanding balance on your mortgage bond

– Just press the = sign, R256 954, 21

Answer = R256 954,21

* From this answer, press the = sign. It gives R3 865,78. Press the = sign again; it gives R256 954,21

ACTIVITY 3.3

You have borrowed a certain amount of money from your father in order to buy a house. Compound interest of 15% is calculated at the end of each year. The loan, together with interest, must be repaid after five years, and the amount will then be R120 682. How much did you borrow from your father?

Calculation:

– Clear the financial memory.
– Set the payment per year as 1 (1, 2nd F, P/YR).

Input	Function
± 120 682	FV
15	I/YR
5	N
	PV
	Answer = R60 000

ACTIVITY 3.4

- You borrowed R60 000 from your father to buy a house. Compound interest amounting to 15% is calculated at the end of each year. You eventually repaid your father R120 682. For how many years did you borrow the money?

  Calculation:

  – Clear the financial memory.

Input	Function
120 682	FV
15	I/YR
± 60 000	PV
	N
	Answer = 5 years

ACTIVITY 3.5

- You borrowed R60 000 for five years from your father in order to buy a house. After five years, you had to repay your father R120 682. What amount of interest, compounded once a year, did he require you to pay?

  Calculation:

  – Clear the financial memory.

Input	Function
120 682	FV
5	N
± 60 000	PV
	I/YR

Answer = 15%

ACTIVITY 3.6

- Your client invested money in his/her savings account for one year. The nominal interest rate calculated monthly at the end of each month on his/her investments was 14%. Calculate his/her effective interest rate.

Calculation:

– Clear the financial memory.
– Set the payment per year as 12 (12, 2nd F, P/YR).

Input	Function
14	2nd F, NOM%,
	2nd F, EFF%

Answer = 14,93%

ACTIVITY 3.7

- You borrowed a certain sum of money from your father to buy a house. Interest was calculated at 15% at the end of each month, and the loan was repayable after two years together with interest. At such time, the amount repayable was R80 841,06. How much did you borrow from your father?

Calculation:

– Clear the financial memory.

Input	Functions
80 841	FV
15	I/YR
2	2nd F, xP/PR
	PV

Answer = R60 000

ACTIVITY 3.8

- Mr Smit has been granted a mortgage loan of R30 000. Interest is calculated at 11% per annum, compounded monthly at the end of each month. Mr Smit's monthly instalment is R286,99. Calculate the period of the loan.

Calculation:

– Clear the financial memory.

Input	**Function**
± 30 000	PV
11	Y/YR
286,99	PMT
	N

Answer = 347,98 months. (To convert to years, divide by 12 months. Therefore, the correct answer is 29 years (347,98 / 12)).

ACTIVITY 3.9

An investor analyses an industrial property and finds that it will yield a net income of R20 000, R25 000 and R30 000 respectively over the next three years. At the end of this period, the property can be sold for R300 000. If the investor requires at least 12% on his/her investment, what is the maximum amount that he/she should pay for the property?

Calculation:

– Clear the financial memory.
– Set the payment per year as 1 (1, 2nd F, P/YR).

Input	**Function**
± 0	CFi
20 000	CFi
25 000	CFi
330 000 (30 000 + 300 000)	CFi
12	I/YR
	2nd F, NPV

Answer = R272 674

SELF-ASSESSMENT

Discuss the influence of the time value of money on your personal financial planning.

FEEDBACK

- *influence on debts*
- *influence on the cost of living*
- *impact on investments*
- *impact on retirement*

SUMMARY

After studying this unit, you should realise how important it is to have knowledge of the time value of money when dealing with your own financial affairs and when undertaking personal financial planning. Without this knowledge, it is impossible to understand income tax, estate, investment and retirement planning. The time value of money constitutes the basis for numerous personal financial decisions. In the next study unit, credit planning will be discussed.

CHECKLIST

	Did you read the chapter in full in order to get an overall impression of the content?
	Have you done the activities?
	Did you complete the assessment?
	Have you studied the contents of this chapter?
	Have you achieved the learning outcomes?
	Will you be able to meet the assessment criteria stated?
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	Are there any additional resources available on myUnisa?

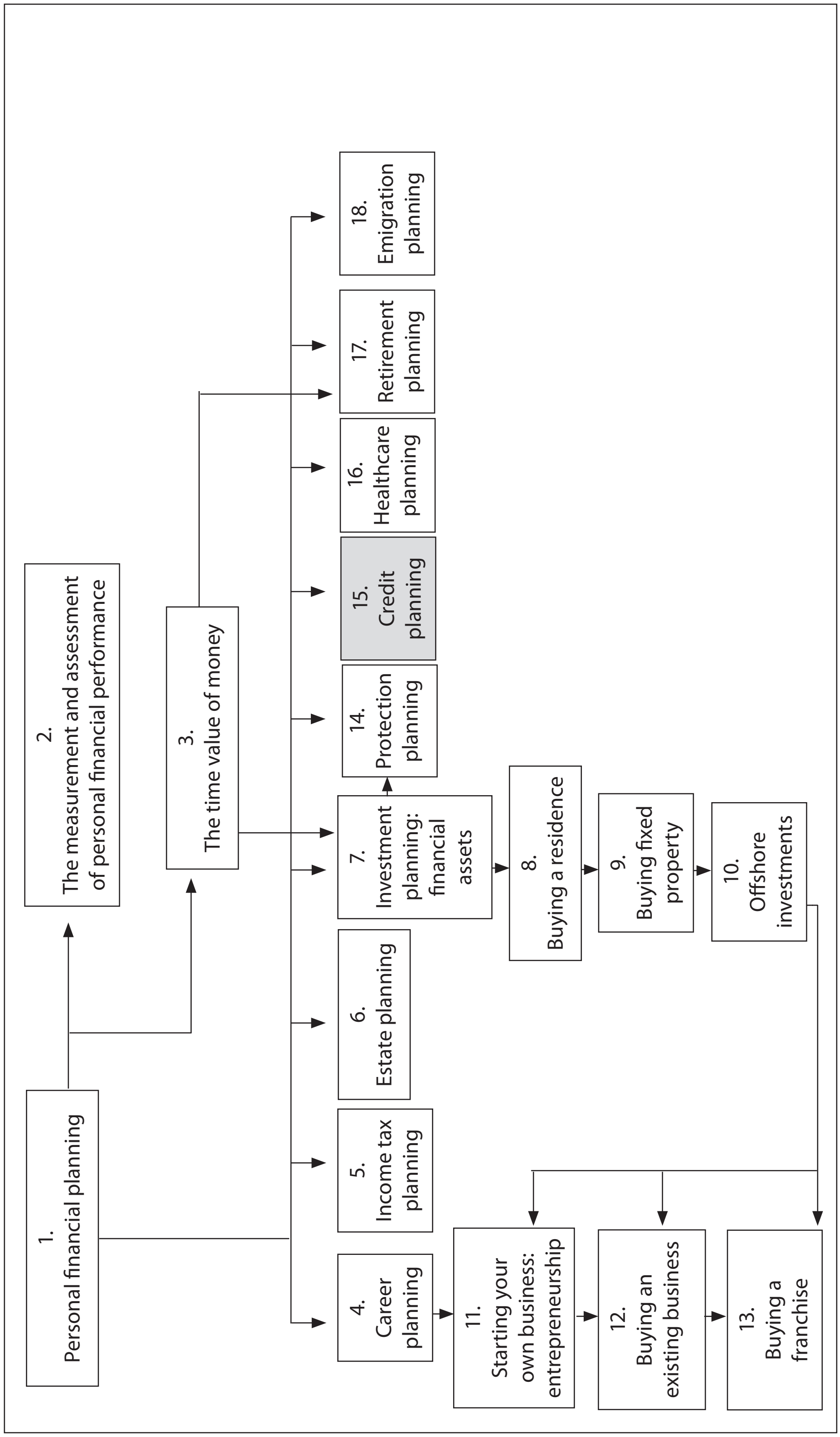
Study unit 4

CREDIT PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- explain the importance of credit planning
- identify the problems that result from using credit excessively
- explain how to apply for credit
- identify the steps involved in handling a debt crisis
- apply debt self-management
- evaluate banking services
- explain the functioning of credit services
- examine a credit agreement critically
- identify and quantify the different aspects of buying or selling a car
- explain the use of e-shopping and e-banking
- define microlenders and the role of the NCR
- ensure that their name never appears on the credit information bureaus' black list

ASSESSMENT CRITERIA

Application of skills during personal financial planning as demonstrated by the following:

- awareness of the differences between desires and needs as well as between good and wrong reasons to incur debt
- application of methods to find a way out of debt and a debt crisis
- recognition of methods of buying clothing and furniture (technical equipment) and of how to spend money during the festive season (Christmas)
- explanation of the objectives and functioning of the National Credit Act 34 of 2005
- knowledge of methods of evaluating a motor car, the purchase contract, and the different cost items and methods of financing a car

KEY CONCEPTS

debt crisis

need

desire

debt self-management

credit instruments

credit contract

e-shopping

e-banking

microlender

microloan

National Credit Regulator (NCR)

credit information bureau

National Credit Act, 2005

GETTING AN OVERVIEW

Effective credit planning may assist in preventing the names of individuals from appearing on the "black lists" of credit information bureaus.

The importance of credit can hardly be overemphasised. However, a prerequisite for effective credit management is that the individual must have adequate knowledge of credit and all related aspects, and of his/her personal financial situation. Once the individual has gained this knowledge, effective credit planning according to predetermined goals becomes possible.

There are many reasons why individuals buy goods and/or services on credit at some stage or another. However, it is important that individuals ask themselves why they are spending money that they do not have. When using credit, people are prepared to pay more (ie interest) for goods and/or services than such goods and/or services normally cost (the cash price). There are good and bad reasons for buying on credit.

A justifiable reason is based on a logical decision. One example may be where credit is utilised to save money. When the reason for using credit is unjustifiable, the purchasing decision may be dictated by emotions. Greed and/or ambition are often motives for such decisions.

Emotional purchasing decisions are taken particularly when no personal or domestic budget exists. Without such a budget, individuals do not always know for what they are letting themselves in. Often, unforeseen expenses (events) cannot be paid, with the result that the individual's standard of living gradually declines. It is very important that every individual or household uses credit responsibly. Credit is seldom cheap, and interest has to be paid on borrowed money.

It is important to be aware of the good and the bad reasons for resorting to the use of credit. Similarly, you should know what the advantages and disadvantages of credit are. By making credit planning a part of the domestic budget, the individual/household will be able to meet debt commitments, thereby avoiding a debt crisis and making it easy to resolve/deal with the crisis.

Credit planning will now be discussed based on the following key questions:

- What credit instruments are available to the individual?
- How could incurring too many debts lead to sequestration or liquidation?

Credit instruments

The individual may use various forms of credit known as credit instruments. You should know the characteristics and functioning of the following credit instruments:

- instalment-sale transactions
- lease transactions
- personal loans
- overdrawn bank accounts (overdrafts)
- credit cards/petrol cards
- mortgage loans
- study loans
- layby

You should evaluate and compare these credit instruments based on the following:

- cost
- availability
- security required
- instalments
- payment period
- the time when rights and obligations are transferred
- risk

By evaluating and comparing these instruments, you will be able to choose the credit instrument (or credit instruments) that best suits your specific financial situation and needs.

The National Credit Act

The objectives of the National Credit Act are to

- protect consumers against illegal and reckless lending practices of credit providers
- make sure that consumers do not incur too much debt, which they will not be able to repay
- ensure that all credit providers are registered with the National Credit Regulator
- ensure that all credit transactions are registered with the National Credit Register
- enable consumers to access their credit records held at a credit bureau (once a year)
- ensure that credit providers disclose all information concerning credit transactions to consumers
- help consumers find a way out of their debt crisis and manage their debt by using registered credit counsellors

Debt, sequestration and liquidation

There are many reasons why a person experiences a debt crisis. Essentially, a debt crisis originates when a person's liabilities exceed his/her financial capacity; in other words, the person concerned has been purchasing in an undisciplined way and has not been managing his or her financial affairs properly. In such cases, illness or a vehicle that breaks down may very easily result in such person being unable to keep his or her head above water.

You may have tried everything possible but you just cannot pay your overdraft, your credit card account, your clothing account, the pharmacy or the bottle store, or even repay the loan made to you by a friend. Your debts and the interest payable are simply too great.

In fact, your lifestyle may be causing you facing complete financial ruin – unless you find a solution to your debt crisis. If, in addition, you lose your job, or remain unemployed, it will be almost impossible to get out of debt.

You will then be doomed to sequestration.

Sequestration and liquidation

Is there a difference between sequestration and liquidation? If a person, a partnership or a trust is declared insolvent (bankrupt), such an act is referred to as sequestration. Where this happens to a close corporation or a company, however, it is referred to as liquidation.

If your creditors have you sequestrated, this is known as compulsory sequestration. If, however, you decide to have yourself declared insolvent, such an act is referred to as voluntary sequestration or the surrender of your estate. Study the proprietary and personal consequences of sequestration.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 4 in Swart (*Personal financial management*)

ACTIVITY 4.1

Compile a list of all your debt commitments (and those of your household). Then draw up a new domestic budget. Now list the reasons why you

- are faced with a debt crisis
- are unable to meet your debt commitments
- can no longer handle your debt crisis and should consider sequestration/liquidation

SELF-ASSESSMENT

Discuss how you would handle a debt crisis.
Briefly explain the different aspects of buying and selling a car.

FEEDBACK

- *Debt crisis*
  - *actions regarding loans and mortgage loans*
  - *actions regarding household expenditure*
  - *actions regarding existing investments*
  - *actions regarding a lower standard of living*

- *Buying and selling a motorcar*
  - *talk to several people*
  - *buy privately*
  - *buy on an auction*
  - *hints for buyers*
  - *hints for sellers*

- *hints on financing*
- *sources of information*

SUMMARY

You should now realise to what extent credit planning can guarantee your financial survival. The reason why credit planning can assist you in realising this goal is that it largely influences and determines your positive/negative cash flow position.

It should also be clear that the right credit instrument should be used, based on sound reasons for incurring debt. The incorrect reasons for incurring debt will result in you being burdened with the disadvantages (instead of the advantages) of debt.

In the same way, you should be able to determine whether you would be able to find a way out of your debt crisis and whether you should think of consulting a debt counsellor or possibly to be sequestrated/liquidated.

Essentially, each individual should use debt to his/her advantage. In the next topic, career planning will be discussed.

CHECKLIST

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	Are there any additional resources available on myUnisa?

APPENDIX

MY DEBT TABLE					
Creditor	**Total still owing (R)**	**Rate of interest (%)**	**Monthly payment (R)**	**Months to pay**	**Reason for debt**
Example: *Micro-lender*					*Loan to buy furniture*
					Loan to buy clothing
					Loan to buy a TV
TOTAL DEBT					

TLHAGIŠO YAKA YA DIKOLOTO					
Bakolotiwa	**Palomoka yeo e sa kolotwago**	**Reiti ya morokotšo (%)**	**Tefo ya kgwedi le kgwedi (R)**	**Dikgwedi tša go lefa**	**Lebaka la go dira sekoloto**
Mohlala: *Moadisimiši wa ditšhelete*					*Kadimo ya tšhelete ya go reka thoto ya ntlo*
					Kadimo ya tšhelete ya go reka diaparo
					Kadimo ya tšhelete ya go reka TV
PALO-MOKA YA SEKOLOTO					

ITAFILE YAM YETYALA					
Umntu endinetyala kuye	**Isixa endingekasihla wuli siphelele (R)**	**Inqanaba lenzala (%)**	**Intlawulo yenyanga (R)**	**Iinyanga zokuhlawula**	**Isizathu setyala**
Umzekelo: *Umbolekisi Weemali Ezincinci*					*Imali yemboleko yokuthenga ifanitshala*
					Imali yemboleko yokuthenga impahla yokunxiba
					Imali yemboleko yokuthenga umabonakude
ISIXA SETYALA SIPHELELE					

ITHEBULI YAMI YESIKWELETU					
Engimkweledayo	**Isamba engisasikweleta (R)**	**Izinga lenzalo (%)**	**Imali ekhokhwa ngenyanga (R)**	**Izinyanga engizokhokha ngazo**	**Isizathu sesikweletu**
Isibonelo: *Umbolekisimali encane*					*Ukuboleka imali yokuthenga ifenisha*
					Ukuboleka imali yokuthenga izingubo zokugqoka
					Ukuboleka imali yokuthenga umabonakude
ISAMBA SESIKWELETU					

Topic 2

CAREER PLANNING

AIM

The aim of this topic is to provide an understanding of the influence of the productive use of resources throughout one's active working life in achieving financial independence after retirement.

LEARNING OUTCOMES

After having worked through this topic, learners will be able to

- identify and explain the factors in the choice of a career that affect one's earning power
- identify the steps one has to follow in calculating tax liability
- explain the starting of a business
- explain the financing of a business
- discuss the pitfalls that may arise when buying an existing business
- assess a franchise opportunity

TOPIC CONTENT

Study unit 5: Career planning
Study unit 6: Income tax planning
Study unit 7: Starting a business: entrepreneurship
Study unit 8: Buying a business
Study unit 9: Buying a franchise

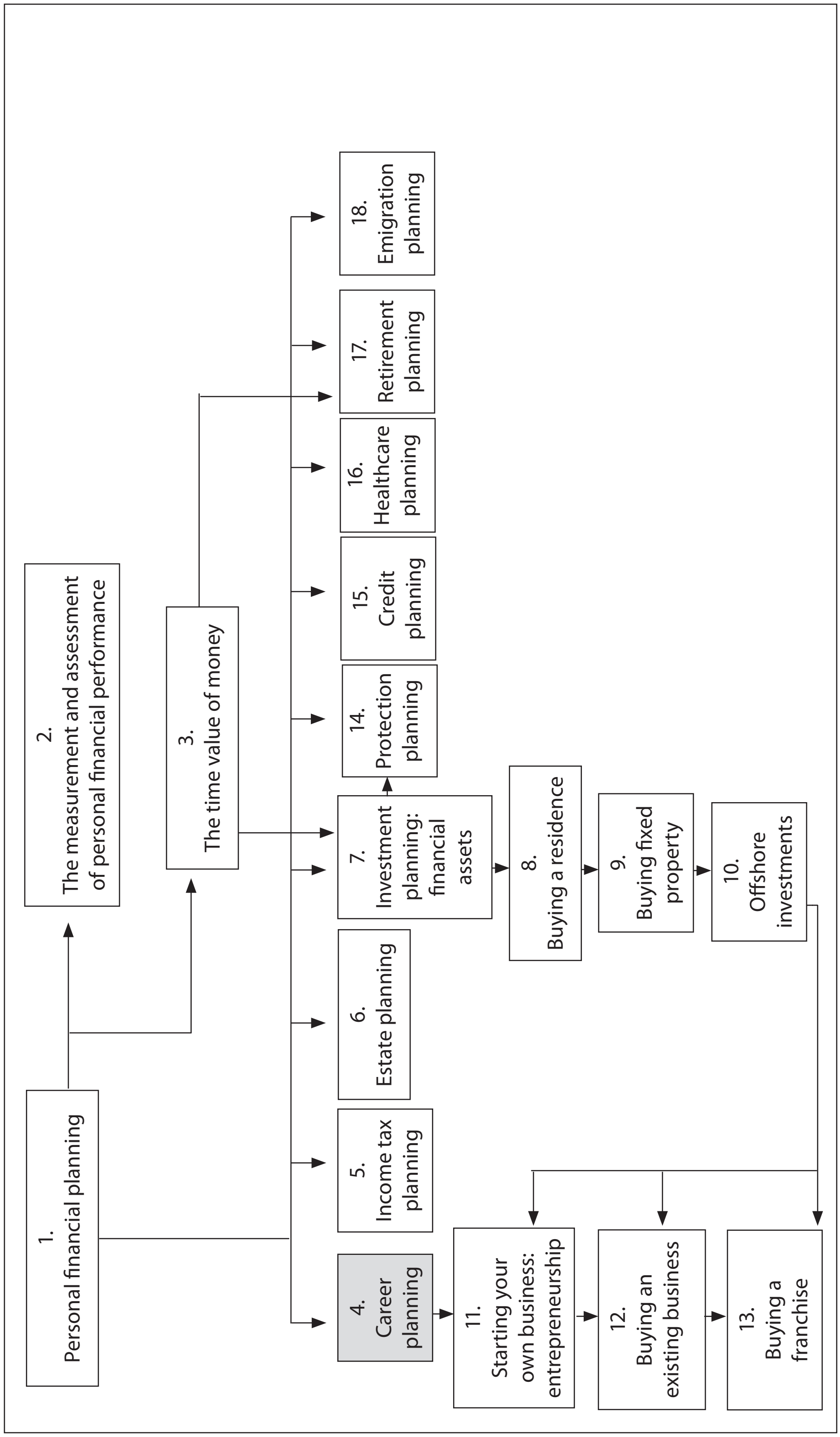
Study unit 5

CAREER PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

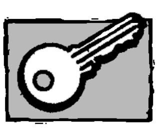
After having worked through this study unit, learners will be able to

- explain the importance of career planning
- explain what choosing a career involves
- explain the influence of studies and continued education on personal finances
- quantify the cost of studying
- decide whether they should start their own business rather than work for someone else
- find employment during times of unemployment

ASSESSMENT CRITERIA

Application of skills during career planning as demonstrated by the following:

- explanation of the importance of career planning
- qualifying the cost of studying



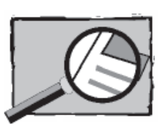
KEY CONCEPTS

career planning

earning power

unemployment

own business



GETTING AN OVERVIEW

Career planning begins as early as during school years and lasts until retirement, even though some or other work may also be performed after retirement, whether by choice (because of good health) or by need (owing to financial reasons). The importance of ongoing career planning cannot be overemphasised. Because of affirmative action, there may, in the long term, be greater or fewer opportunities for employment for certain groups or individuals making up the South African population.

School-leavers are often uncertain about whether to choose full-time employment or full-time studies, or full-time employment and part-time studies. Added to that is the high cost of studies. Young people wishing to work for themselves are also uncertain about whether they should start a new business (as an entrepreneur), purchase an existing business, or purchase a franchise. Of course, this problem is not unique to the young and may occur throughout one's life, that is, at all ages. The same uncertainty is associated with further career planning in the case of those who, at some time during their working lives, receive some form of package.

When you decide to enter the labour market as an employee, it is important to know what happens during the personal interview. The role that a *curriculum vitae* (CV) plays is very important, as are the steps that you can take during periods of employment.

In study unit 5, career planning is elucidated based on the following key question:

- What does choosing a career involve?

Choosing a career

Choosing a career is no easy task. Moreover, it is not necessarily a once-off event, but a process that can extend over one's entire life. To make a career choice, it is first necessary for the individual to analyse himself or herself and to determine what he or she likes or does not like (and what positive/negative characteristics he or she has). Secondly, the individual concerned should reflect on the nature of the various existing careers that are within such an individual's capabilities. The individual may obtain specific career information from sources such as universities, technikons, libraries, the Human Sciences Research Council (HSRC), the Department of Manpower, and newspapers and journals.

The cost of studies should be compared constantly to the financial benefits of a specific occupation. In particular, note the factors that may determine the earning potential of each individual, and note that one cannot earn more than a specific occupation allows within a specific industry, company and area or neighbourhood.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 5 in Swart *(Personal financial management).*

ACTIVITY 5.1

Draw up an up-to-date curriculum vitae (CV) for yourself, which you could possibly use in the future to impress a new employer.

SELF-ASSESSMENT

Briefly write down some reasons that you would rather start your own business than work for someone else.

FEEDBACK

- *independency*

- *may determine own salary*
- *can take own risks*
- *hard work is rewarded 100%*

SUMMARY

By now, it should be clear that career planning demands a considerable amount of homework. In addition, one cannot earn more than a specific occupation allows. Consequently, one's occupation influences one's personal financial planning, and most definitely one's ability to retire as a financially independent individual. In the next study unit, income tax planning will be discussed.

CHECKLIST

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APPENDIX

HOW TO GET A JOB:

- ⇨ Know yourself (skills, talents, the type of job you would like to have).
- ⇨ Know what careers are out there (the type of work, workplace, pay package, skills you need to do the job).
- ⇨ Ask a recruitment agency to help you apply for a job.

HOW TO KEEP A JOB:

- ⇨ Know what your boss expects from you.
- ⇨ Ask your boss if you do a good job.
- ⇨ Attend training courses to improve your skills.
- ⇨ Give your best and always try to work well with others.
- ⇨ Help to improve your work environment.

HOW TO START A BUSINESS:

- ⇨ You must have a very good idea before you can start a business.
- ⇨ You need money to start a business.
- ⇨ Ask somebody to help you to draw up a business plan (e.g. Business Partners, Khula Enterprises, Ntsika Enterprises).
- ⇨ Take the business plan to the bank to help you with financing (money).
- ⇨ When you have the money, you can start your business.
- ⇨ You must register the name of the business (ask an accountant to help you).
- ⇨ When you are the only person in the business, you will be the owner-manager of the business.
- ⇨ You can also register a Close Corporation.
- ⇨ When two or more of you start a business, you can register a Close Corporation or a Partnership.
- ⇨ Consult an insurance broker to help you with business insurance.
- ⇨ You can also buy a business – ask a business broker to help you.

KA MOO O KA HWETŠAGO MOŠOMO:

- ⇨ Itsebe (makgoni, ditalente, mouta wa mošomo woo o o Nyakago).
- ⇨ Tseba gore ke mešomo efe yeo e kwetšegago (mohuta wa mošomo, lefelo la mošomo, sephuthelwana sa moputso, tsebo yeo e nyakegago go ka dira mošomo woo)..
- ⇨ Kgopela mohlankedi wa tša go thwala batho a go thuše go dira kgopelo ya mošomo..

KA MOO O KA SWARELELAGO MOŠOMONG WA GAGO:

- ⇨ Tseba seo mongmošomo a se nyakang go tšwa go wena.
- ⇨ Botšiša mongmošomo gore a naa o šoma gabotse.
- ⇨ Tsenela dithuto tša thupello go kaonafatša bokgoni bja gago.
- ⇨ Šoma gabotse ka moo o ka kgonago gomme o šome gabotse le babangwe.
- ⇨ Thuša go kaonafatša tikologo ya moo o šomago.

KA MOO O KA THOMAGO KGWEBO YA GAGO:

- ⇨ O swanetše go ba le mogopolo o mo botse pele o ka thoma kgwebo ya gago.
- ⇨ O hloka tšhelete go thoma kgwebo.
- ⇨ Kgopela yo mongwe gore ago thalele thulaganyo ya kgwebo (mohlala: Bagwebimmogo, khula Enterprises, Ntsika Enterprises).
- ⇨ Tšea thulaganyo ya gago ya kgwebo o e iše polokelong gore ba go thuše ka tšhelete.
- ⇨ Ge o na le yona tšhelete, o ka thoma kgwebo yeo e lego ya gago.
- ⇨ O swanetše go ngwadiša leina la kgwebo ya gago (kgopela mohlankedi wa tša ditšhelete gore a go thuše).
- ⇨ Ge e le gore o tee mo kgwebong, o tla ba mong-molaodi wa Kgwebo
- ⇨ O ka ngwadiša gape CC (Close Corporation).
- ⇨ Ge le le bababedi goba go feta moo le thoma kgwebo, le ka ngwadiša CC (Close Corporation) goba kgwebommogo.
- ⇨ Rerišana le moeletši wa inšorense go go thuša ka inšorense ya kgwebo.
- ⇨ Gape, o ka reka kgwebo – kgopela morekiši wa kgwebo go go thuša.

INDLELA YOKUFUMANA UMSEBENZI:

- ⇨ Sazi isiqu sakho (iintlobo zobuchule, izipho, uhlobo lomsebenzi onqwenela ukuwenza).
- ⇨ Zazi iintlobo zemisebenzi efundelwayo eziphaya (uhlobo lomsebenzi, indawo yengqesho, isixa sentlawulo, iintlobo zobuchule ekufuneka unazo zokuba wenze umsebenzi).
- ⇨ Cela umthunywa omemela kwingqesho ukuba akuncedise ukwenza isicelo somsebenzi.

INDLELA YOKULONDOLOZA UMSEBENZI:

- ⇨ Yazi into elindelwe ngumphathi wakho kuwe.
- ⇨ Mbuze umphathi wakho ukuba ingaba usebenza kakuhle na.
- ⇨ Yiya kwizifundo zoqeqesho ezicwangcisiweyo zokuphucula iintlobo zobuchule bakho.
- ⇨ Yenza kakuhle kangangoko kwaye uzame ukusebenza ngokuncomekayo nabanye.
- ⇨ Ncedisa ekuphuculeni imo ekungqongileyo yomsebenzi.

INDLELA YOKUQALISA ISHISHINI:

- ⇨ Kufuneka ube nofifi oluncomekayo phambi kokuba ukwazi ukuqalisa ishishini.
- ⇨ Kufuneka ube nemali yokuqalisa ishishini.
- ⇨ Cela umntu othile akuncedise ukuzoba isicwangciso seshishini (umzk. Abalingane Kwishishini, Khula Enterprises, Ntsika Enterprises).
- ⇨ Yisa isicwangciso seshishini ebhanki ukuze ikuncede ngemali.
- ⇨ Wakuba unayo imali, ungaliqalisa ishishini lakho.
- ⇨ Kufuneka ubhalise igama leshishini (cela ingcali kwizibalo ze-accounting ukuba ikuncede).
- ⇨ Ukuba nguwe wedwa kwishishini lakho, uya kuba ngumnini-mphathi weshishini lakho.
- ⇨ Usenako nokubhalisela i-Close Corporation.
- ⇨ Ukuba nibabini okanye ningaphezulu kwesibini abantu abaqalisa ishishini, ningabhalisela i-Close Corporation okanye i-Partnership.
- ⇨ Zidibanise nomthengisi we-inshorensi ukuba akuncede nge-inshorensi yeshishini.
- ⇨ Kanti usenako ukuthenga ishishini –cela umthengisi weshishini ukuba akuncede.

UWUTHOLA KANJANI UMSEBENZI:

- ⇨ Zazi wena qobo (amakhono akho omsebenzi, iziphiwo zakho, uhlobo lomsebezi owuthandayo).
- ⇨ Yazi imisebenzi ekhona netholakalayo (uhlobo lomsebenzi, indawo yokusebenzela, umholo, amakhono olwazi lomsebenzi owadingayo ukwenza lowo msebenzi).
- ⇨ Cela uphiko olufunisa imisebenzi ukuthi likusize ukufuna umsebenzi.

UWUGCINA KANJANI UMSEBENZI:

- ⇨ Yazi ukuthi umqashi wakho ulindeleni kuwe.
- ⇨ Mbuze umqashi wakho ukuthi wenza umsebenzi omuhle yini.
- ⇨ Ethamela izifundo zokuthuthukisa amakhono akho olwazi lomsebenzi.
- ⇨ Hlale njalo usebenza ngokuzimisela futhi uzame ukusebenzisana kahle nozakwenu.
- ⇨ Siza ukwenza ngcono isimo sokusebenza emsebenzini.

ULIQALA KANJANI IBHIZINISI:

- ⇨ Kufanele ube nomqondo ocacile ngaphambi kokuthi uqale ibhizinisi.
- ⇨ Udinga imali ukuqala ibhizinisi.
- ⇨ Cela umuntu othize akusize ukubhala uhlelo lwebhizinisi (isib. Business Partners, Khula Enterprises, Ntsika Enterprises).
- ⇨ Luhambise ebhange uhlelo lwakho lwebhiziinisi ukuze bakusize ngezimali.
- ⇨ Uma unayo imali, ungaqala ibhizinisi lakho.
- ⇨ Ufanele ubhalise igama lebhizinisi (cela umcwaningi wamabhuku ezimali akusize).
- ⇨ Uma kunguwena kuphela ebhizinisini uzoba ngumnini-mphathi webhizinisi.
- ⇨ Futhi ungabhalisa inkampani encane (close corporation).
- ⇨ Uma nibabili noma ngaphezulu niqala ibhizinisi ningabhalisa nibe yinkampani encane (close corporation) noma umfelandawonye noma nibe ngabaligani.
- ⇨ Xhumana nomthengisi womshuwalense akusize ngomshuwalense webhizinisi.
- ⇨ Futhi ungayithenga ibhizinisi – cela umthengisi-mabhizinisi akusize..

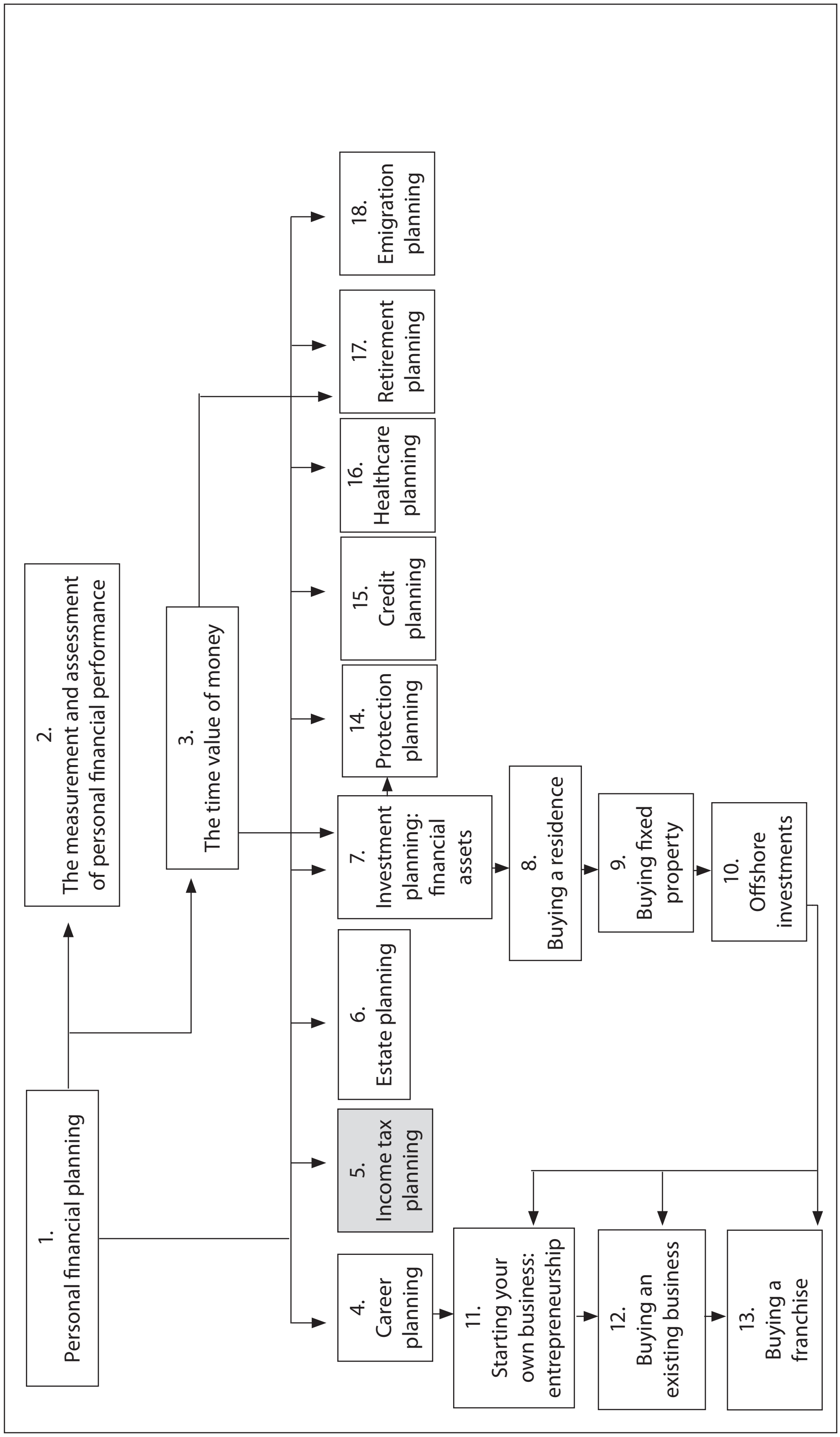
Study unit 6

INCOME TAX PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

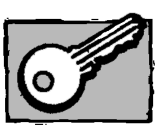
After having worked through this study unit, learners will be able to

- explain the importance of income tax planning
- calculate their own income tax liability with the help of an income tax guide
- identify some of the pitfalls associated with income tax
- apply tax avoidance methods to avoid paying too much income tax
- explain the influence of tax planning on retirement packages

ASSESSMENT CRITERIA

Application of skills during career planning as demonstrated by the following:

- explanation of the importance of income tax planning
- calculation of the tax liability of an individual with the help of an income tax guide (tables)
- identification of pitfalls during income tax planning



KEY CONCEPTS

income tax planning

tax avoidance

tax evasion

tax liability

gross income

exempt income

deductions allowed

taxable income

tax per scale

rebates

value-added tax

capital gains tax

provisional tax

donations tax

estate duty

GETTING AN OVERVIEW

"Give to Caesar what is Caesar's" is a well-known quote from the Bible (Matthew 22:21). Payment of tax and the calculation of an individual's tax liability are not things that should simply be left to the state to oversee, however. On the contrary, one should know how to calculate one's tax liability and one should have thorough knowledge of the methods that can be used in order to pay less tax. Where legal methods are used for paying less tax, such an approach is referred to as tax avoidance. The illegal reduction of the amount of tax payable is known as tax evasion.

Income tax planning will be discussed based on the following questions:

- How is a person's tax liability calculated?
- What methods can be used to avoid tax?

How to calculate your tax liability

What the calculation of tax liability essentially amounts to is that the individual has to calculate how much tax he or she must pay to the state.

The different steps in calculation of taxable income:

- Calculate the taxable income.

Gross income	xx
Minus: Exempt income	xx
	xx
Income	
Minus: Allowable deductions	xx
	xx
Plus: Taxable portion of capital gains tax	xx
Taxable income	xx

- Calculate the tax liability:

Taxable income (as calculated above)	xx
Calculate tax payable in terms of tax tables:	
Minus: Rebates	xx
Normal tax payable	xx
	xx
Minus: PAYE, SITE, provisional tax paid	xx
Tax liability due	xx

Make sure that you know what each of these steps involves. In addition, you should know that certain individuals have to pay provisional tax in February and August.

Methods of avoiding tax

Individuals, whether married or unmarried, can employ numerous methods to pay less tax (to avoid tax). Naturally, each individual's personal financial situation will differ, with the result that different methods of tax avoidance will be employed. These include tax avoidance methods

- for employees/employers
- for married/unmarried persons
- with a view to estate planning/retirement planning
- with a view to the investment of some or other lump sum or a package, or with a view to monthly investments

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 6 in Swart *(Personal financial management).*

ACTIVITY 6.1

Make a list of 10 methods that you personally could employ to reduce your own income tax liability, in other words, to avoid paying too much tax.

SELF-ASSESSMENT

Briefly discuss the steps one should follow in order to calculate one's income tax liability.

FEEDBACK

To do this calculation, the following steps must be done:

- *Calculate the taxable income.*

Gross income	*xx*
Minus: Exempt income	*xx*
	xx
Income	
Minus: Allowable deductions	*xx*
	xx
Plus: Taxable portion of capital gains tax	*xx*
Taxable income	*xx*

- *Calculate the tax liability:*

Taxable income (as calculated above)	*xx*
Calculate tax payable in terms of tax tables:	
Minus: Rebates	*xx*
Normal tax payable	*xx*
	xx
Minus: PAYE, SITE, provisional tax paid	
Tax liability due	*xx*
	xx

SUMMARY

It should now be clear how important it is to calculate one's personal income tax liability carefully. Each individual should find as many ways as possible of legally paying less tax. Many methods can be employed to avoid the payment of too much tax. In the next study unit, starting a business will be discussed.

CHECKLIST

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Study unit 7

STARTING A BUSINESS: ENTREPRENEURSHIP

CONTENTS

DIAGRAM: THE SWART MODEL

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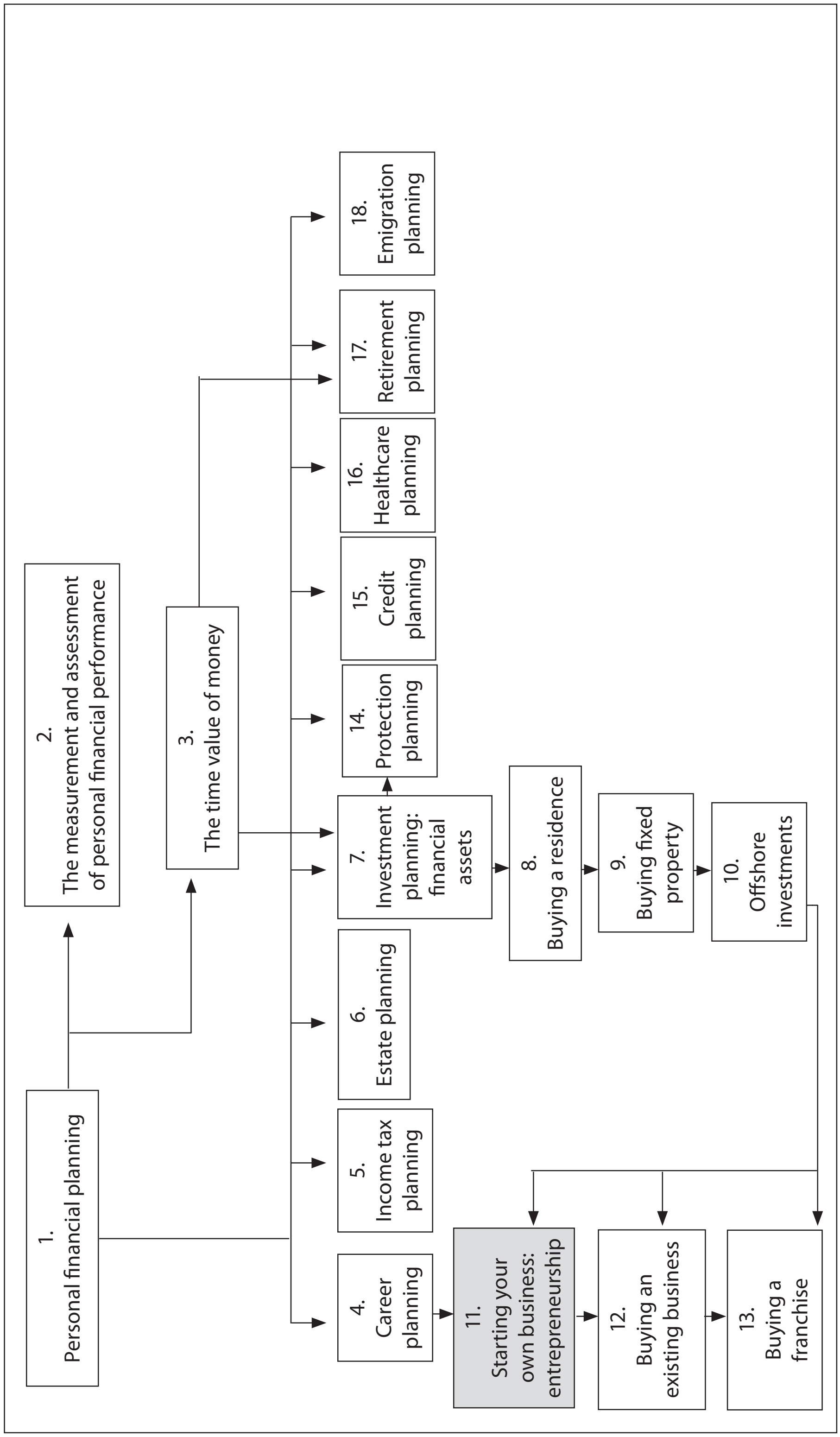

STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- define what is meant by the concept "entrepreneur"
- describe a business opportunity
- explain the pitfalls associated with a family business
- evaluate the different forms of business ownership
- explain the outlay, content and advantages of a business plan
- explain different methods of financing a small business
- explain related matters such as location; registration; administration; insurance; employment; your bank; business problems; legal matters; business advisers; succession planning; e-business; business management and growth; and importing and exporting

ASSESSMENT CRITERIA

Application of skills during career planning as demonstrated by the following:

- evaluation of different types of business forms
- explanation of the outlay, content and advantages associated with a business plan
- explanation of various methods of financing a business

KEY CONCEPTS

entrepreneur

business opportunities

business plan

business forms

business financing

GETTING AN OVERVIEW

Firstly, starting one's own business can be regarded as forming part of one's career planning. For example, after school or university, a person may decide to become an employer rather than an employee. Secondly, starting one's own business can be seen as an investment planning decision when someone receives a sum of money (an inheritance, pension, or package) and decides to invest it in a business of his or her own.

Note that both the purchase of an existing business (study unit 8) and the purchase of a franchise (study unit 9) may be viewed as either a career planning decision or an investment planning decision.

The person who starts his or her own business is known as an entrepreneur. Normally, entrepreneurs accept risk, that is, they are prepared to accept more risk than employees will.

There are literally thousands of investment opportunities. If you aspire to becoming an entrepreneur, you should first be able to see a business opportunity. Naturally, you have to weigh up the risk of entrepreneurship against that which can be gained, namely a return, and that which can be lost, namely your possessions (or some of them) and your health (possibly because of a stroke or even death). It is also very important that you consider your personal strengths (such as those that you may already have included in your CV or those that you can attribute to yourself) in order to determine what you actually want to do, and, hopefully, will be able to do well. In addition, you should consider the time that you will need to devote to the business, as this might influence your family life as well as your overall quality of life.

It is important to remember once again that, if you are relatively advanced in years, you should not blindly risk or gamble with all your possessions.

Look for a service or a product that does not yet exist, but that will make people's lives easier if they are able to rent or pay for such a service or are able to possess such a product.

Do something better, cheaper and quicker than others are doing. The opportunities (ideas that could work as a future business) are too numerous to mention here. Examples of opportunities include the following:

- Develop a new game that promotes recreation and health.
- Provide a service renting out empty rooms in houses to people.
- Look after houses (10–20) on a large scale during the holidays.
- Look for work for other people.
- Teach children how to master specific skills.
- Market health products.
- Carry out maintenance on houses.
- Transport small items quickly between cities.
- Assist people in planning their holidays.
- Take people on tours (game reserve, Garden Route, or the Kalahari).
- Teach people life skills.
- Make something for a flea market.
- Start a nursery school.

Certain ideas may not appear to be within your reach, maybe because of a lack of knowledge, funds, skills and financing. However, sit down and plan until they are within your reach, or select those that you already believe you can implement.

In this way, you may proceed from an idea to a business opportunity, after which you should draw up a business plan.

Starting your own business will now be discussed based on the following key questions:

- What is meant by a business plan?
- What types of business exist for the prospective entrepreneur?
- How can you finance your own business?

The business plan

A business or commercial plan sets out all the activities and other aspects of your business. Such a plan indicates what, how, when and why the entrepreneur wants to do that which the business is supposed to do.

You should be able to draw up such a business plan yourself.

Forms of business

Once you have registered your business for tax purposes, you will also have to register the name of your business. Thereafter, you will have to operate your business based on some or other business type, such as a sole proprietorship, a partnership, a close corporation or a company.

If you are alone in business, you will have to operate the business as a sole proprietorship or as a close corporation. If, however, there are two or three people involved, you could form a partnership or a close corporation. For young people, a close corporation is a good way in which to operate a business.

Make sure that you know the characteristics of each type of business and weigh these characteristics up carefully against your own personal needs and goals.

Financing your business

Financing a business is more complicated than it may first appear. The financing decision or, rather, the acquisition of capital (the borrowing of money) involves numerous decisions regarding

- the capital requirements of the business
- the type of business
- legal liability
- equity capital (own funds) and borrowed capital
- the form of finance
- the cost of finance
- the loan period
- short-, medium- and long-term sources of finance
- the business plan
- the capital structure

Moreover, the financing decision will differ in each of the following four cases:

- a family business
- a new business
- an existing business
- a franchise

The financing decision should assist the business in realising its primary goal in the long term, namely the maximisation of the prosperity of the owners of the business in the long term.

It is important to know what is meant by the capital structure of a business. Such a structure refers to the ratio between equity capital and borrowed funds (loan capital) employed during the course of financing the business (ie, its capital requirements).

A well-compiled business plan (based on thorough research into the new business) should enable the prospective entrepreneur to acquire the necessary finance.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 7 in *Swart* (*Personal Financial Management*)

ACTIVITY 7.1

You wish to start a business. Discuss all the steps that you would take with regard to the following:

- the business opportunity
- the business plan
- the specific business type
- the financing of the business

SELF-ASSESSMENT

Discuss the financing of a business.

FEEDBACK

- *establishing the capital requirements*
- *the type of business*
- *capital structure: own versus borrowed funds*
- *form of financing*
- *cost of financing*
- *financing term*
- *sources of financing*
- *the business plan*

SUMMARY

By now it should be clear that starting one's own business (whether by starting a new business or by buying an existing business or a franchise) is no easy task. In addition to the management aspects that have to be dealt with once a business has been established, there are numerous pitfalls as far as the prospective entrepreneur is concerned. As in the case of global investments, a large amount of homework must first be done. The thoroughness of such homework will determine, or assist in determining, the success of the business as well as the specific management skills that the entrepreneur should possess or will have to acquire. You should now also understand the role, content and nature of the business plan, the various business types and their legal implications, and the acquisition of finance on the ground of the capital requirements of the business (over the short-, medium- and long-term). Moreover, you should know that the finance period should correspond with the period of the capital requirements. In the next study unit, the buying of an existing business will be discussed.

CHECKLIST

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	Are there any additional resources available on myUnisa?

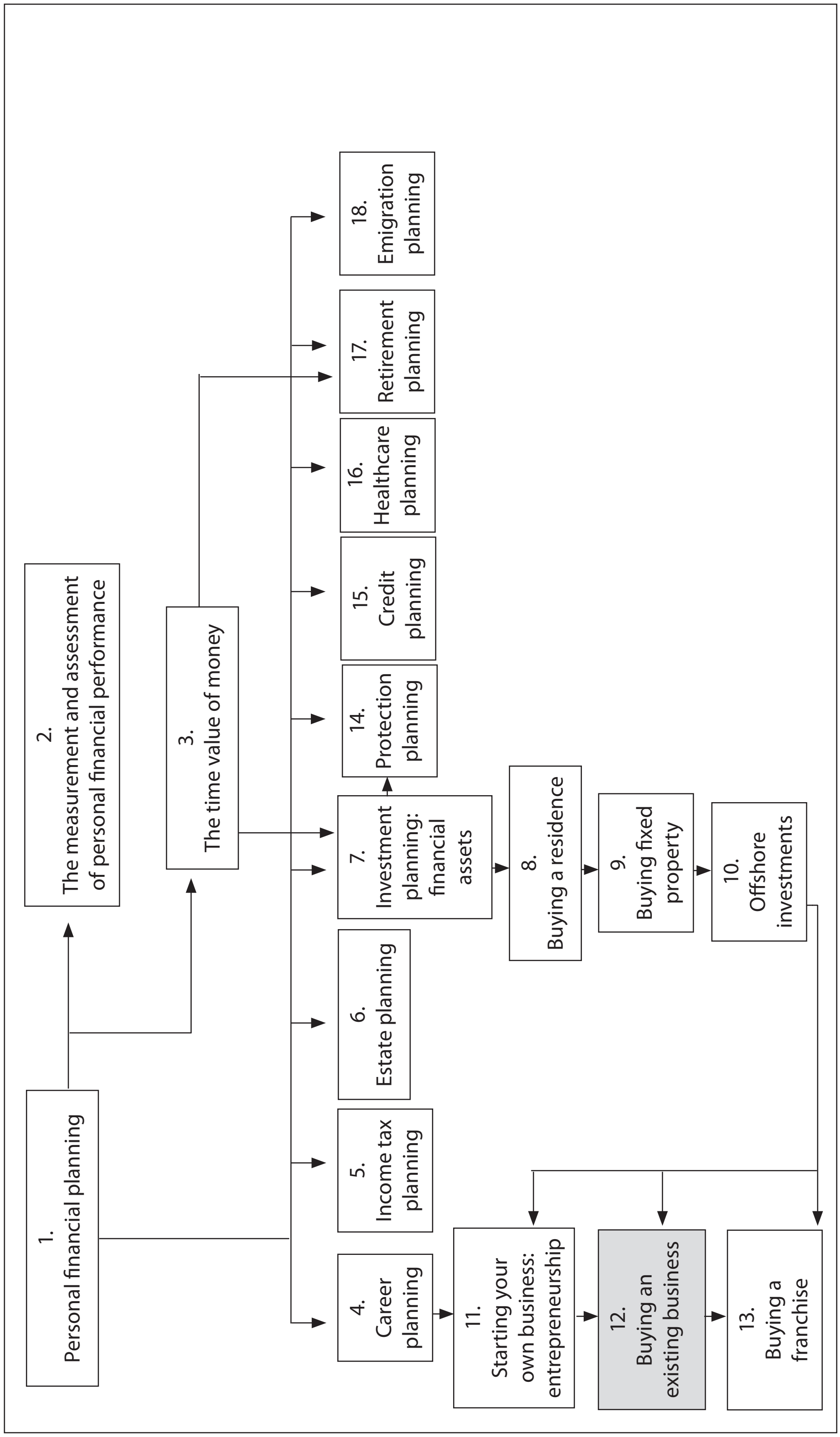
Study unit 8

BUYING A BUSINESS

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

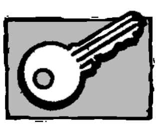
After having worked through this study unit, learners will be able to

- evaluate an existing business enterprise as an investment opportunity
- assess the financial performance of an existing business
- prepare annual financial statements for a business (using various documents)
- identify problems associated with buying an existing business
- evaluate the purchase price of an existing business
- evaluate the location of a business in order to rent, buy, build or to work from home

ASSESSMENT CRITERIA

Application of skills during career planning as demonstrated by the following:

- evaluation of the financial performance of an existing business



KEY CONCEPTS

financial statements

business plan

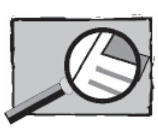
stock

cash flow problems

competition

debtors/creditors

financing



GETTING AN OVERVIEW

When buying an existing business, it is of cardinal importance that the following two key questions are answered:

- What is the reason for selling the business?
- Exactly what is being bought?

One or more of the following may be among the reasons for selling a business:

- a business decline
- obsolete products/service provision
- cash-flow problems
- poor equipment
- competition
- changed buying patterns
- poor management
- debtors/creditors

These are some of the steps that may be taken when buying an existing business:

- Evaluate yourself in order to determine whether you will be able to manage your own business.
- Determine the type of business that will correspond with your financial capacity and your needs.
- Contact sellers directly (yourself) or indirectly by means of estate agents/consultants.
- Analyse the business (or businesses) critically or with the assistance of Business Partners.
- Determine a possible purchase price.
- Draw up a business plan and determine the different capital requirement periods.
- Obtain the necessary finance (make arrangements).
- Comply with all legal requirements pertaining to the forms of business (eg, close corporation) and the registration of the business and business name.
- Use a carefully drafted contract of purchase and sale to conclude your purchase.

In order to determine exactly what is being bought, the entire business's financial performance must be measured and assessed. This process is outlined in the ensuing discussion.

Assessing financial performance

When buying an existing business, the services of a chartered accountant should be employed in order to analyse the financial statements of the business (if there are such statements). In addition, a consultant who has some knowledge of the specific type of business that is being considered should be contracted to conduct a feasibility study. The prospective investor (buyer) should pay special attention to possible pitfalls, for example, when no financial statements exist, or where such statements are of a poor quality and convey very little information.

Remember that Business Partners will gladly evaluate a business's financial performance on behalf of a prospective buyer.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 8 in Swart (*Personal financial management*)

ACTIVITY 8.1

You are considering buying an existing business. Briefly discuss all the steps that you would take until you finally reach the stage where you are able to assess the financial performance of the business with a view to deciding whether to buy it or not.

SELF-ASSESSMENT

Briefly discuss the different problems relating to the purchase of an existing business.

FEEDBACK

- *determining what exactly is being bought*
- *the precise reason(s) why the business is being sold*
- *determination of the purchase price*
- *measuring and evaluating the financial performance of the business*

SUMMARY

Buying a business is no easy task, and is most certainly not a decision that can be taken impulsively or rushed into headlong. Such a step requires thorough planning after having done considerable homework with regard to the following questions:

- Why is the business being sold?
- What exactly is being bought?

In the next study unit, the buying of a franchise will be discussed.

CHECKLIST

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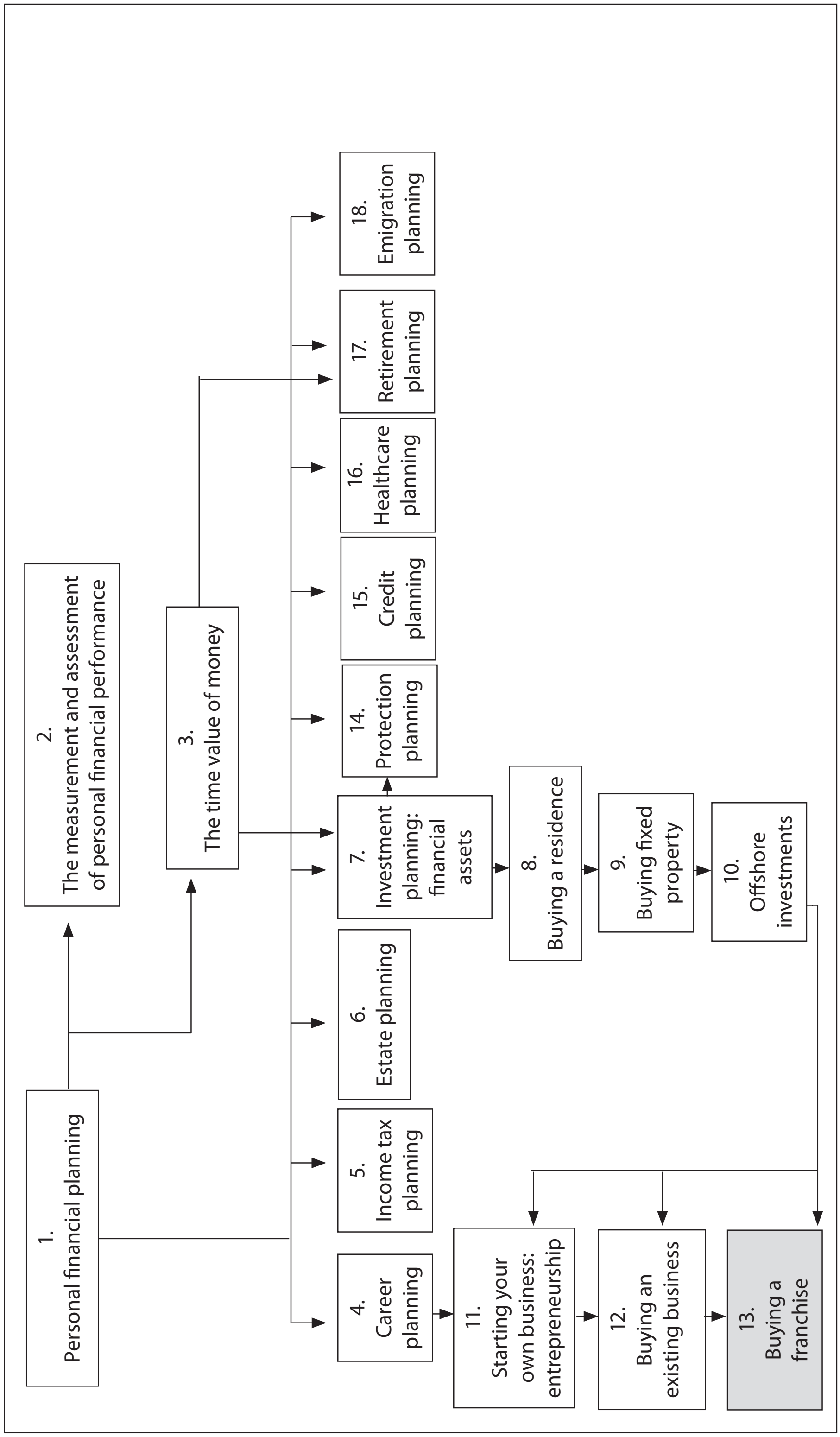
Study unit 9

BUYING A FRANCHISE

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

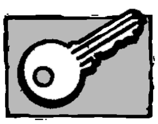
After having worked through this study unit, learners will be able to

- define the concepts "franchise", "franchisor", "franchisee" and "franchise package"
- evaluate a franchise opportunity
- explain how to finance a franchise

ASSESSMENT CRITERIA

Application of skills during career planning as demonstrated by:

- evaluation of franchise opportunities and ways of financing a franchise



KEY CONCEPTS

franchise

Franchise Association of South Africa (FASA)

franchisor

franchisee

franchise package

franchise agreement

operating and procedure manual (OPM)

GETTING AN OVERVIEW

Besides starting or buying a new or existing business, an entrepreneur can also buy a franchise.

FASA (the Franchise Association of South Africa) defines a franchise or agency as a concession which a franchisor grants to a concessionary or franchisee (operator of an agency) entitling the latter to use a full franchise/business package. Such a package covers all the elements needed to enable even the uninformed to establish the enterprise and to manage it at a profit.

Someone who, in the opinion of the franchisor, qualifies as a franchisee obtains/buys the franchise from the franchisor. A franchisee is an entrepreneur who has acquired his or her own small business enterprise. In South Africa, the number of franchises is growing at a tremendous rate.

The following are some of the reasons why an entrepreneur buys a franchise:

- a known product/service
- the advantages attached to an existing business
- preference for a specific product/service
- training by the franchisor

As in the case with the purchase of a new or existing business, the purchase of a franchise entails a considerable amount of homework. The purchase of a franchise will now be discussed based on the following question:

- How can an entrepreneur assess a franchise?

A franchise package broadly consists of the following:

- the franchise agreement
- the operating and procedure manual (OPM)
- training aspects

The franchise agreement: An attorney should be consulted with regard to the drafting of the franchise agreement. Aspects that should be dealt with in such an agreement include copyright, franchise fees or royalties that the franchisee has to pay to the franchisor, and the role of the parties. The obligations of the franchisor, and the support role played by him or her, are particularly important.

The operating and procedure manual (OPM): The OPM constitutes the core of the franchise system. Without it, there would be no franchise package. The OPM covers aspects such as values, business principles, procedures, guidelines and exercises. It also contains appendices and, in most cases, it is presented in the form of a study manual and workbook.

Training: The training of the franchisee (and his/her personnel) is important.

Some disadvantages of a franchise are the following:

- the payment of levies required by the franchisor
- loss of independence on the part of the franchisee (buyer)
- all the sales outlets/service delivery points look the same

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INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 9 in *Swart (Personal financial management)*

ACTIVITY 9.1

You are considering buying a franchise. List all the factors that you would take into account when assessing the franchise concerned.

SELF-ASSESSMENT

Briefly discuss how you would evaluate a franchise opportunity.

FEEDBACK

Assessing a franchise opportunity

A prospective entrepreneur could assess a franchise by taking the following steps:

- *Contact FASA (Franchise Association of South Africa).*
- *Visit a number of franchises.*
- *Consult existing franchise owners.*
- *Study examples of franchise agreements.*
- *Obtain a feasibility study from the seller, or conduct such a study yourself (or allow Business Partners to conduct it).*
- *Evaluate the seller with regard to the following:*
  - *financial stability*
  - *a proven record, experience, and integrity*
  - *product/service quality*
  - *provision of support (once-off/ongoing)*
  - *sound management – a low management turnover*
  - *comparative flexibility/rigidity*
  - *ongoing product development*
  - *initial cost (10% of establishment cost and the cost of extensions, equipment, furniture, professional fees, and stock)*
  - *ongoing cost (operating cost, administration, stock, replacement of equipment, and payments to the seller – royalties, contributions to the franchise group)*
  - *the specific location (The area is the greatest problem in the case of a franchise.)*
  - *the degree of protection afforded to the buyer in the franchise agreement (In most cases, only the seller is protected.)*
  - *the amount and duration of training which is provided to the buyer, and the period for which it is provided*

SUMMARY

You should now have some knowledge of the most important factors that have to be taken into account when assessing a franchise. Moreover, it should be clear that a franchise should never be bought blindly, and that a considerable amount of homework is required before the purchase can be finalised. The purchase of a franchise consequently requires thorough personal financial planning. In the next topic, estate planning will be discussed.

CHECKLIST

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Topic 3

ESTATE PLANNING

AIM

The aim of this topic is to provide an overview of the estate planning process.

LEARNING OUTCOMES

After having worked through this topic, learners will be able to

- apply the steps in the estate planning process
- draw up a valid will
- explain the influence of one's lifestyle on one's estate

TOPIC CONTENT

Study unit 10: Estate planning

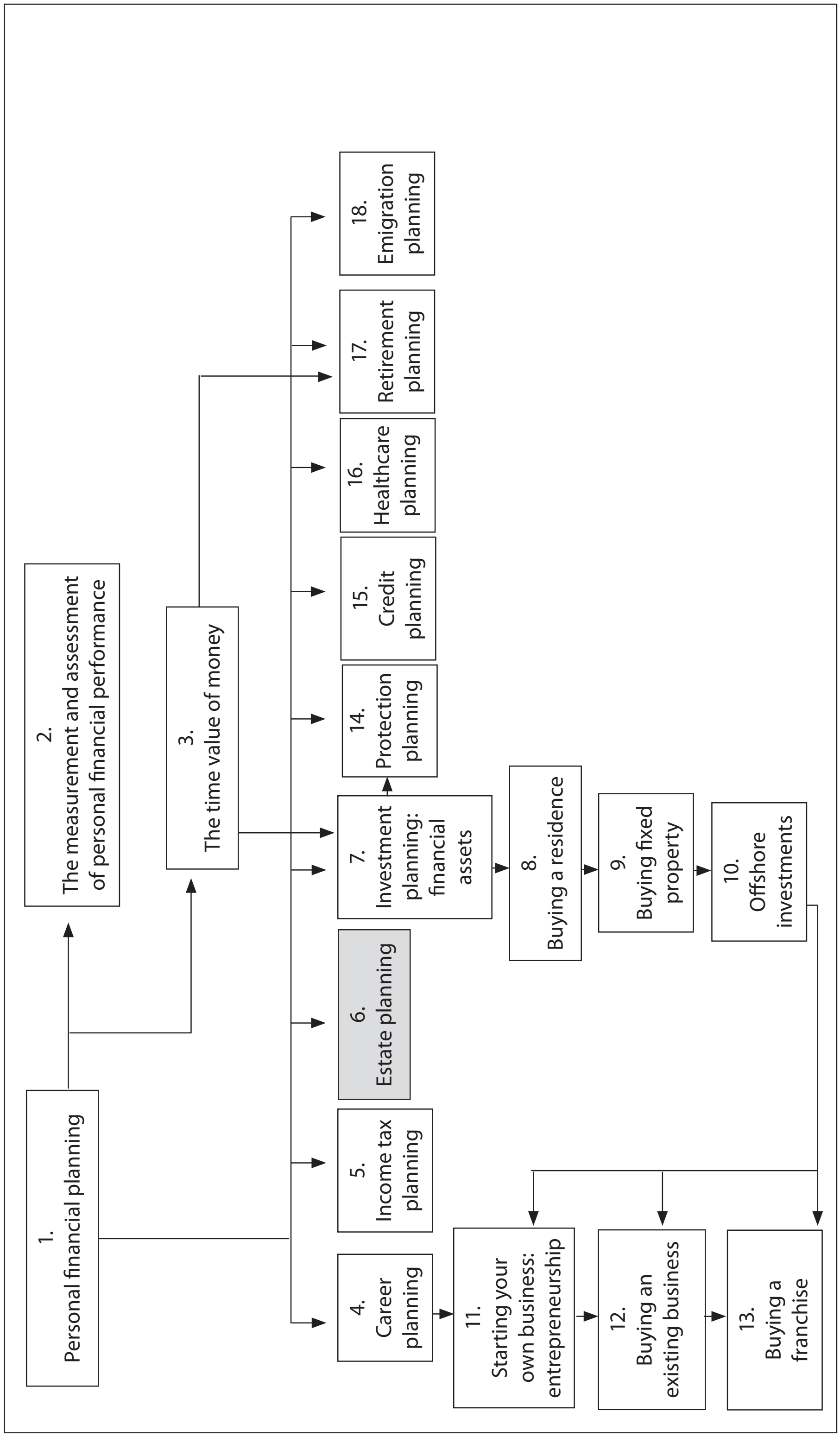
Study unit 10

ESTATE PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

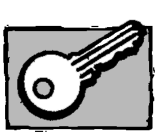
After having worked through this study unit, learners will be able to

- define the meaning of the concept “estate planning”
- explain the importance of timely and continuous estate planning
- identify the different steps in the estate planning process
- recognise estate-planning pitfalls and identify methods for avoiding them
- recognise their lifestyle will influence their estate planning
- explain the influence of lifestyle on personal finances
- identify the different steps in the administration (winding up) of an estate
- draw up a cohabitation agreement, an antenuptial contract, a will and a divorce settlement
- identify the uses of a trust
- explain the effect of a matrimonial property regime on estate planning and personal finances
- identify techniques for decreasing the size of their estate and avoiding paying estate duty

ASSESSMENT CRITERIA

Application of skills during estate planning as demonstrated by the following:

- definition of the concept “estate planning”
- identification and discussion of the different steps in the estate planning process
- identification and explanation of estate planning pitfalls and methods for avoiding them
- recognition of influence of life style on estate planning
- explanation of influence of life style on personal finances
- identification of the different steps in the estate administration process
- drawing up of a cohabitation agreement, a prenuptial agreement, a will and a divorce settlement
- identification of the different uses of a trust
- explanation of the effect of a specific matrimonial property regime on estate planning and personal finances
- identification of different techniques to reduce the size of an estate and avoid paying estate duty
- identification and avoidance of the various estate planning pitfalls



KEY CONCEPTS

estate

estate planning

estate planning process

will

trust

estate duty

cohabitation agreement

antenuptial contract

matrimonial property regime

divorce settlement

estate administration

insolvent estate

estate administration process

GETTING AN OVERVIEW

Legislation governing the taxation of income, donations and estates has resulted in estate planning becoming increasingly important. Estate planning includes the following:

- the accumulation of assets
- the protection of such assets over the period of a lifetime
- the transfer of these assets to heirs

When we speak about estate planning, we actually mean only the transfer of assets to heirs, whether natural or legal persons, or other institutions. Although not all estates are equally large, all individuals should become involved in some or other form of estate planning, whether such planning is elementary in nature or amounts to comprehensive estate planning. The most elementary form of estate planning entails the drawing up of a valid will. Comprehensive estate planning involves, among others, the establishment of trusts and the linking of trusts to companies.

Estate planning entails a considerable number of steps, which are collectively known as the estate planning process. You should know these steps.

After a person's death, the deceased's estate must be administered. Ensure that you know what steps must be taken during the process of administering an estate.

Estate planning will be discussed based on the following key questions:

- What is meant by "the estate planning process"?
- What steps are taken during the administration of an estate?

Study these steps thoroughly. In particular, note the requirements for a valid will and its contents.

Estate administration

When a person dies, that person's estate has to be administered. The process of administering an estate must comply with specific legal requirements, as monitored by the Master of the High Court, and comprises a considerable number of steps. The number of steps and the nature thereof will depend on whether

- the estimated value of the estate is less than R125 000

- the estimated value of the estate is greater than R125 000
- the estate is solvent/insolvent

You should ensure that you have a general understanding of the steps that the executor of an estate must take when administering such estate. The executor of the estate is the person or institution who/that is appointed to administer the estate in terms of the will of the deceased.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 10 in Swart *(Personal financial management)*.

ACTIVITY 10.1

Draw up a valid will for yourself.

SELF-ASSESSMENT

- *Briefly discuss the different steps in the estate planning process.*
- *Briefly discuss the influence of your lifestyle on your estate.*

FEEDBACK

The estate planning process

The estate planning process consists of the following steps:

- *Determine the assets of the estate:*
  - *Identify the assets.*
  - *Determine the value of the assets.*
- *Determine estate liability (liabilities):*
  - *Determine estate duty liability.*
  - *Estimate other estate costs.*
  - *Analyse the liquidity of the assets.*
- *Determine estate goals:*
  - *Identify heirs.*
  - *Decide what each must inherit.*
  - *Decide who will control the assets.*

- *Select estate planning techniques:*
  - *Identify a team of professional planners.*
  - *Determine the techniques available.*
  - *Select the most appropriate techniques.*
- *Implement the estate plan:*
  - *Draw up documents.*
  - *Inform heirs.*
- *Revise the plan.*

FEEDBACK – LIFE STYLE

- *cohabitation*
- *engaged*
- *married*
- *divorced*
- *management of joint household finances*

SUMMARY

It should be clear to you that each individual must become involved in estate planning. A valid will is essential for effective personal financial planning. You will note in due course that estate planning should be done whenever some or other investment is made. Similarly, such planning should be done whenever the individual's personal financial situation changes, that is, it should be part of personal financial planning. Thus, the estate plan must be revised continuously. In the next topic, investment planning will be discussed.

CHECKLIST

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Topic 4

INVESTMENT PLANNING

AIM

The aim of this topic is to provide an overview of investment principles, investment criteria and the different local and foreign (offshore) investment alternatives.

LEARNING OUTCOMES

After having worked through this topic, learners will be able to

- apply investment principles and criteria to different investment alternatives
- identify and quantify the different cost items when buying a dwelling
- describe investing in financial assets
- explain the steps in the property investment process
- identify all possible household risks and explain ways to cope with these risks

TOPIC CONTENT

Study unit 11: Investment planning
Study unit 12: Buying a dwelling
Study unit 13: Buying fixed property
Study unit 14: Offshore investments
Study unit 15: Protection planning

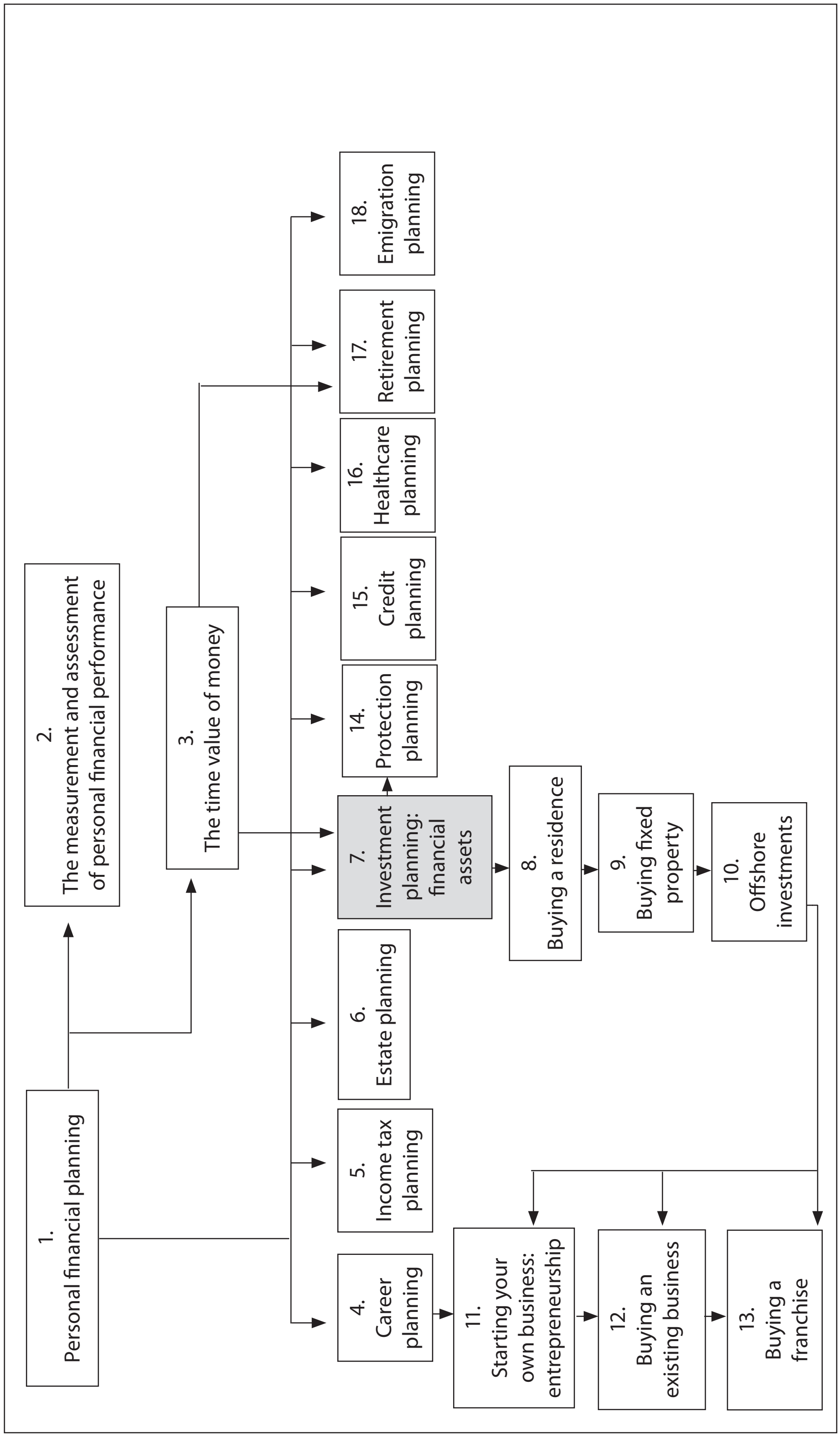
Study unit 11

INVESTMENT PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- evaluate investments by means of general investment principles
- evaluate investments according to different investment criteria
- explain how to avoid investment pitfalls
- choose a broker
- explain the functioning of the different types of investment in both the money and the capital market
- apply different investment approaches
- evaluate ordinary shares, preference shares and fixed investment-bearing securities
- interpret share prices and other information in the newspapers
- analyse the meaning of the various economic indicators on television
- explain the functioning of retirement packages
- evaluate personal financial planning models

ASSESSMENT CRITERIA

Application of skills during investment planning as demonstrated by the following:

- evaluation of investments based on different investment criteria
- explanation of the functioning of the various types of financial investments in both the money market and the capital market
- identification of investment planning pitfalls and methods to avoid these pitfalls

KEY CONCEPTS

investment planning

investment principles

investment criteria

money market

capital market

financial investments

GETTING AN OVERVIEW

It is impossible to realise the primary goal of personal financial planning or, rather, to achieve financial independence after retirement, without the necessary investments. A lack of sufficient investments and unsound investments (ie, investments lacking the necessary capital growth) are the principal reasons why individuals are unable to retire as financially independent people. However, purposeful investment planning can make the difference.

Risk and return are probably the most important principles and criteria of which the prospective investor should have some knowledge. Numerous other investment criteria can also be distinguished. The investor should constantly compare his or her investment goals with the relevant investment criteria. Knowledge of the difference between gambling, saving and investment is essential. You should also have some knowledge of the different types of investment that are to be found in financial and capital markets. Furthermore, note the following aspects with regard to shares:

- investment approaches for short- and long-term investment
- how you personally can buy and sell shares from your home (technical analysis)
- trading on the JSE Limited according to the JET system
- valuation of shares
- the role of the broker in the trading of shares
- interpretation of share prices in the newspapers

Make sure that you understand the economic indicators given on television as a prerequisite for making investments and know where to obtain investment information. You should familiarise yourself with the numerous sources of investment information that exist.

Investment planning will now be discussed based on the following key questions:

- What is meant by "investment principles and criteria"?
- What types of financial investment are there for the prospective investor?
- How does the JSE Limited function?

Investment principles and criteria

A prospective investor should be aware of his/her own risk profile (attitude to risk) as well as of the positive correlation that exists between risk and return. In addition, the investor should know something about the different criteria for evaluating investments.

The way in which existing investments are evaluated depends on an individual's unique situation. It is, however, important that all prospective and existing investors know something about the different investment criteria. By so doing, they will be better able to make sound investments that will assist them in realising their investment goals.

Types of financial investment

In this study unit, we are considering investments in **financial** assets. You will notice that buying a house, fixed property, global investments, an existing business, a franchise and other investment alternatives with a view to retirement is discussed elsewhere.

In this study unit, **financial** investments made in the money and capital markets are discussed.

Familiarise yourself with the characteristics of the different types of **financial** investments. Moreover, make sure that you understand the characteristics of each as well as the difference between the fundamental and the technical approach to investments/trading in shares.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 11 in Swart *(Personal financial management).*

ACTIVITY 11.1

You have R30 000 to invest in unit trusts. Discuss how you would go about this in order to make your final investment decision (the selection of one or more unit trusts). Your investment goal is capital growth over a period of five years.

ACTIVITY 11.2

You have R100 000 to invest in shares. Discuss the investment process as a whole (similar to activity 11.1). However, you should decide for yourself whether you would like to speculate or want to invest over the long term.

SELF-ASSESSMENT

Explain the criteria you would use to evaluate the choice of investment.

FEEDBACK

Several factors influence the choice of investment alternatives, of which the following are some of the most important:

- *income*
- *capital growth*
- *safety of capital*
- *flexibility*
- *liquidity*
- *taxability*
- *convenience/knowledge of management*
- *risk*
- *return*
- *amount*
- *period*
- *taxation*
- *transaction cost*
- *timing*
- *diversification*
- *control*
- *knowledge*
- *protection against inflation*
- *goals of the investor*

SUMMARY

The individual investor should decide, based on his/her own investment goals, which investment he/she is going to make. Furthermore, the investor should decide whether he/she is going to manage the investment concerned himself/herself or whether the management of such investments is going to be left to a broker. Different types of investment are evaluated based on the different criteria in terms of the investor's investment goals. This applies to financial investments in the money and capital markets and to all other types of investment (which will be discussed later). Numerous financial investments are traded on the JSE Limited, whether in the primary or in the secondary market. In the next study unit, the buying of a dwelling will be discussed.

CHECKLIST

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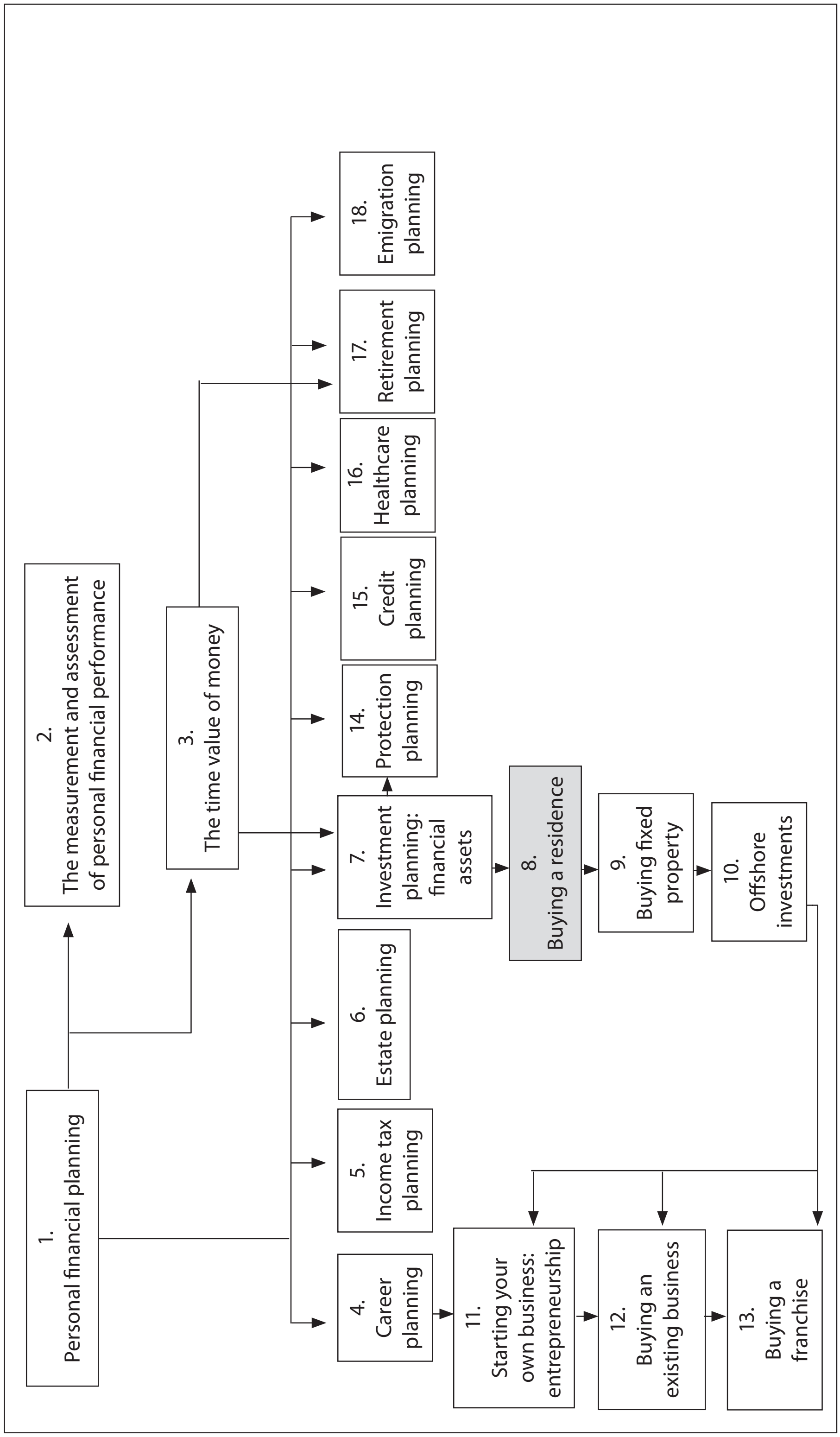
Study unit 12

BUYING A DWELLING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- explain the financial implications of buying a residence
- realise the importance of the purchase decision
- demonstrate some aspects regarding the value and valuation of a residence
- identify and quantify the cost items involved in buying a residence
- be aware of the Estate Agency Affairs Board that regulates the conduct of estate agents
- explain the position of trust that should exist between estate agents and their principals (the buyer or seller)
- identify what services estate agents offer in return for a commission
- identify the situations when estate agents are entitled to receive a commission
- define the various mandates that may arise between the seller(s) of a residence and an estate agent(s)
- explain under which circumstances you should make use of a particular type of mandate
- explain which parties (natural persons and legal persons) may or may not be involved in the purchase and sale of a residence
- explain the functioning of mortgage bonds and mortgage bond repayments
- demonstrate the practical steps for buying or selling a residence or for moving house

ASSESSMENT CRITERIA

Application of skills during investment planning as demonstrated by the following:

- valuation of a residence
- identification and quantification of the various cost items involved in purchasing a residence
- explanation of mortgage bonds and mortgage bond repayments

KEY CONCEPTS

valuation

cost items

estate agent

contract

financing

commission

open mandate

sole mandate

mortgage

instalment

GETTING AN OVERVIEW

Buying a house (or a dwelling) is certainly the largest single investment that an individual will make during his or her life. Consequently, it is important that all prospective buyers be aware of the financial implications of the purchase decision. Every individual (buyer) wants the best dwelling that the funds that he/she has available will buy, in other words, taking into account the financing available and affordable monthly mortgage bond instalments.

Before buying a house, the individual should visit various houses and value them. It is also important that the buyer of a home knows exactly what additional costs will be associated with such a purchase. Most houses are purchased/sold using estate agents. The estate agent receives commission for concluding the purchase transaction. Such a transaction is concluded once a seller has accepted a valid offer to purchase from the prospective buyer. The buyer should study the contract of purchase and thoroughly so that the buyer knows exactly what is being sold, and under what conditions.

In most cases, the purchase of a house is financed by way of a mortgage bond granted by a financial institution. There are various types of mortgage bonds, and the prospective buyer should know about them. This topic will be discussed based on the following key questions:

- How is a house valued?
- What cost items relating to the purchase of a house can be identified and quantified?
- What role does the estate agent play in the purchase of a house?
- In which ways may the purchase of a house be financed?

The valuation of a house

Different individuals attach different values to the same house (dwelling). Nowhere is this illustrated better than in the case of a show house. Usually, there is a book in which visitors to the show house are asked to make comment about the house. Such comments may vary from "a poor dwelling" to "a beautiful place". Nevertheless, specific factors influence the value of a house positively or negatively (that is, all immovable/fixed property), namely

- physical characteristics (erf and improvements to the house)
- location
- institutional characteristics

Of all the characteristics that will determine the value of a house, location (the specific area) is probably the most important. Then follow physical characteristics and, lastly, institutional characteristics.

A "cooling-off period" for buyers of houses

Currently, buyers of a house are given five days to "cool off" in terms of the Estate Agents Act, as amended, that is, a period in which to decide whether the buyers wish to proceed with the purchase or not. This period of five days excludes the following days: the day on which the contract of purchase is signed; Saturdays; Sundays; and public holidays. This “cooling-off period” applies only to houses with a value of less than R250 000. Consequently, such a period does not apply to

- a property with a value of greater than R250 000
- a property in respect of which the buyer had an option to purchase
- a property sold on a public auction, which has been advertised
- a purchase transaction where both buyer and seller were also previously involved with the same property
- cases where the buyer is a legal person
- cases where the buyer reserves the right to appoint another person to act as buyer
- instances where a buyer makes an offer on a second property before he or she has exercised his or her rights in respect of the first property (In such case, the “cooling-off period” falls away in respect of the first property.)

Have you invested in sloppy construction work rather than in sound construction work?

You may, of course, decide to invest some (or perhaps all) of your money in a new house that you have built for yourself. In many such cases, a written agreement is not concluded with the building contractor. In addition, all the money owed in respect of the construction work is often paid before such work has been completed. Just think of how much could still go wrong, especially regarding these uncompleted structures.

Legislation compels all homebuilders to register with the National Home Builders Registration Council (NHBRC). This body inspects every house that is built, after which it will issue an approval guarantee that implies

- that repairs to defective building work will be carried out within three months of occupation
- that leaking roofs will be repaired within 12 months
- that significant structural defects will be repaired within five years after completion
- that the building material used complies with minimum quality requirements
- that the foundations are suitable for the type of soil concerned

Cost items related to buying a house

There are many hidden cost items when a house is purchased. First-time homebuyers, in particular, often become tremendously disillusioned because normally, they plan only for the monthly mortgage bond instalment. They have made no plans or provision for hidden costs, which has far-reaching, negative financial implications for them. Houses often have to be handed back to the relevant financial institutions, or in times of an economic downturn (a low selling price), have to be sold. What may also happen is that a house is initially financed at a low mortgage bond interest rate but at a later stage, this interest rate increases by five or six per cent. This results in the homebuyer either no longer being able to pay the bond instalment or having to obtain additional temporary/bridging finance.

After having studied this study unit, you should be able to identify and quantify (express in rand terms) all the cost items related to the purchase of a house.

The estate agent

Most houses (immovable/fixed property) are bought through an estate agent. In the past, many people have attempted to sell their houses themselves because by so doing, they eliminated paying estate agent's commission. However, disposing of one's house oneself is not always an easy option because of, among others

- a lack of knowledge of the real-estate market and of real-estate transactions
- the fact that the homeowner only has one house to show prospective buyers, whereas estate agents have a number of houses (a stock of houses) that they can show such buyers

Moreover, the estate agent acts mainly as a negotiator and mediator between prospective buyers and sellers. It is important that you should know what the requirements are for someone to be regarded as an estate agent. An estate agent must comply with common law and the Estate Agents Act 112 of 1976.

The contract

A contract comes into effect as soon as two or more parties conclude an agreement. In the case of the alienation of immovable property, the contract must be in writing. For a contract to be valid, it must comply with certain general requirements, namely the following:

- The parties must have the capacity to contract.
- There must be a meeting of minds between the parties.
- The contracts must be lawful.
- Performance in terms of the contract must have been possible at the time of the conclusion of the contract.
- The prescribed formalities must be complied with.

Ensure that you understand what is meant by each of the above five requirements.

Financing the purchase of a house

Very few buyers of houses purchase a house during their lifetime without having to make use of some or other form of finance. In most cases, finance (a mortgage bond) is obtained from deposit-taking financial institutions (previously banks and building societies). Among others, you should have some knowledge of mortgage bond applications, or the functioning of a mortgage bond (amount, period, interest rates, and mortgage bond instalment), and of additional collateral security that may be required in order to finance a house (dwelling). Also familiarise yourself with the different types of bonds that exist. During our discussion of the time value of money, you were introduced to some calculations that are made with regard to mortgage bond instalments.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 12 in Swart *(Personal financial management)*.

ACTIVITY 12.1

Make a list of all the factors/characteristics that influence the value of your house (dwelling) or that of your parents' house positively or negatively.

ACTIVITY 12.2

Using your present dwelling as an example, find out about comparable dwellings that were sold recently and then determine the market value of your own dwelling. Make sure that you use the correct criteria for finding comparable dwellings.

ACTIVITY 12.3

Make a list of all the cost items that you would encounter should you sell your present house (dwelling or rental property) and buy a house (dwelling) that is R100 000 more than your selling price.

ACTIVITY 12.4

Give reasons why you would (or would not) use the services of an estate agent when purchasing your next house (dwelling).

ACTIVITY 12.5

You are a party to a contract and wish to sell a property that is owned jointly by you and your spouse. Explain briefly your contractual capacity to sell the property while your spouse is vacationing overseas. Distinguish the various possibilities that exist, depending on the type of marital property system involved.

ACTIVITY 12.6

Explain briefly how the contractual capacity of women has (or has not) changed because of the enactment of the Matrimonial Property Act 88 of 1984. Then answer the following questions:

- What is the contractual capacity of all possible parties (natural as well as legal persons) to a contract?
- How does a contract for the purchase and sale of immovable property come into being? Explain briefly the origin of a contract of purchase and sale of immovable property (beginning with the making of a valid offer).
- How can a specific marital property system influence the sale of immovable property?
- How would you go about purchasing a property on behalf of a close corporation, a company and a trust, all of which have yet to be established?
- When would you make use of an option and when of a pre-emptive right?

ACTIVITY 12.7

You are thinking of buying a house. Make a list of all the factors that you would have to consider in order to obtain the necessary finance from a deposit-taking financial institution. Then answer the following questions:

- What types of collateral security are found in the financing of residential property (property used for residential purposes)?
- What is meant by a re-advance on a mortgage bond?
- What explanation would you offer to a friend on how to apply for a mortgage bond?

SELF-ASSESSMENT

Briefly discuss the cost items involved in purchasing a dwelling.

FEEDBACK

- ***General cost items***

  General cost items consist of transfer duty, conveyancing fees, occupation rent, loss of interest on capital, agent's commission, the deeds office, rates and taxes, water and electricity, municipal clearance certificate, valuation costs, transport costs, telephone expense, levies, various expenses, additional improvements, and short-term insurance.

- ***Cost items associated with a mortgage bond***

  Cost items related to a mortgage bond include the relevant deposit, cash (when a 100% mortgage bond could not be acquired), bank initiation fee, bank administration fee, mortgage bond repayment, mortgage bond registration cost, stamp duty, inspection fee (financial institution) interim interest, homeowners' insurance policy, declining term life insurance policy, and cancellation costs of existing mortgage bond.

SUMMARY

After having studied this topic, you should know how the physical, locational and institutional characteristics of a house determine its value. You should also have a better understanding of how to value a house with a view to its purchase, and of how to compare such house with comparable houses.

Numerous hidden cost items are encountered when purchasing a house. You should now be able to make a list for yourself of all possible cost items.

By now, the role of the estate agent as a negotiator and mediator between buyers and sellers should also be clear to you. In addition, by now, you should have some knowledge of the different types of mandate in terms of which an estate agent is entitled to commission.

Furthermore, you should have a better understanding of the general principles of contract as well as of how a contract for the purchase of a house is concluded. You will now also know how to finance a house (dwelling), particularly by means of a mortgage bond. In the next study unit, the buying of fixed property will be discussed.

CHECKLIST

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	Have you done the activities?
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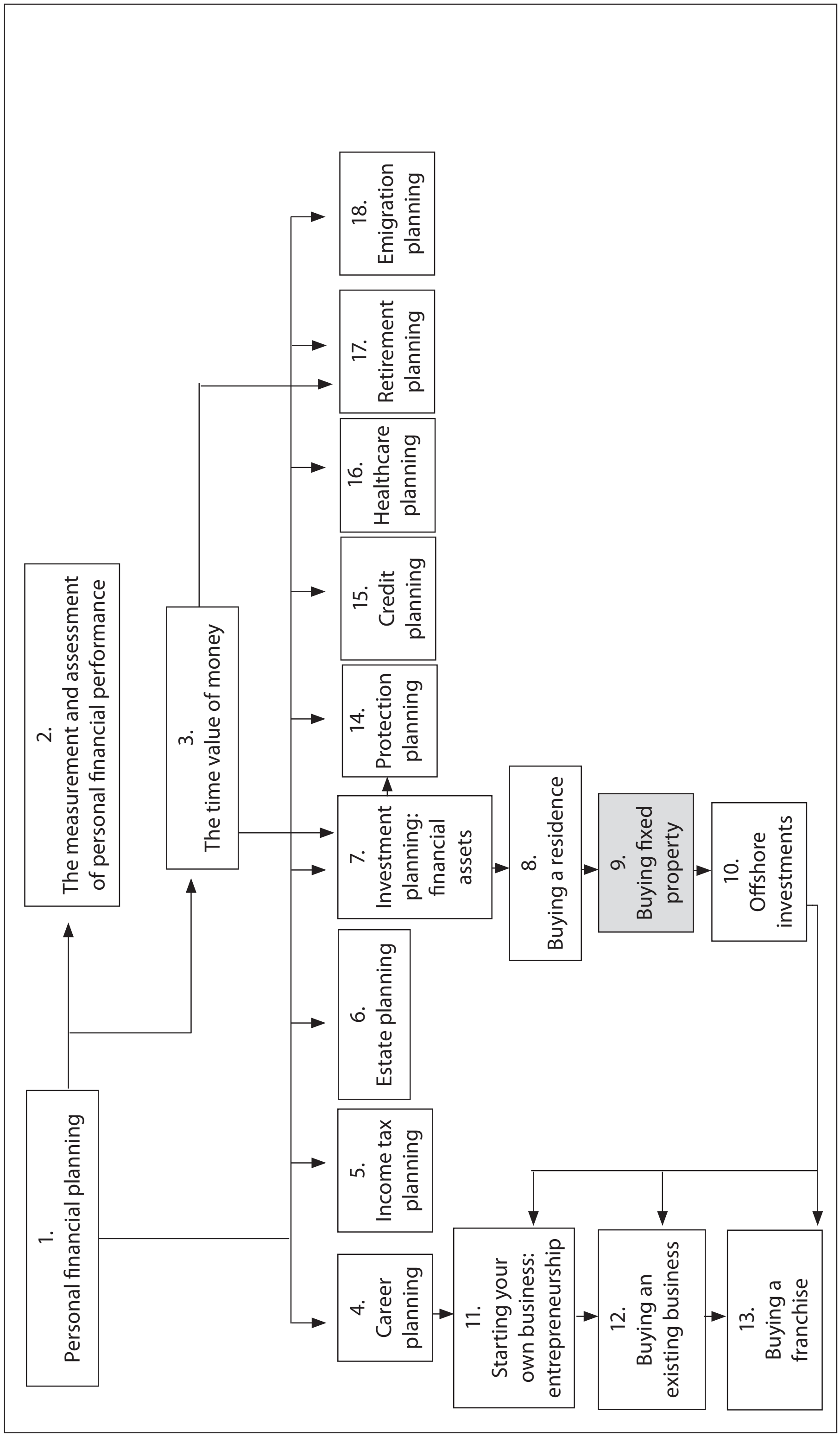
Study unit 13

BUYING FIXED PROPERTY

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

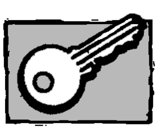
After having worked through this study unit, learners will be able to

- identify the steps involved in the process of investing in fixed property
- explain the functioning of the different types of fixed property
- explain the financing of fixed property
- explain different ways of owning property
- explain property contracts
- illustrate the importance of the administration of fixed property

ASSESSMENT CRITERIA

Application of skills during investment planning as demonstrated by the following:

- explanation of the steps in the investment process
- explanation of the functioning of the types of investments in fixed property
- explanation of the types of financing and methods of ownership of fixed property



KEY CONCEPTS

investment process

investment value

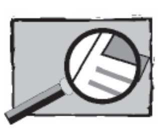
productivity

market value

investment needs

types of mortgage

property rights



GETTING AN OVERVIEW

The purchase of fixed property entails an investment in a nonfinancial asset. When we therefore speak of fixed/immovable property, we mean nonfinancial investments. In the course of the ensuing discussion, we will not dwell further on the purchase of a house.

You will discover that a prospective investor needs to do a considerable amount of homework for an investment in fixed property. By "homework" we mean homework done during the investment process or, rather, during the real-estate investment process. Consequently, the investment decision may be taken only once a large number of activities such as consultations and calculations have been carried out by/on behalf of the prospective investor. You should familiarise yourself with the investment process.

It is possible to invest indirectly in fixed property on the JSE Limited. Such an indirect investment is known as an investment in a financial asset (see chapter 7). The steps in the investment process may be used irrespective of the type of fixed property in respect of which an investment is being considered.

You should be aware of the many different types of fixed property in respect of which investments can be made. You will notice that the investor will have found a suitable type of property (and property) when the characteristics of the property are in accordance with his or her unique needs (investment needs).

An investment in fixed property will be discussed based on the following key questions:

- What does the investment process entail?
- What types of fixed property are there for the prospective investor?

The investment process

You need to study the steps in the investment process in your prescribed textbook in detail.

Although these few steps may appear to be simple on paper, in practice, this is by no means the case. The steps mentioned above involve a considerable amount of work before an informed investment decision can be taken. You do not have to be able to perform the complex calculations, but you will need to note the reasons why, and the way in which, such calculations are performed.

Types of investment in fixed property

Firstly, some knowledge of the different types of fixed property is a prerequisite for investing effectively. Secondly, it is important that the prospective investor is aware of the characteristics, functioning, advantages and disadvantages of each type of fixed property because each type should be considered in relation to the investor's resources, needs and goals. Such a comparison is made by using investment criteria (see chapter 7).

A prospective investor will invest in a property if its investment value (the value that the property has for the investor) is greater (in rand terms) than the market value (the market price or selling price). The same investment decision (to in fact invest) may be taken if the investment value is the same as (or slightly lower than) the market value. If the market value is higher, or considerably higher, than the investment value, the prospective investor should not invest in that particular property.

The following types of fixed property are distinguished, among others:

- second dwellings (houses, duplexes, flats, share block schemes, group housing schemes, and retirement resorts)
- holiday homes
- erven
- property in foreign countries (see study unit 14)
- syndicates
- retail property
- office blocks

- industrial property
- sectional title hotels
- golfing resorts
- dwellings on country estates
- “residential” offices
- coastal properties

It is important that you have some knowledge of the different types of real-estate contracts used in practice, namely the following:

- the contract of purchase and sale (as used for the purchase of a house – see study unit 12)
- the contract for the sale of land on instalments
- the contract of lease

Deposit-taking financial institutions may also finance nonresidential property, for example, office blocks and commercial, industrial and agricultural property, particularly by way of mortgage bonds, overdraft facilities and participation mortgage-bond schemes. You should ensure that you are familiar with these methods of financing properties as well as with leaseback agreements. In particular, you should know what advantages a leaseback agreement has for the parties.

Ownership of the property is usually acquired or transferred by registering the property with the Deeds Office. The Deeds Registries Act 47 of 1937 regulates the origin of real rights over immovable property. In this way, the right of the owner to the title in his/her property is ensured. The title deed constitutes the document by which ownership of a property is registered. Such a deed consists of a deed of transfer and proof of substituted title. A conveyancer draws up and submits the necessary documentation for the purpose of registration.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 13 in Swart *(Personal financial management).*

ACTIVITY 13.1

Take your existing dwelling as an example. You wish to invest in a similar dwelling and to rent it out. Draw up a table and list the property performance (characteristics) that you expect as well as the demands that the investment will make of you. Now decide whether you should invest in the property or not.

ACTIVITY 13.2

You lease a property from where you operate a retail store. A developer approaches you with a proposal in terms of which he/she will purchase the property and then lease it back to you. Explain to a friend of yours why you would seriously consider this proposal.

SELF-ASSESSMENT

Briefly discuss the steps you would follow regarding an investment in fixed property.

FEEDBACK

- *analyse the investor's resources, investment needs, requirements and goals*
- *investigate all possible financing options*
- *visit and physically inspect the property (properties)*
- *quantify the productivity of the property (properties) selected*
- *calculate the investment value of one or more selected properties*
- *conduct a market investigation of the market value of the property (that is, the demand for such property) both now and in the future*
- *compare the investment value and the market value, and then take an investment decision (that is, decide whether an investment should in fact be made, and in what property /properties)*

SUMMARY

Investment in property cannot be made in a random way. The prospective investor (or investment analyst/consultant) should take various steps (the investment process) in order to determine the adaptability of his/her (the prospective investor's) needs to the performance of the property. In this way, it should become clear whether it is advisable or desirable to make a specific investment or not. By now, you should also be familiar with the different types of fixed property that are available for possible investment purposes. Furthermore, you should be able to investigate a possible investment in one or more types of fixed property based on the knowledge that you now have of the characteristics of each type. And, lastly, you should have knowledge of the different methods of financing property and of the types of real-estate contracts that are used in practice. In the next study unit, offshore investments will be discussed.

CHECKLIST

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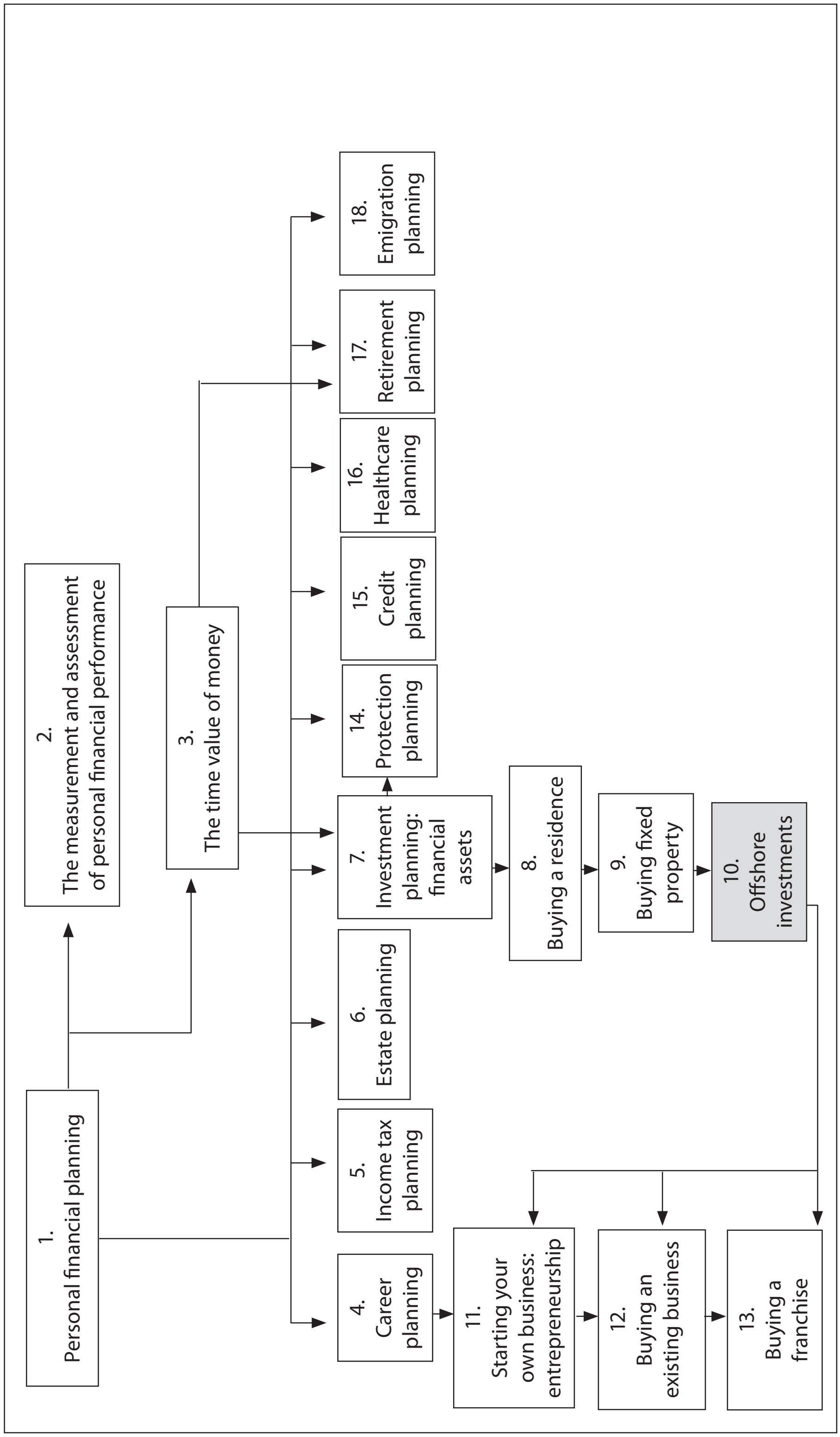
Study unit 14

OFFSHORE INVESTMENTS

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- explain the reasons for making offshore investments
- identify the homework to be done before investing in foreign countries
- explain the different types of offshore investment
- illustrate the relationship between offshore investments and their estates

ASSESSMENT CRITERIA

Application of skills during investment planning as demonstrated by the following:

- identification of the homework (research) to be done before investments are made in foreign countries
- explanation of the different types of offshore investments

KEY CONCEPTS

exchange control

international diversification

investment opportunities

"onshore" investments

"offshore" investments

tax-friendly countries

international investment strategy

offshore fund managers

offshore investments

GETTING AN OVERVIEW

To South Africans, the concept of "global investment" has become one of the buzzwords of our time (just as the concept of "shares" was a year or two before exchange controls were partly abolished). First, it is important to know why South African investors should in fact invest abroad. The following are among the principal reasons for making such investments:

- protection against a declining rand value in relation to overseas currencies
- international diversification (the lowering of one's investment risk by also investing in a country [or countries] other than South Africa)
- an increase in return on investment by taking advantage of global (international) investment opportunities

South African investors are presently exposed to a multitude of unfamiliar global investment opportunities. The international investment environment involves both threats (for the uninformed investor) and opportunities (for the informed investor).

Most of us have all our possessions or investments in a single country (South Africa) and in a single currency. In international terms, the latter is an unacceptable and highly risky situation.

Global investments will be discussed based on the following key questions:

- What types of global investment opportunity are there for South African investors?
- How much homework should be done before investing money abroad?

Types of global investment

It is essential to have some knowledge of the different types of global investment. This knowledge will enable you to compare the characteristics of each type of investment with the specific financial needs (investment needs) of the individual. The prospective investor himself/herself should determine what type (or types) of investment falls within his/her financial capacity (financial resources). Furthermore, a decision will have to be taken regarding the methods of investment, namely, monthly or by way of some or other lump sum. It is also possible to change the composition or, rather, the underlying portfolios of existing investments (for example, policies or an annuity) to a global portfolio (either partly or wholly).

As in the case of all other investments, the risk and return associated with each type of global investment will play a role in the selection of the type of investment. Apart from the financial situation of the prospective investor, such investor's risk profile will also determine the choice of the type(s) of investment. However, exposure to global investments is necessary for every South African in order to counteract the risk associated with our country and its exchange rate. You should familiarise yourself with, among others, the characteristics of each of the following types of global investment (listed below from less risky to more risky):

- a local/global exchange account (money on call, or fixed deposit)
- policies
- linked unit trust products
- onshore unit trusts
- structured funds
- guaranteed share schemes
- global property unit trusts (PUTS)
- fixed property
- tank containers/sailing yachts
- offshore unit trusts
- a global share portfolio

Naturally, the perception of risk associated with each type of investment will differ from one investor to another. However, bear in mind the different investment criteria in terms of which you should evaluate each type of global investment.

Local and foreign financial considerations

When we speak about local and foreign financial considerations, we mean that a person should not invest blindly overseas without obtaining the necessary information regarding the pitfalls associated with such investments. Consequently, do not allow yourself to be influenced merely by a buzzword, but ensure that you have developed the necessary (that is, your own) international/foreign investment plan/strategy. Never rush headlong into a global investment decision, but ensure that you have done your homework (research) on this type of investment properly.

Before taking such a serious decision, consult an expert on international taxation to evaluate the specific tax implications relating to your global investment with certainty. Only then will you be able to decide on the acceptability or otherwise of such investment.

Bear in mind that, if you invest in an overseas country that has not concluded a double-taxation avoidance agreement with South Africa, you may have to pay tax both in South Africa and in the overseas country concerned.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 14 in Swart *(Personal financial management)*.

ACTIVITY 14.1

You wish to invest R2 000 000 abroad. Describe the different strategies that you could and should follow in order to be able to do this.

ACTIVITY 14.2

You wish to invest R200 a month overseas. Describe what you would do in order to make such an investment.

ACTIVITY 14.3

You are married with two children and are planning to retire overseas one day. Discuss the steps that you could take in order to transfer the R1 600 000 in cash, which you have in an investment overseas. Do not discuss emigration here.

SELF-ASSESSMENT

You are a South African who wants to invest offshore. Discuss the local homework that you should do before you actually make the investment.

FEEDBACK

Let us now consider the type of homework that should be done before investing globally:

- *First, bear in mind that the aim of your wanting to invest a monthly amount/lump sum should be to be able to retire as a financially independent person.*
- *Consult various sources of global investment information (refer to the discussion on this later on).*
- *Consult various brokers and experts.*
- *Make sure that you know why you want to invest globally.*
- *Determine your risk profile.*
- *See whether your investment goals are in line with your retirement goals.*
- *Decide in which product, countries, or currencies (exchange) you wish to invest.*
- *Avoid all swindlers and do not be too optimistic or too pessimistic – remain realistic.*
- *Find out whether South African Reserve Bank approval is required for the specific investment that you wish to make.*
- *Make sure that you know what forms the SA Reserve Bank and your own bank require you to complete, as well as what additional proof they need.*
- *Find out whether the method of doing business, which the company concerned uses, is acceptable to you. (How does it function globally with regard to services, confidentiality, and products that it offers?)*
- *What is the situation in the countries in which you wish to invest with regard to political stability, language, religion, recognition, the strength of their currencies, tax legislation (income, donations and estate duty), and legislation relating to trusts and companies?*
- *Determine, in conjunction with the broker/company, the precise timing of the conversion of your investment into another currency.*
- *Determine the situation with regard to the economic cycles of the overseas countries and invest in those specific countries (for example, during a phase of economic restructuring) whose cycles are favourable from the point of view of the growth of your investment.*
- *Assess the investment risk associated with the specific overseas countries.*
- *Familiarise yourself with the management style, reputation, infrastructure and performance record of the overseas fund manager (especially in the case of weak markets).*
- *Determine the prevailing inflation rate and interest rates in the overseas countries in which you wish to invest.*
- *Analyse the countries' investment history from the point of view of investors.*

SUMMARY

Global investment planning is here to stay from South African investors' point of view. It should be clear that the many uncertainties associated with the thousands of investment products in overseas countries make it necessary for the South African investor to do a considerable amount of homework before he/she can make an investment overseas. Discussions with various specialists on a variety of topics are necessary to assist the prospective investor to master the relevant global investment information. In addition, numerous sources of financial information must be consulted.

The choice of specific global investments, overseas fund managers, specific countries and currencies requires a considered decision. In this way, one may benefit from the advantages of global investment opportunities and simultaneously apply rand hedging and diversification (spreading of risk). In the next study unit, protection planning will be discussed.

CHECKLIST

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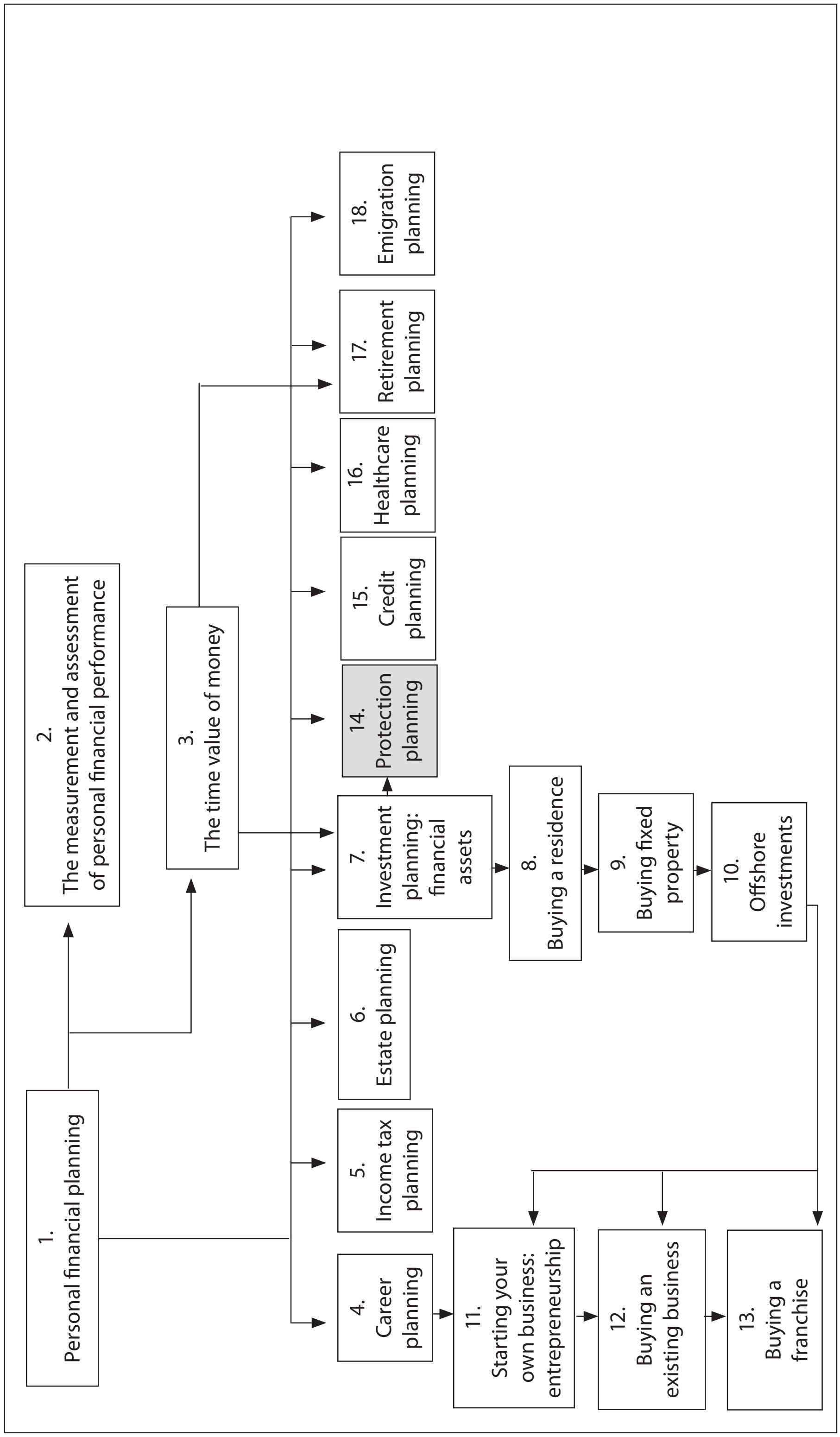
Study unit 15

PROTECTION PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

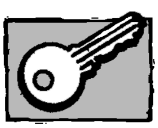
After having worked through this study unit, learners will be able to

- identify and quantify the various risks to which a household is exposed
- explain which financial and/or nonfinancial products protect which risks
- explain long-term, short-term, medical and business insurance
- explain the importance of protection planning

ASSESSMENT CRITERIA

Application of skills during protection planning as demonstrated by the following:

- identification and quantification of various kinds of risks to which a household is exposed
- explanation of methods (financial and nonfinancial products) that could be used to provide protection against risks
- explanation of short-term, long-term, medical and business insurance



KEY CONCEPTS

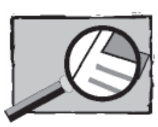
protection planning

risks

provisions

business insurance

investor protection



GETTING AN OVERVIEW

All individuals are constantly exposed to numerous risks. Consequently, these risks can have far-reaching, negative financial implications should a person fail to have or to purchase some or other kind of protection mechanism against risks. Every individual and household must therefore protect himself/herself/itself against possible risks. Risk has already been explained, namely, the possibility that a loss may be suffered.

Not only should you be aware of the existence of risks, but you should also know what can be done to protect yourself against such risks; hence the reason for speaking about protection planning. Protection planning will be discussed based on the following key question:

- What types of risk may be identified, and what role does insurance play in protecting us against these risks?

You will notice that there are also other ways of protecting our personal financial setup (assets and liabilities) against possible losses.

Risk and insurance

During this discussion, you should gain an understanding of the following aspects of protection planning:

- the risk to which all South African households are exposed (as well as how you can make provision for such risks)
- the dangers of self-insurance
- business insurance (for those who are involved in a business in some way or another)
- investment protection that is currently available to South African investors

Self-insurance (that is, the creation of an own emergency fund instead of paying short-term insurance premiums) is very risky. Make sure you are always aware of the dangers of creating such a fund without the necessary short-term insurance.

Those involved in a business should have some knowledge of the following types of business insurance:

- buying and selling agreements
- partnership insurance
- joint life policy
- individual life policy
- proprietary limited company insurance
- policies for close corporations
- policies for professional, incorporated companies
- policies covering the lives of employees
- key-person insurance
- insurance to cover a specific liability in order to
  - insure an overdraft account (overdraft)
  - cover a personal guarantee
  - cover a shareholder's loan account
  - cover a mortgage loan
  - provide a cash reserve

For years, investors have needed some or other form of protection in respect of their financial affairs. This is even more so where individuals have received a package that may amount to a large sum, representing many years of investment (mostly with a view to retirement). Many people and institutions have campaigned for just such protection, and the first signs are now becoming visible on the investment horizon, especially with regard to protection rules for policyholders and for intermediaries.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 15 in Swart *(Personal financial management)*.

ACTIVITY 15.1

List all possible financial risks to which you are exposed, and for which provision must be made during the course of your personal financial planning. Next to this list, draw up a second list indicating all the possible ways of providing for such risks.

ACTIVITY 15.2

You have formed a close corporation that has one employee who can most definitely be considered the key person. Discuss briefly the type of insurance that you would need in order to protect the business and ensure its continuing existence.

ACTIVITY 15.3

Discuss briefly the legal protection that you, as an investor, may enjoy in South Africa.

SELF-ASSESSMENT

List the various financial risks to which a South African household is exposed as well as possible provisions that can be made as protection against these risks.

FEEDBACK

The following are some of the risks that exist (together with the possible methods of providing for such risks):

- *loss of income because of*
  - *death (a life policy, or group insurance)*
  - *illness (medical fund and medical insurance)*
  - *disability (disability insurance)*
- *loss of property*
  - *death/fire (home, oneself, or home mortgage bond – short-term insurance, life policy)*
  - *motor vehicle (short-term insurance)*
  - *contents of home (short-term insurance)*
- *personal liability because of*
  - *home ownership (for example, when accidentally blinding your neighbour with your fishing rod – short-term insurance)*
  - *motor vehicle ownership (for example, accidentally injuring a pedestrian while driving your vehicle – short-term insurance)*

- *malpractice (for example, being guilty of something that is deemed by law to be malpractice – insurance against legal liability)*

- *business risk (business insurance)*
- *estate duty (life policy, or a trust involving loans and donations)*
- *cost associated with the administration of an estate (any investment)*
- *retirement (long-term investment with capital growth)*
- *too much debt owing to wants (Use debt to satisfy needs and to acquire assets with capital growth through gearing.)*
- *inflation (investments with capital growth; inflation-adjusted policies)*
- *income tax (Tax avoidance should be applied, where possible.)*
- *constantly changing legislation (Remain informed and consult a broker who is abreast of the latest developments.)*
- *interest rate risk (Interest rates may decline while you are dependent on interest income in order to survive – for example, invest for a two-year period.)*
- *market risk (Global markets may change, causing local share and unit trust prices to decline.)*
- *business risk (The industry in which you have invested is very sensitive to, say, a recession.)*
- *financial risk (For example, you finance your business with 95% debt, and the interest cost sharply raises your instalment.)*
- *exchange risk (Investors who invest internationally are exposed to this kind of risk, as well as importers and exporters.)*
- *country-related risk (for example, investments in politically unstable countries)*
- *health risk (Undertake health planning as a prerequisite for retirement planning.)*

SUMMARY

By now, you should be aware of the many different types of risk to which each individual is exposed. These risks constitute a threat to both employees and employers. This is why it is so important that provision be made for these risks. In most cases, individuals/institutions protect themselves against risk through some or other form of insurance. However, there are also other ways of providing for risk, for example, investments that may be employed as protection against risk. Certain risks can consequently be transferred to an insurer (insurance company), whereas others cannot. You should also know now what legal protection is available to investors. Protection planning is something that each individual/household should do because a basic human need is to protect one's possessions. In the next topic, retirement planning will be discussed.

CHECKLIST

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Topic 5

RETIREMENT PLANNING

AIM

The aim of this topic is to provide an understanding of the importance of timely retirement planning, retirement planning pitfalls, methods of providing for retirement, health planning before and after retirement, health care and emigration planning.

LEARNING OUTCOMES

After having worked through this topic, learners will be able to

- explain healthcare planning before and after retirement
- explain the importance of timely retirement planning
- explain retirement planning mistakes
- identify methods of providing for retirement to supply in both capital and income needs
- explain local and foreign financial consequences when contemplating emigration

TOPIC CONTENT

Study unit 16: Healthcare planning
Study unit 17: Retirement planning
Study unit 18: Emigration planning

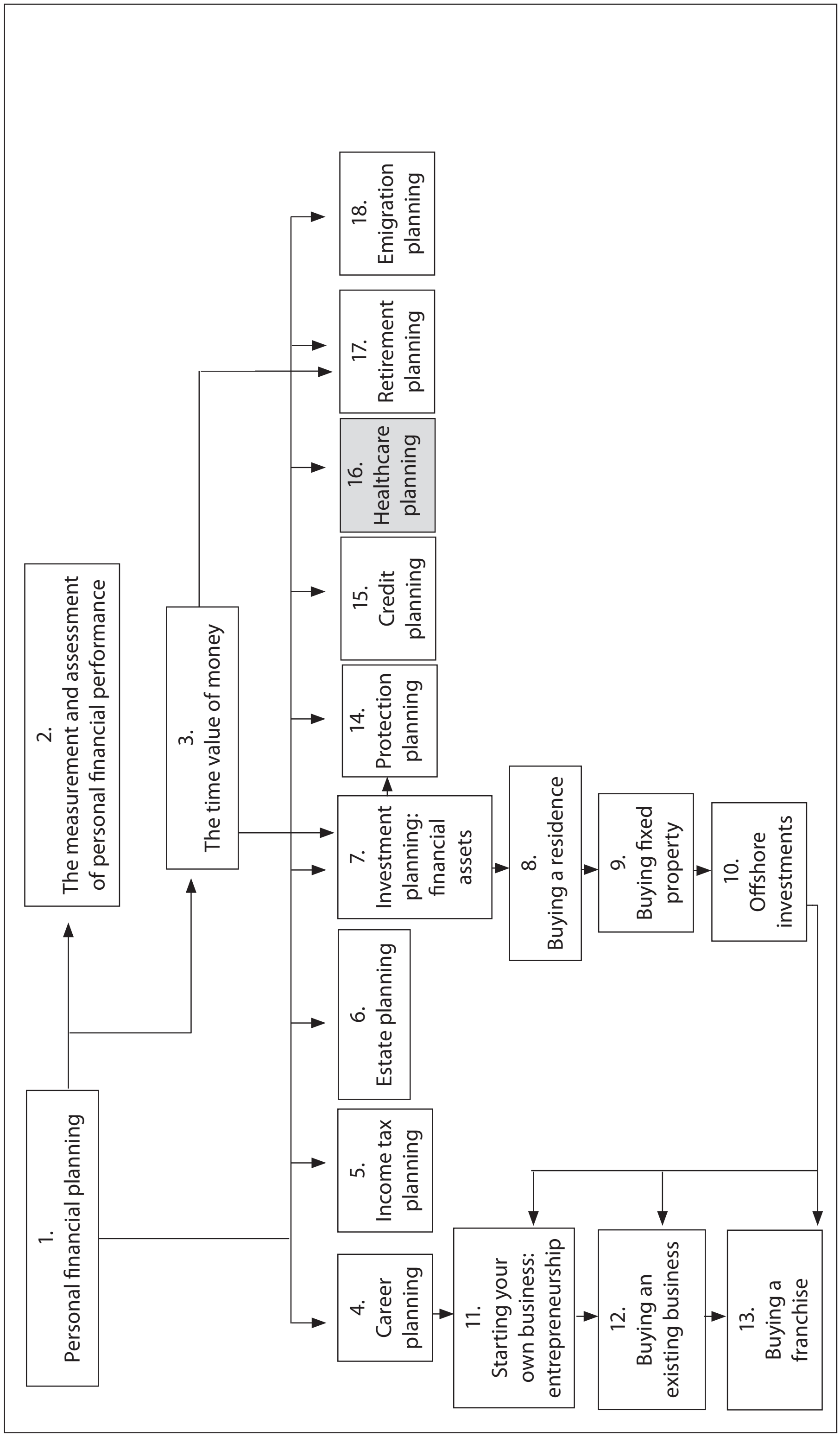
Study unit 16

HEALTHCARE PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- realise the importance of timely healthcare planning
- recognise health planning as the best long-term investment
- identify medical costs
- identify methods and products for providing for medical expenses
- differentiate between medical schemes and medical insurance
- identify alternative methods of healthcare
- explain the relationship between healthcare and retirement

ASSESSMENT CRITERIA

Application of the skills during retirement planning as demonstrated by the following:

- identification of medical costs
- identification of medical products to provide for medical expenses
- identification of various methods of healthcare
- distinction between medical schemes and medical insurance
- explanation of the relationship between healthcare and retirement

KEY CONCEPTS

healthcare planning

life style

medical expenses

medical fund

medical insurance

healthcare

medical broker

GETTING AN OVERVIEW

Unfortunately, many healthy people accept their state of health as given, never realising that this state of wellbeing may not last forever. The state of a person's health determines not only how long that person will live, but also, and more importantly, what his or her quality of life will be. Should an individual be able to live to the age of 70 without suffering any serious illnesses, he or she would most definitely not choose to spend the last 20 years of his or her life in pain and suffering. Most people neglect their health in the early years of their lives, with the result that their quality of life is very poor after retirement.

A person's health influences his or her

- productivity

- career
- estate
- retirement (quality of life and financial independence)

You should understand and be able to describe how each of these personal financial planning areas is influenced by good/poor health.

Throughout one's life one should manage one's affairs in such a way that one's health does not suffer. Consequently, one's lifestyle should support and result in a good quality of life until after retirement.

We may therefore justifiably speak of health planning because the individual should devise different plans to protect his or her life in the long term (70–100 years). Health planning does not come free, and such expenditure (for example, regarding recreation, a bicycle, a policy and medical fund contributions) should be included in one's budget.

Make sure that you know what methods may be used to make provision for medical costs.

Health planning will be discussed based on the following key question:

- How does a healthier lifestyle influence the individual during his/her retirement?

A healthy lifestyle and retirement

Career planning, estate planning and retirement planning are largely influenced by health planning. A person, who is permanently or frequently ill, is not able to build up a large estate because he or she will not be in a state to use his or her full potential to work, plan and take risks.

The productivity of a sick person is much lower than that of a person in peak health, a fact that lends weight to the view held by some that wealth and promotion do not occur on their own. The planning that a sick person has to do is regularly interrupted by ill health, with the result that he or she is unable to use his or her time optimally. Moreover, the sick person is unable to become involved in challenging and tiring work opportunities. Consequently, his or her career is affected negatively, especially in the long term.

Estate planning consists mainly of acquiring assets, protecting these assets, and ensuring that the assets are transferred to heirs or legal persons after death. Because a sick person is often unable to perform the amount and quality of work that a healthy person is able to perform, the former acquires fewer assets. Consequently, fewer additional investments are made with a view to retirement.

When the size of a person's estate is determined after his or her death, it is often found that the estate of the sick person is smaller than that of a healthy person because during his or her lifetime, the former had a smaller income with which to finance (acquire) assets. There are indeed those who are able to build up a sizable estate despite a specific illness, but often they are stopped in their tracks by a stroke, a heart attack or early death.

The quality of a person's retirement years (that is, whether he or she lives out these years in pain or not) is influenced largely by his or her health and by timely planning with a view to retirement. If a person is so ill that his or her retirement produces nothing but pain, retirement planning is totally unnecessary.

Many factors may influence the health of a person. Individuals should identify these factors and ensure that they are reversed in order to influence their health positively.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 16 in Swart *(Personal financial management).*

ACTIVITY 16.1

Discuss briefly the negative financial implications that an unhealthy lifestyle may have on a person's financial independence after retirement.

ACTIVITY 16.2

List the methods that you would/could employ to make provision for medical expenses. Substantiate briefly why you would use each of these methods.

SELF-ASSESSMENT

Briefly discuss medical schemes, medical insurance and methods for providing for medical expenses.

FEEDBACK

- *Medical schemes*
  - *evaluation of a scheme*
  - *managed health care*
- *Medical insurance*
  - *covers a specific medical condition*
  - *covers a specific daily cost*
  - *short-term and long-term hospital plans*
  - *medical insurance needs (BHF rate and SAMA rate)*
- *Methods for providing in medical expenses*
  - *a medical-aid fund*
  - *top-up medical cover (acquired from an insurance company)*
  - *a hospital plan (short and/or long term)*

SUMMARY

Healthcare planning is probably the most important planning area of any individual's personal financial planning process. Unfortunately, this is the very aspect that many people tend to ignore. They do not realise that there can be no happy retirement years accompanied by financial independence in the absence of, among others, timely and effective health care planning.

Every individual should therefore identify timely those factors that will affect his or her health both now and in the future. Those, who neglect to do health planning and to take the necessary financial precautions, are running a tremendous financial risk. This risk is not the same as that associated with some or other financial return, but the risk of financial loss. Health care planning is a "must" for the individual who wants to do proper personal financial planning. In addition, it is also essential for every individual to determine to what extent he or she suffers from stress. Stress is one of the major factors that may adversely affect one's health in the long term, and consequently, negatively influence one's quality of life during one's retirement years. In the next study unit, retirement planning will be discussed.

CHECKLIST

	Did you read the chapter in full in order to get an overall impression of the content?
	Have you done the activities?
	Did you complete the assessment?
	Have you studied the contents of this chapter?
	Have you achieved the learning outcomes?
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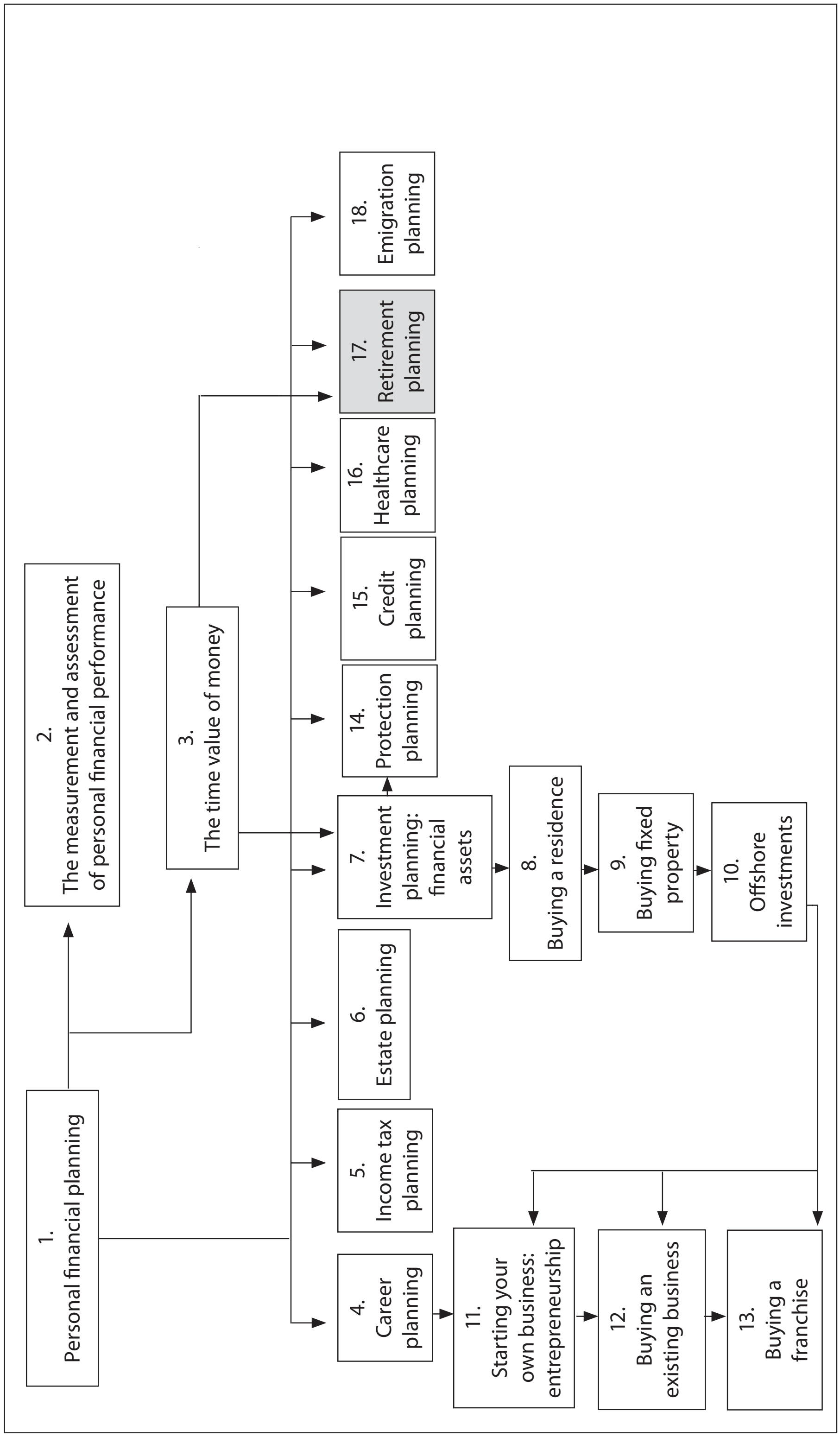
Study unit 17

RETIREMENT PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- explain the importance of timely retirement planning
- identify the different methods that may be used to provide for retirement
- explain the functioning, problems, advantages and disadvantages of the different methods
- identify many other very important retirement issues
- list the many questions they have to ask themselves when they consider retiring

ASSESSMENT CRITERIA

Application of skills during retirement planning as demonstrated by the following:

- explanation of the importance of timely retirement planning
- explanation of the income gap after retirement
- explanation of the functioning, advantages and disadvantages of the various methods for providing for retirement

KEY CONCEPTS

retirement planning

income gap

pension fund

provident fund

retirement annuity

fixed benefit fund

fixed contribution fund

retirement planning pitfalls

preservation fund

deferred compensation scheme

retirement package

GETTING AN OVERVIEW

Retirement planning should commence as soon as the individual receives his or her first salary. Timely and ongoing retirement planning is the key to, and a prerequisite for, financial independence after retirement. In this regard, just think of the principle/theory of compound interest, which results in an amount of R100 that is invested monthly over many years increasing considerably. In comparison, the return on monthly investments that are made only 20 to 30 years later with a view to retirement appears to be almost negligible.

South Africans have a seriously erroneous impression of what they will experience during their years of retirement.

Often retirement is envisaged as being an enjoyable period of one's life with plenty of money to realise one's dreams – an expensive motor car, overseas trips, a property at the coast, et cetera.

This view of retirement is often far removed from reality, since only about six per cent of those who retire are able to do so with the peace of mind that they will be financially independent.

Consequently, a completely new approach to planning and investments (provision) for retirement is necessary.

In the past, families were larger and a son or daughter taking care of his/her parents in their old age was always a possibility.

Today, however, most families in developing countries comprise only two children, and these children have to provide for their own retirement needs.

Owing to advances in the medical field, and because individuals are more health conscious, people are living longer. In fact, it is anticipated that, by the year 2020, men and women will be living to an average age of 77 and 83, respectively. Consequently, greater provision will have to be made for retirement.

Let us suppose that a household is presently able to live on an amount of R300 000 per year.

Should the individuals comprising such a household live for 20 years after they have retired, they will of necessity need 20 x R300 000 = R6 000 000.

Making more than "adequate" provision is therefore a prerequisite for retirement. A longer life means that inflation will consume one's retirement provision quickly, but it also means that individuals will be able to work and invest for longer. There is a cost attached to living longer, namely, that of making greater provision in order to be able to live. After 45 years' service and membership of a pension fund, an individual will be able to retire at 90% of his or her present salary.

Unfortunately, very few people have been members of a pension fund for so many years. Consequently, those who are not in such a fortunate position and who have been members of a pension fund for, say, only 20 years, will retire on approximately 40% of their present income. These people will have to invest a further 15% of his or her current income in order to be able to retire at, for example, 90% of his or her present income.

In the past, research indicated that individuals would be able to live off 70% of their income at retirement. Now, however, research indicates that a person will need approximately 200% of his or her income at retirement owing to the fact that, among others, it is anticipated that medical and retirement funds will be depleted within the next 20 years.

You should pay special attention to the importance of timely retirement planning. Retirement planning will now be discussed based on the following key questions:

- What mistakes do individuals make when it comes to retirement planning?
- What methods can individuals employ in order to make provision for retirement?

Retirement planning mistakes

It is most important that you know the reasons why individuals are unable to retire in the knowledge that they are financially independent. If you know these reasons, you yourself will be able to take the necessary steps in time to avoid these retirement planning pitfalls. During the preceding discussion, you should also have become aware of the income gap that is experienced during retirement.

How should one invest?

Invest as much as possible, as soon as possible, and for as long as possible. It is almost impossible to make too much provision for the "new" retirement requirements, especially in view of the numerous uncertainties in a new South Africa with its never-ending needs.

Methods of providing for retirement

You will notice that the methods that may be employed to make provision for retirement are largely the same as the different investment alternatives that we have discussed up to now. This is only natural, since all the different personal financial planning areas should form one large, integrated whole during personal financial planning. You should also note that there are different methods of realising your retirement goals and that investment options can enable you to retire as a financially independent person.

You must know the characteristics, advantages and disadvantages of the different methods. Moreover, you must be able to distinguish between methods that can be employed to supplement income and the methods that can be used to increase capital. Throughout, you should evaluate the various methods based on your financial needs, investment goals and the different investment criteria. The methods that will be selected and used should contribute to the maintenance of a specific standard of living after retirement. In addition, the financial situation and risk profile of each individual/household will dictate which methods should be selected during retirement planning.

Make sure that you understand the diagrammatic representation of the steps that should be followed in the retirement planning process.

When selecting methods pertaining to retirement provision, consider the following important aspects:

- supplementing your pension (that is, your income gap after retirement)
- protecting and increasing your capital
- paying off your debts
- spreading your total financial investment risk

Naturally, any type of investment (that is, both financial and nonfinancial investments, including fixed property) discussed during investment planning may be employed in various ways in order to make provision for retirement. Likewise, different types of global investment may be used when providing for retirement.

You will probably have realised that these methods must be employed in addition to the use of a pension fund or deferred compensation scheme. The reason for this is that most individuals wish to maintain the same standard of living after retirement as they enjoyed before retirement.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 17 in Swart (*Personal financial management*).

ACTIVITY 17.1

Make a list of all the:

- retirement planning pitfalls
- methods that may be employed to supplement income after retirement
- methods that may be used to supplement capital after retirement

ACTIVITY 17.2

Calculate your income shortfall after retirement. Assume that you will in fact remain employed until the “normal” retirement age. Now calculate what monthly amount you will have to invest to make up for this shortfall in income after retirement. Then work through the steps that must be followed during retirement planning (using the relevant diagram) and do your own retirement planning.

SELF-ASSESSMENT

Discuss retirement planning with specific reference to the following:

- *primary objective*
- *retirement planning pitfalls (mistakes)*
- *two methods of providing for retirement*

FEEDBACK

Calculation

	R
• *Income needed after retirement (monthly income x 12 or percentage of current salary)*	*R54 000*
• *Deduct income available for retirement (employer's pension per month)*	*43 200*
Income: surplus (or deficit)	*(10 800)*
• *Convert the income deficit into a capital amount (for example, a capital investment needed to generate interest of R10 800, given a particular inflation rate, the period until retirement, and the interest rate on the investment)*	*R137 976*
• *Deduct the current values from future capital amounts, for example, an endowment policy, annuity, or unit trusts*	*–R40 461*
Capital surplus (or deficit)	*–30 000*
Capital surplus (or deficit)	*(67 515)*
• *Monthly investment needed to eliminate deficit after retirement*	
(Deficit ÷ years to retirement ÷12 months)	
= R67 515 ÷10 ÷ 12	*562*
Minus: Additional monthly investment to eliminate deficit (if applicable)	*–250*
Monthly investment amount needed	*= R312*

SUMMARY

Because you now realise the importance of timely and ongoing retirement planning, it should be clear to you why such planning is essential. By now, you should also be aware of the major retirement planning pitfalls and the methods that may be employed to supplement your income and/or capital after retirement. You should also understand the interdependence and connection between the different personal financial planning areas, and know that an investment decision of necessity also involves decisions about income tax, estate and retirement planning.

In the next study unit, emigration planning will be discussed.

CHECKLIST

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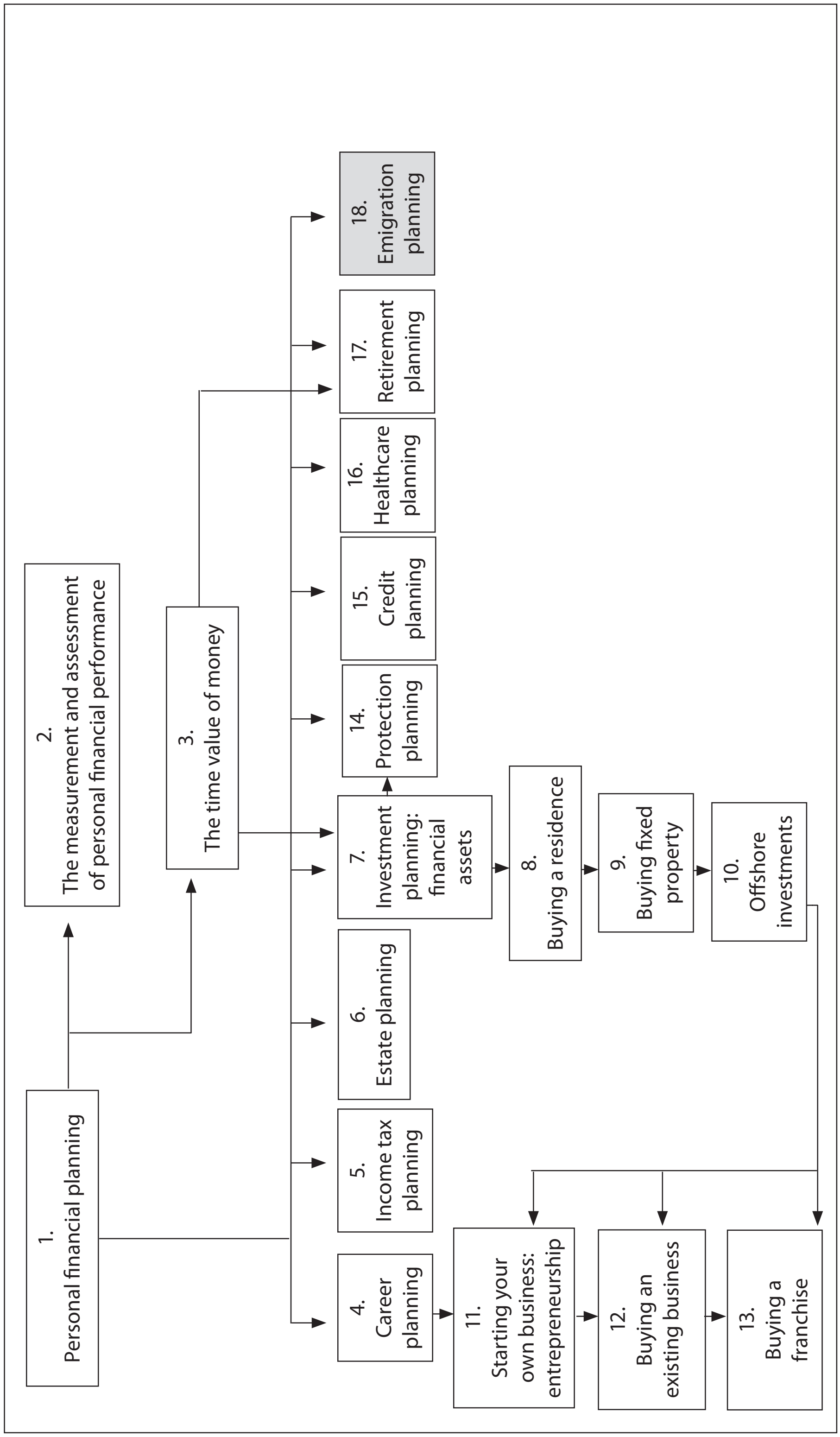
Study unit 18

EMIGRATION PLANNING

CONTENTS

DIAGRAM: THE SWART MODEL

Total Personal Financial Management



STUDY UNIT LEARNING OUTCOMES

After having worked through this study unit, learners will be able to

- list the many questions they will have to answer when they consider emigration
- identify the homework (research) that should be done before they can emigrate
- explain what will happen to their South African assets
- identify financial factors to consider about South Africa
- identify financial factors to consider about the foreign country
- evaluate the advantages and disadvantages of emigration

ASSESSMENT CRITERIA

Application of skills as demonstrated by the following:

- listing the numerous questions to be answered and homework (research) to be done when emigration is considered

KEY CONCEPTS

emigration planning

local considerations

foreign considerations

blocked assets

GETTING AN OVERVIEW

The decision to emigrate is by far the most drastic decision that a citizen of a country could take. In most cases, it is also a well-thought-out decision based on specific factors in a country, which are perceived as being unacceptable to live with.

Naturally, South Africans who are considering emigration should also bear in mind the favourable aspects of their lives in South Africa.

The aim of this study unit is not to encourage individuals to leave South Africa, but to provide those who are already considering emigration with all the necessary financial information.

Emigration will be discussed based on the following all-embracing key question:

- What are the principal local and foreign considerations for a person wishing to emigrate?

You will notice that an individual will only be able to emigrate once he or she has answered all of the above questions, the reason being that such questions will direct the prospective emigrant's attention to important considerations relating to the emigration decision.

INTRODUCTION IN THE PRESCRIBED BOOK

Study chapter 18 in Swart (*Personal financial management*).

ACTIVITY 18.1

You are considering emigrating to Australia. Make a list of the most important local and foreign considerations that you would have to take into account before you can decide whether to emigrate or not. Your household consists of a husband (40 years of age), a wife (35 years of age) and two children (aged 10 and 18).

ACTIVITY 18.2

You and your family (as in 18.1, a husband, wife and two children) decide to emigrate to Australia. Make a list of all the activities that you would have to carry out before you can and may leave.

SELF-ASSESSMENT

You are thinking of emigrating. Discuss the main local and foreign financial factors that might influence your decision.

FEEDBACK

Local and foreign financial considerations

You should be able to answer the following questions regarding local and foreign financial considerations:

- *Can I afford to emigrate?*
- *To which country should I emigrate?*
- *What assets/capital may I take out of the country. How much/many of these may I take?*
- *What happens to the assets that remain behind?*
- *Can I transfer income from assets that remain behind to the overseas country concerned?*
- *Should I place my South African assets in a trust?*
- *What does it cost to emigrate?*
- *What are the major considerations regarding South Africa?*
- *What are the most important foreign considerations?*
- *How important is the exchange rate and the value of the rand for my decision to emigrate?*
- *What should I do if I want to emigrate?*

SUMMARY

Before you can emigrate, you should conduct a considerable amount of research, which includes local and foreign considerations. Unless you do this homework, the decision to emigrate can have far-reaching negative financial consequences for you, the emigrant. An incorrect and uninformed decision may deprive the individual of a lifetime of possessions and investments. In contrast, an informed and well-planned emigration decision may enable the individual to retire as a financially independent person overseas.

CHECKLIST

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MEANING OF WORDS

DO YOU KNOW THE MEANING OF THESE WORDS?

ACCOUNTANT: Somebody that looks after the books of a person or business.

ACTION: To start doing something.

ADDITIONAL SAVINGS: To save more than only your pension fund contribution at work.

ADMINISTRATION: The handling of the paper work.

ADVISERS: People giving others advice.

AFFORD: To be able to pay.

ANALYSE: To look thoroughly at something.

APPLICATION FORM: A form you fill in to apply for credit, to open an account or to get a job.

ASSETS: Things you own.

ATTORNEY: Someone who knows a lot about legal matters.

BALANCE SHEET: A financial statement showing your assets, debt and own investments.

BUDGET: A plan that compares income and expenses.

BOND REPAYMENTS: Monthly payments you must make for the period of the bond (house loan).

BOOKS/FINANCIAL STATEMENTS: Where an accountant has drawn up the books that show the financial situation.

BROKER: A person or bank that gives financial advice and sells financial products.

BUSINESS: An organisation that tries to make money by organising resources such as knowledge, raw materials, labour, capital and entrepreneurship.

BUSINESS BROKER: Someone selling businesses.

BUSINESS INSURANCE: Insurance you take out to cover different business risks.

BUSINESS OPPORTUNITY: A chance to start a business.

BUSINESS PLAN: A plan that sets out all the activities of a business.

BUY: To give money to get something you want.

CASH FLOW PROBLEMS: Not having money to make your payments.

COMMISSION: An amount that you pay to an estate agent after helping you to buy or sell a house.

CONDITIONS: Rules you must follow before getting something.

CREATE: To start something new.

CREDIT: To get someone else's money without having to pay for it immediately.

CREDIT INFORMATION BUREAUX: A place where the names of all non-payers are blacklisted to prevent these people getting credit again.

CREDIT LIMIT: The maximum amount you may buy for.

CREDITORS: People you owe money to.

CREDIT RECORD: Your record of paying or not paying.

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DO YOU KNOW THE MEANING OF THESE WORDS?

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CUSTOMERS: People who buy goods from you.

DEALER: A person selling cars.

DEBT: When you owe somebody money or something else.

DEBTORS: Customers who owe you money.

DEFICIT/SHORTFALL: When your expenses are more than your income.

DELIVERY NOTES: A document showing the number of goods the customer delivers.

DEPOSIT: An amount you pay when you buy something or an amount you put in a savings account.

DISABLED: Not able to carry on working.

DISABILITY INSURANCE: Insurance you take out to protect yourself in case you become disabled.

DUE DATE: The final date to pay your account.

EDUCATED CHILDREN: Children who are well prepared for life.

ENDOWMENT POLICY: An insurance policy that gives you a single amount when you retire.

ENTREPRENEUR: Someone who organises to start a business.

ESTATE AGENT: A person who sells or lets property.

EXPENSES: Everything you have to pay.

FINANCIAL ADVISER: A person that gives financial advice.

FINANCIAL FUTURE: When you think about your finances in the future.

FINANCIAL LOSS: When you lose money.

FINANCIAL RESPONSIBILITY: When you are the person who should pay something.

FINANCIAL RISKS: All the risks that may cause you a financial loss.

FINANCIAL WINNER: Someone who does financially well.

FINANCING: To get money for something you want to buy.

GROUP INSURANCE: Insurance you get from your employer to cover your loss of income in case of your death.

HIRE: To pay a person to work for you.

INCOME: All the money you receive.

INCOME STATEMENT: A financial statement showing your net profit.

INSTALMENT SALES AGREEMENT: The way to get financing to buy a car.

INSURANCE: A way to protect yourself against financial risks.

INSURANCE PRODUCTS: Different kinds of insurance for different risks.

INTEREST: Extra money you must pay on your borrowed money.

INTEREST RATE: The percentage of interest you must pay on your borrowed money.

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DO YOU KNOW THE MEANING OF THESE WORDS?

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INVEST/INVESTING: When you put money in a type of saving.

INVESTMENTS: The different types of saving/investing.

INVOICES: A document showing the amount you owe.

IN WRITING: When it is written down on a piece of paper.

JOB: What you do to earn a living.

LIFE POLICY: An insurance policy to protect your finances and assets in case of your death.

LIFE SKILLS: Skills you have to help you in life to make a living.

LOAN: An amount of money you have borrowed.

LONG-TERM INSURANCE: Insurance that provides cover for a period longer than five years.

MAINTENANCE/SERVICE DEAL: A deal that provides repairs to a vehicle for a period of time.

MANAGING: Handling affairs in a planned way.

MEDICAL INSURANCE: Insurance that protects you against medical expenses.

MEDICAL SCHEME: A scheme that provides long-term medical cover.

MICRO LENDER: A business where you can borrow small amounts of money (up to R10 000) over a payback period specified by you.

MICRO FINANCE REGULATORY COUNCIL (MFRC): Government instituted body to regulate micro lenders and protect borrowers.

MONEY MARKET FUND: A type of investment that provides monthly income.

MONEY MATTERS: Every aspect of your financial affairs.

NEEDS: Those things that help you to survive.

NEGOTIATE: To talk of and discuss things.

NET PROFIT: When the income of your business is greater than the expenses of your business.

OFFER TO PURCHASE: A document in which you apply to buy a house.

OPTIONS: More than one way to do or get things.

ORDER: The goods you want from your supplier.

ORDER SLIPS: A document explaining your order.

PAPER: All the written documents you get when buying something.

PAYBACK PERIOD: The number of months or years you have to repay your debt/loan.

PERIOD/TERM OF LOAN: The number of months or years you have to repay your loan.

PENSION: Money put aside for your old age.

PENSION FUND: A fund where they keep your pension.

PLAN/PLANNING: An organised way to do things.

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DO YOU KNOW THE MEANING OF THESE WORDS?

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PROFIT: When income is more than expenses.

PROTECT/PROTECTION: To take steps to reduce your risks.

PROVIDE: To make a plan to protect yourself.

PROVIDENT FUND: A fund where they keep your pension.

RECRUITMENT AGENCY: A business that tries to get you a job.

RECORD SYSTEM: To keep all your papers and books together.

REFERENCES: A person or business that will say something good about the way you pay your accounts.

REGISTER A BUSINESS: When you let the receiver of revenue/income know that you have a business that will receive income in the future.

RESIDENTIAL AREA: The town and suburb in which a house is situated.

RESOURCES: Help you have in the form of knowledge, money, machinery, labour and other skills.

RETIRE/RETIREMENT: When you reach a certain age and stop working.

RETIREMENT ANNUITIES: An investment product that will help you retire with a lot of money.

SALARY/WAGE: Your payment for the work you do.

SAVE/SAVING: When you put money away for a good reason.

SAVINGS ACCOUNTS: A way to save that will provide monthly interest/income.

SAVINGS PLANS: Different ways to save.

SECURITY: Anything you possess that you have paid off already.

SELL: To exchange something you own for money.

SHORT-TERM INSURANCE: Insurance that provides cover for a period shorter than five years.

SKILLS: Certain characteristics you possess that you can use to make a living.

STANDARD OF LIVING: How well you live for the moment.

STOCK: Goods you buy to sell again.

STOKVELS: A way to save with a group of people.

STUDY PLAN: A way to provide for the education of your children.

SUPPORT: To get help of other family members or to be able to provide for your family's needs.

TROUBLE FREE RETIREMENT: When you retire with a lot of money.

UNIT TRUSTS: Investment products that can provide in short and long-term needs.

WARRANTY: A written promise to repair your car.

WORKING CAPITAL: Includes stock, debtors, cash, creditors and bank loans.

32 DAYS NOTIFICATION DEPOSITS: A way to invest and receive monthly interest/income.

TLHATHOLLO YA MANTŠU

A O TSEBA TLHATHOLLO YA MANTŠU A?

BAELETŠI: Batho bao ba eletšago ba bangwe ka ditšhelete.

BAKOLOTI: Bareki bao ba go kolotago tšhelete.

BAKOLOTIWA: Batho bao o ba kolotago tšhelete.

BANA BAO BA RUTEGILEGO: Bana bao ba ihlamilego gabotse bophelong.

BAREKI: Batho bao ba rekago dilo go wena.

BOINGWADIŠO BJA GO REKA: Pampiri ye o e šomišetšago go dira boingwadišo bja go reka ntlo.

BOKAMOSO DITŠHELETENG: Ge o nagana ka ditšhelete tša gago tša išago.

BURO YA TSHEDIMOŠO YA TŠA MEKITLANA: Lefelo leo go lona maina a bao ba sa lefego dikoloto tša bona ba a ngwalago ka bobe go ba thibela gore ba se hlwe ba hwetša mokitlana gape.

DIAKHAONTO TŠA POLOKELO: Tsela ya go boloka tšhelete yeo e tla go fang manamane/moputso.

DIKOTSI DITŠHELETENG: Dikotsi ka moka tšeo di ka dirago gore olahlegelwe ke tšhelete.

DIPAKI (REFERENCES): Motho goba kgwebo yeo e tla bolelago bobotse ka wena go re o lefa diakhounto tša gago gabotse.

DINYAKWA: Dilo tšeo di go thušago gore o phele.

DIPEELETŠO: Mehuta ya go fapanafapana ya go boloka/go beeletša.

DIPOLOKO TŠA TŠHELETE TŠA TLALELETŠO: Go boloka go feta moneelo o tee ka sekhwameng sa phenšene sa kua mošomong.

DIPUKU/SEEMO SA DITŠHELETE (FINANCIAL STATEMENTS): Felo fao mohlokomela matlotlo a thadilego dipuku tšeo di laetšago seemo sa ditšhelete.

DIREKIŠWA: Dilo tšeo o di rekago gore o di rekiše gape.

DITLANKANA TŠA ORTOLO: Ditlanka tšeo di hlalošago ka ortolo.

DITŠWELETŠWA TŠA INŠORENSE: Mehuta ya go fapanafapana ya di inšorense tšeo di šireletšago kgahlanong le dikotsi tša go fapanafapana.

DITSHENYEGELO: Dilo kamoka tšeo o swanetšego go di lefela.

DI-UNIT TRUST: Ditšweletšwa tša dipeeletšo tšeo difanago ka dihlokego tša lebakanyana le tša lebaka le le telele.

FOROMO YA KGOPELO: Foromo yeo o e tlatšago ge o dira kgopelo ya mokitlana goba ge o bula akhounto lebaka le le telele.

GO BEELETŠA: Ge o bea tšhelete ka gare ga mohuta wa poloko ya tšhelete.

GO BOLOKA/TŠHELETE YEO O E BOLOKAGO: Ge o beya tšhelete ka thoko go phetha mabaka ao a kwagalago.

GO FANA: Go dira leano la go itšhireletša.

GO GOLOFALA: Go palelwa ke go tšwela pele ka go itirela

GO LAOLA: Go sepediša merero ka tsela yeo e rulagantšwego go ya ka dipeakanyo.

GO REKA: Go fana ka tšhelete gore o hwetše selo seo o se nyakago.

GO REKIŠA: Go fana ka se sengwe sa gago gomme wena o hwetše tšhelete go sona.

GO RERIŠANA: Go bolela le go boledišana ka dilo.

GO ROLA MODIRO/PHENŠENE: Ge o fihlelela mengwaga yeo e rileng gomme o lesa mošomo.

GO ŠIRELETŠA/TŠHIRELETŠO: Go fana ka thekgo ya tšhelete mo dikotsing tše di ka go welago.

GO TLHOLA: Go thoma selo se seswa.

GO THWALA: Go lefa motho yo a go šomelago.

e tšwelapele letlakaleng leo le latelago. . .

TLHATHOLLO YA MANTŠU

A O TSEBA TLHATHOLLO YA MANTŠU A?

..... e tšwelapele go tšwa letlakaleng leo le fetilego.

IKGONE: Go kgona go lefa.

INŠORENSE: Tsela ya go itšhireletša kgahlanong le dikotsi tšeo di ka go welago tša ditšhelete.

INŠORENSE YA BOGOLE: Inšorense yeo e go šireletšago ge o ka golofala.

INŠORENSE YA KALAFO: Inšorense yeo e go šireletšago Kgahlanong le ditshenyegelelo tša kalafo ya malwetši.

INŠORENSE YA KGWEBO: Inšorense yeo e tšeelwago go akaretša dikotsi tša go fapanafapana tšeo di ka welago kgwebo.

INŠORENSE YA KHAMPANI (GROUP INSURANCE): Inšorense yeo o e hwetšago go tšwa go mongmodiro wa gago yeo e tla lefago moputso ge o hwile.

INŠORENSE YA LEBAKANYANA: Inšorense yeo e šireletšago lebaka la ka fase ga mengwaga ye mehlano.

INŠORENSE YA LEBAKA LE LE TELELE: Inšorense yeo e go šireletšago lebaka la go feta mengwaga ye mehlano.

KA LENGWALO: Ge seo se ngwadilwe pampišaneng.

KADIMO: Tšhelete yeo o e adimilego.

KARANTI (WARRANTY): Lengwalwana la tshepišo ya go lokiša koloi.

KWANO YA GO LOKIŠA/DITIRELO: Kwano yeo e go lokišetšago senamelwa mo lebakeng leo le beilwego.

KGWEBO: Mokgahlo woo o lekago go dira tšhelete ka go rulaganya metswedi ye bjalo ka tsebo, dilo tše sa tlhabollwago (raw materials), mošomo, tšhelete le dikgwebo tše nnyane.

KGWEBO YA THWALO YA BATHO: Kgwebo yeo e lekago go go nyakela mošomo.

LEANO LA DITHUTO: Tsela ya go lefa dithuto tša bana ba gago.

LEBAKA LA PUŠETŠO YA TEFO: Palo ya dikgwedi goba ya mengwaga yeo o swanetšego go bušetša kadimo ya gago/sekoloto.

LEBAKA/PAKAMABAKA TŠA KADIMO: Palo ya dikgwedi goba ya mengwaga yeo o swanetšego go bušetša kadimo ya gago.

LEFELO LA BODULO: Toropo goba motsetoropo woo ntlo e agilwego go ona.

LEKGOTLA TAOLO LA KADIMIŠO YA DITŠHELETE TŠE NNYANE (MFRC): Sehlongwa sa mmušo seo se laolago baadimiši ba ditšhelete ebile se šireletša baadimi.

LENANEO LA MARUO LE DIKOLOTO (BALANCE SHEET): Dibuka tšeo di laetšago maruo le dikoloto tša gago.

LENANEO LA REKHOTO (RECORD SYSTEM): Go lota dipampiri le dipuku tša gago felo gotee.

LENANEO PHETHAGATŠO KGWEBONG (BUSINESS PLAN): Peakanyo yeo laetšago ditiragalo kamoka tša kgwebo.

LENANEO TEFO LA MOKITLANA (CREDIT RECORD): Lenaneo leo le laetšago go lefa le go se lefe ga gago.

LETŠATŠI LA MAKGAOLAKGANG (DUE DATE): Letšatši la mafelelo la go lefa akhounto.

MAANO A GO BOLOKA: Mekgwa ya go fapanafapana ya go boloka tšhelete.

MABAKA-THEO (CONDITIONS): Melao yeo o swanetšego go e latela pele o ka hwetša se sengwe.

MAEMO BOPHELONG: A naa o phela bjang ga bjale.

MAIKARABELO DITŠHELETENG: Ge o le motho yoo a swanetšego go lefela se sengwe.

MAIKGETHELO: Go feta lekga le tee la mokgwa wa go dira selo goba go se hwetša.

MAKGONI: Se sengwe seo a nago le sona ka tlhago seo o ka se šomišetšago go iphediša.

MAKGONI A BOPHELONG: Makgoni ao o nago le wona ao a tla go thušago go iphediša.

MANAMANE: Koketšo ya tšhelete yeo o swanetšego go e lefella kadimong ya gago ya tšhelete.

e tšwelapele letlakaleng leo le latelago. . .

TLHATHOLLO YA MANTŠU

A O TSEBA TLHATHOLLO YA MANTŠU A?

..... e tšwelapele go tšwa letlakaleng leo le fetilego.

MARUO: Dilo tšeo e lego tša gago.

MATHATA A GO LEFA DIKOLOTO (CASH FLOW PROBLEMS): Go hloka tšhelete ya go lefa melato ya gago.

MEGODIŠANO: Tsela ya go boloka tšhelete le le sehlopha.

MERERO YA DITŠHELETE: Ntlha ye nngwe le ye nngwe ya merero ya gago ya ditšhelete.

METSWEDI: Thušo yeo o nago le yona ka sebopego sa tsebo, tšhelete, metšhene, mošomo goba makgoni a mangwe.

MMAPATŠI: Motho yoo a rekišago dikoloi.

MOADIMIŠI WA DITŠHELETE: Kgwebo yeo o ka adimago ditšhelete tše nnyane (go fihla go R10 000) gomme o di bušetša ka nako yeo e beilwego.

MOELETŠI WA MATLOTLO: Motho yoo a go eletšago ka tša ditšhelete.

MOELETŠI (BROKER) WA TŠA DITŠHELETE: Motho goba polokelo yeo e eletšago batho ka ditšhelete gomme e ba rekišetša ditšweletšwa tša ditšhelete.

MOEMEDI: Motho yoo a tsebago kudu ka merero ya tša molao.

MOFENYI DITŠHELETENG: Motho yoo a tšwelelelago gabotse go tša ditšhelete.

MOHLOKOMELA MATLOTLO (ACCOUNTANT): Motho yoo a hlokomela dipuku tša motho goba tša kgwebo.

MOKITLANA: Go hwetša tšhelete ya motho yo mongwe ntle le go e lefa semeetseng.

MOLLWANE WA MOKITLANA: Bogolo goba bontši bja tšhelete yeo o dumelelwago go reka ka yona.

MONYETLA WA KGWEBO: Sebaka sa go thoma kgwebo.

MOPUTSO WA KGWEDI/MOPUTSO WA BEKE: Tefo ya mošomo woo o o dirago.

MOREKIŠI WA DIKGWEBO: Motho yoo a rekišago dikgwebo.

MOREKIŠI WA DINTLO: Motho yoo a rekišago goba a hiriša dintlo.

MOŠOMO: Se o se šomago gomme se go tlišetše moputso.

MPHIWAFELA WA PHENŠENE: Setšweletšwa sa peeletšo seo se go thušago go rola modiro o na le tšhelete ye ntši.

ORTOLO (ORDER): Dilo tšeo o di nyakang go tšwa go yoo o direkang go yena.

NGWADIŠA KGWEBO: Ge o dumelela moamogedi wa metšhelo/letseno go tseba gore o na le kgwebo yeo e tla amogelago letseno išago.

PAMPIRI: Dipampiri kamoka tšeo di ngwadilego tšeo o di hwetšang ge o reka se sengwe.

PEAKANYO/GO RULAGANYA: Tsela yeo e beakantšwego ya go dira dilo.

PEELETŠO YA MATŠATŠI A 32: Tsela ya go beeletša tšhelete gomme o hwetša manamane ka kgwedi/moputso.

PHENŠENE: Tšhelete yeo o e beetšeng ka thoko ya botšofadi bja gago.

PHENŠENE YA GO HLOKA MATHATA: Ge o rola modiro o na le tšhelete ye ntši.

PHETHAGATŠO (ACTION): Go thoma go dira se sengwe.

PHOLISI YA BOPHELO: Inšorense yeo e tla šireletšago ditšhelete tša gago le maruo ge o hwile.

PHOLISI YA MPHIWAFELA (ENDOWMENT POLICY): Inšorense yeo e go fago tšhelete yeo e feleletšego gatee ge o rola modiro.

POELO: Ge moputso o feta ditshenyegelo.

POELO YEO E SETŠEGO (NET PROFIT): Ge letseno la kgwebo ya gago le feta ditshenyegelo tša kgwebo ya gago.

RAKGWEBOPOTLANA: Motho yoo a rulaganyang go thoma kgwebo.

e tšwelapele letlakaleng leo le latelago. . .

TLHATHOLLO YA MANTŠU

A O TSEBA TLHATHOLLO YA MANTŠU A?

..... e tšwelapele go tšwa letlakaleng leo le fetilego.

REITI YA MANAMANE: Peresente ya morokotšo yeo o swanetšego go lefella kadimo ya gago ya tšhelete.

SEKA-SEKA: Go lebedišiša selo ka kelohloko.

SEKEMA SA KALAFO: Sekema seo se go fang tšhireletšo ya lebaka le letelele ya kalafo.

SEKHWAMA SA KGWEBO YA DITŠHELETE: Mohuta wa peeletšo woo o fanang ka moputso wa kgwedi.

SEKHWAMA SA PHENŠENE: Sekhwama seo go bolokwago tšhelete ya gago ya phenšene.

SEKHWAMA SA POROFITENTE: Sekhwama seo go bolokwago phenšene go sona.

SEKOLOTO: Ge o kolota motho tšhelete goba se sengwe.

SETATAMENTE SA MOPUTSO: Dipuku tša gago tša ditšhelete tšeo di laetšago tšhelete yeo e go boetšeng.

SETLANKANA SA THOMELO (DELIVERY NOTES): Pampiri yeo e laetšago palo ya dilo tšeo di rometšwego ke morekiši.

SETLANKANA SA TEFO (INVOICE): Pampiri yeo e laetšago tšhelete yeo o e kolotago.

TAHLEGELO YA DITŠHELETENG: Ge o lahlegelwa ke tšhelete.

TEFO E TŠWAGO THEKIŠONG (COMMISSION): Setseka seo se lefago morekiši wa maruo ge a feditše go go thuša go reka goba go rekiša ntlo.

TEFO YA BONTO: Ditefo tšeo o swanetšego go di lefa kgwedi le kgwedi go fihlella o fetša go lefa bonto (kadimo ya tšhelete) ya ntlo.

TEKANETŠO (BUDGET): Peakanyo yeo e bapetšago moputso le ditshenyegelelo.

THEKGO: Go hwetša thušo ya ba bangwe ba lelapa goba go kgona go fepa dinyakwa tša ba lapa la gago.

THEKGO YA TŠHELETE (FINANCING): Go hwetša tšhelete ya selo seo o ratang go se reka.

TLHAELLO/GO TLHAETŠA: Ge ditshenyegelo tša gago di feta moputso wa gago.

TŠHELETE YA GO BEELETŠA SELO (DEPOSIT): Tšhelete yeo o e lefago ge o reka selo goba tšhelete yeo o e beang ka gare ga akhounto ya gago ya polokelo.

TŠHELETE YA GO SEPETŠA KGWEBO: Yona e akaretša tšeo o di rekišago, bao ba go kolotago, tšhelete, tšhelete yeo o e kolotago le dikadimo tša polokelong.

TSHEPETŠO: Go šoma ka dipampiri.

TŠHIRELETŠO: Selo se sengwe le se sengwe seo e lego sa gago gomme e feditše go se lefella.

TUMELLANO YA THEKO KA MOKITLANA (INSTALMENT SALES AGREEMENT): Tsela ya go hwetša thekgo ya ditšhelete ya go reka koloi.

IINTSINGISELO ZAMAGAMA

UYAYAZI INTSINGISELO YALA MAGAMA/AMABINZANA AMAGAMA?

ABACEBISI: Abantu abanika abanye amacebiso.

ABANTU EKUNOKUBUZWA NGAWE KUBO: Umntu okanye ishishini eliya kuthetha into efanelekileyo ngendlela ohlawula ngayo amatyala akho.

ABANTU OBABAMBA IMALI: Abo ubatyala imali.

ABANTWANA ABAFUNDILEYO: Abantwana abalilungiselelwe kakuhle ikamva.

ABAXUMI: Abantu abathenga impahla kuwe.

ABAXUMI ABAKUKWELITAYO: Abaxumi abakubamba imali.

AMANQAKU OKUSA IMPAHLA: Uxwebhu olubonisa inani lempahla esiwa kumxumi.

BEKA ELUGCINWENI/UKUBEKA ELUGCINWENI: Xa ulondoloza imali ngesizathu esivakalayo.

BHALISA ISHISHINI: Xa usazisa umamkeli wengxowa enkulu/wengeniso ukuba wena uneshishini eliza kukufakela ingeniso kwikamva.

DALA: Ukuqalisa into entsha.

IBHUNGA LOLAWULO LWEEMALI EZINCINCI - MICRO FINANCE REGULATORY COUNCIL (MFRC): Ulawulo lukarhulumente olusekwe ngenjongo yokulawula amashishini ababolekisi beemali ezincinci ukwenzela ukukhusela ababoleki.

ICWECWE LOLUNGELELWANISO: Iincwadi zakho zeemali ezibonisa impahla enokuthengiselwa ukuzuza imali namatyala.

IFOMU YOKUFAKA ISICELO: Ifomu oyizalisa xa ufaka isicelo sokwenza ityala okanye sokuvula i-akhawunti.

IGQWETHA: Umntu owazi banzi ngemibandela yezomthetho.

IINDLEKO: Yonke into ofanele ukuyihlawula.

IINDLELA ZOKUBEKA ELUGCINWENI: Iindlela ezahlukileyo zokubeka imali elugcinweni.

IINKCUKACHA ZENGENISO: Iincwadi zakho ezibonisa eyona nzuzo iyeyakho.

IINTLOBO ZOBUCHULE BOBOMI: Iintlobo zobuchule onazo ezikunceda ukuba ufumane imali enokukuphilisa.

IINTLOBO ZOKWANDISA: Iintlobo ezahlukileyo zolondolozo/ulwandiso.

IINTLOBO ZOBUCHULE: Iimpawu ezithile onazo onokuzisebenzisela ukuba uzuze imali ngazo.

IIMALI EZISELUGCINWENI OLUFAKELWEYO: Ukubeka imali elugcinweni ngaphezu komrhumo wakho wengxowa yomhlalaphantsi kuphela emsebenzini.

IIMFUNO: Ezo zinto ezikunceda ukuba uphile.

IIMVELISO ZE-INSHORENSI: Ii-inshorensi ezahlukileyo ezilungiselelwe imingcipheko eyahlukileyo.

IINCWADI/IINKCUKACHA ZEEMALI: Apho ingcaphephe kwizibalo zemali izobe iincwadi ezibonisa imeko yemali.

IINGXAKI ZOMQUKUQELO WEMALI ESESANDLENI: Ukungabinamali yokwenza iintlawulo zakho.

IINTLAWULO EZIBUYISA ISIBOPHELELO: Iintlawulo zenyanga ekufuneka uzenzile kwithuba lesibophelelo Imali mboleko yendlu).

IKHOMISHINI: Isixa semali osihlawula umthunywa othengisa izindlu emva kokuba ebekuncede ukuthenga okanye ukuthengisa indlu.

I-INSHORENSI: Indlela yokuzikhusela kwimingcipheko yezemali.

I-INSHORENSI YETHUBA ELIDE: I-inshorensi enika ukhuselo lwexesha elithile kwithuba elingaphezulu kwiminyaka emihlanu.

qhuba kwikhasi elilandelayo . . .

IINTSINGISELO ZAMAGAMA

UYAYAZI INTSINGISELO YALA MAGAMA/AMABINZANA AMAGAMA?

qhuba ukususela kwikhasi eliphambi kweli . . .

I-INSHORENSI YETHUBA ELIFUTSHANE: I-inshorensi enika ukhuselo lwexesha elingaphantsi kweminyaka emihlanu.

I-INSHORENSI YEQELA: I-inshorensi oyifumana kumqeshi wakho yokukhusela ilahleko yakho yengeniso xa unokusweleka.

I-INSHORENSI YESHISHINI: I-inshorensi oyithabathela ukhuselo lwemimgcipheko eyahlukileyo yeshishini.

I-INSHORENSI YOKHUBAZEKO: I-inshorensi oyithabathela ukhuselo lwakho xa kukho ukukhubazeka.

I-INSHORENSI YONYANGO: I-inshorensi ekukhusela kwiindleko zonyango.

II-AKHAWUNTI ZOKUBEKA ELUGCINWENI: Indlela yokubeka elugcinweni eya kuza nenzala/ingeniso qho ngenyanga.

II-INVOICE: Uxwebhu olubonisa imali oyibambayo.

II-STOKVEL: Indlela yokubeka imali elugcinweni niliqela labantu.

II-UNIT TRUST: Iimveliso zolwandiso ezinokuhlangabezana neemfuno zexesha elifutshane okanye elide.

IKAMVA LEZEMALI: Xa ucinga ngemeko yakho yemali kwikamva.

ILAHLEKO YEMALI: Xa ulahlekelwa yimali.

IMALI-MBOLEKO: Isixa semali oyibolekileyo.

IMIBANDELA YEMALI: Onke amacala emibandela yemali yakho.

IMIQATHANGO: Imithetho ekufuneka uyilandele phambi kokuzuza into.

IMITHOMBO YOBUTYEBI: Ikunceda ekubeni ube nendlela yokufumana ulwazi, imali, oomatshini, abasebenzi kunye nezinye iintlobo zobuchule.

IMPAHLA EGCINIWEYO: Impahla oyithengela ukuyithengisa kwakhona.

IMPAHLA YOMNTU ENOKUTHENGISELWA UKUZUZA IMALI: Izinto onazo.

INDAWO EKUHLALWA KUYO: Idolophu kunye nendawo engasedolophini abahlala kuyo abantu apho indlu ikhoyo.

INGCAPHEPHE YEZIBALO ZEMALI: Umntu oqwalasela iincwadi zomntu okanye zeshishini.

INGENISO: Yonke imali oyifumanayo.

INGXELO YETYALA: Ingxelo yakho yokuhlawula okanye ukungahlawuli.

INGXOWA-MALI YOBONELELO: Ingxowa-mali apho ugcina imali yakho yomhlalaphantsi.

INGXOWA-MALI YOMHLALAPHANTSI: Ingxowa-mali ekugcinwa kuyo imali yomhlalaphantsi wakho.

INGXOWA-MALI YOMMANDLA WENTENGISO: Uhlobo lolwandiso-mali olukhupha ingeniso ngazo zonke iinyanga.

INKUNZI YOKUQALISA UMSEBENZI: Ibandakanya impahla ethengiswayo, abantu abakubamba imali, imali esesandleni, abantu obabamba imali kunye neemali-mboleko zasebhanki.

INKXASO: Ukufumana uncedo kwelinye lamalungu osapho lwakho okanye ukukwazi ukuhlangabezana neemfuno zosapho lwakho.

INQANABA LENZALA: Inzala ebalwa ngokwepesenti (kwikhulu ngalinye) ofanele ukuyihlawula phezu kwemali oyibolekileyo.

INZUZO: Xa ingeniso ininzi ukugqitha iindleko.

INZALA: Imali efakelwayo ofanele ukuyihlawula phezu kwemali oyibolekileyo.

INTSILELO/UKUWA NGANENO: Xa iinkcitho zakho zingaphezulu kwingeniso.

qhuba kwikhasi elilandelayo . . .

IINTSINGISELO ZAMAGAMA

UYAYAZI INTSINGISELO YALA MAGAMA/AMABINZANA AMAGAMA?

qhuba ukususela kwikhasi eliphambi kweli . . .

INYATHELO: Ukuqalisa ukwenza into.

INZUZO: Xa ingeniso ininzi ukugqitha iindleko.

INZUZO EYINTSALELA: Xa ingeniso yeshishini lakho ingaphezulu kwiindleko zeshishini lakho.

I-ODOLO: Impahla oyifuna kumxhobisi wakho.

IPHEPHA: Onke amaxwebhu abhaliweyo owafumana xa kukho into oyithengayo.

ISHISHINI: Umbutho ozama ukwenza imali ngokucwangcisa imithombo efana nolwazi, iziveliso, abasebenzi, imali eyinkunzi kunye nokuqalisa ishishini.

ISICELO SOKUTHENGA: Uxwebhu ofaka kulo isicelo sokuthenga indlu.

ISICWANGCISO SESHISHINI: Isicwangciso esicacisa yonke imisebenzi yeshishini.

ISICWANGCISO SEMFUNDO: Indlela yokubeka imali yokufundisa abantwana bakho.

ISICWANGCISO/UKUCWANGCISA: Indlela elungisiweyo yokwenza izinto.

ISIQINISEKO SOBOMI: Isiqiniseko se-inshorensi ukukhusela iimali zakho kunye nempahla ekunokuzuzwa imali ngayo yakuthengiswa xa unokufa.

ISIQINISEKO SOKUNIKELA NGEMALI: Isiqiniseko se-inshorensi esikunika isixa esinye xa uthabatha umhlalaphantsi.

ISITHEMBISO ESIQINISEKISIWEYO: Isithembiso esibhalwe phantsi sokulungisa imoto yakho.

ISIVUMELWANO SENTENGISO YEZAVENGA: Indlela yokufumana uncedo lokuthenga ngaphandle kwentlawulo epheleleyo kwangoko.

ISIXA ESIKHOKELISWAYO: Isixa osihlawula xa uthenga into okanye isixa esibekwa kwi-akhawunti yokugcina.

ITHUBA/IXESHA ELIMISELWE IMALI YEMBOLEKO: Inani leenyanga okanye iminyaka ofanele ukuhlawula ngalo imali oyibolekileyo.

ITHUBA LENTLAWULO EBUYISELWA UMVA: Inani leenyanga okanye leminyaka ekufanele uhlawule ityala lakho/imali yemboleko ngokubuyiselwa umva.

ITHUBA LESHISHINI: Ithuba lokuqalisa ishishini.

ITYALA: Ukufumana imali yomnye umntu ngaphandle kokunyanzeleka ukuyihlawula kwangoko. Xa ubamba umntu imali okanye into ethile.

IZIBHILIVANA ZE-ODOLO: Uxwebhu oluchaza i-odolo.

IZIKO LOLWAZI LWAMATYALA - CREDIT INFORMATION BUREAUX: Indawo apho amagama abo bonke abantu abangahlawuliyo agcinwa khona kuludwe olumnyama ukuthintela aba bantu ekukufumaneni ityala kwakhona.

IZINTO EKUKHETHWA KUZO: Iindlela ezingaphezulu kwisinye zokwenza okanye zokufumana izinto.

IZINTO EZIBEKA UMNTU EMNGCIPHEKWENI WEMALI: Yonke imingcipheko enokubanga ilahleko yemali.

IZIXA EZAZISWA KWIINTSUKU EZINGAMA32: Indlela yokwandisa imali neyokufumana inzala yenyanga/ingeniso.

IZIXA EZINGENA NGONYAKA ZOMHLALAPHANTSI: Imveliso yolwandiso eya kunceda ukuba uthabathe umhlalaphantsi unemali eninzi.

KHUSELA/UKHUSELEKO: Ukwenza ulungiselelo lwezinto ezinokukubeka emngciphekweni.

NGOKUBHALA PHANTSI: Xa into ibhalwe phantsi ephepheni.

THENGA: Ukunikela ngemali kuba kukho into oyifunayo.

THENGISA: Ukutshintshiselana ngento onayo ukuze uzuze imali.

UHLALUTYO: Ukuqwalasela into ngononophelo.

qhuba kwikhasi elilandelayo . . .

IINTSINGISELO ZAMAGAMA

UYAYAZI INTSINGISELO YALA MAGAMA/AMABINZANA AMAGAMA?

qhuba ukususela kwikhasi eliphambi kweli . . .

UKHUSELEKO: Nokuba yintoni na onayo osele uyihlawule.

UKUBA NAKO: Ukukwazi ukuhlawula.

UKUKHUBAZEKA: Ukungakwazi ukuqhuba ngokusebenza.

UKULUNGISELELA: Ukwenza indlela yokuzikhusela.

UKUQESHA: Ukuhlawula umntu okusebenzelayo.

UKUTHABATHA UMHLALAPHANTSI/UMHLALAPHANTSI: Xa ufike kwibanga elithile lobudala uze uyeke ukusebenza.

ULAWULO: Ukuphatha imibandela ngendlela ecwangcisiweyo ngokwezicwangciso. Ukuphathwa komsebenzi osephepheni.

ULONDOLOZO/USHISHINO LWEENKONZO ZENQWELOMAFUTHA: Ushishino olunika ulungiso lwezithuthi kwithuba lexesha.

ULUNGISELELO LONYANGO: Ulungiselelo olunika ukhuselo lonyango lwethuba elide.

ULWABIWO-MALI: Isicwangciso esithelekisa ingeniso neenkcitho.

UMBOLEKISI WEEMALI EZINCINCI: Ishishini apho ukwaziyo ukuboleka izixa ezincinci zemali (ezinokufikelela kwi-R10 000) kwithuba lexesha elimiswe nguwe.

UMCEBISI WEZEMALI: Umntu okunika icebiso malunga nemali.

UMDA WETYALA: Esona sixa siphezulu unokuthenga ngaso.

UMGANGATHO WOKUPHILA: Ububhetele benqanaba lakho lokuphila okwangoku.

UMHLA OBEKIWEYO: Umhla wokugqibela wokuhlawula i-akhawunti.

UMHLALAPHANTSI: Imali ebekelwa bucala ukulungiselela ixesha lokuguga.

UMHLALAPHANTSI ONGENANGXAKI: Xa uthabatha umhlalaphantsi unemali eninzi.

UMPHUMELELI KUGQATSO LWEMALI: Umntu osebenza kakuhle ngokwasemalini.

UMTHENGISI ZINQWELOMAFUTHA: Umntu othengisa iinqwelomafutha.

UMTHENGISI-MCEBISI: Umntu okanye ibhanki enika icebiso ngemali ize ithengise iimveliso zemali.

UMTHENGISI-MCEBISI WESHISHINI: Umntu othengisa amashishini.

UMTHUNYWA OBIZELA ABANTU ENGQESHWENI: Ishishini elizama ukufunela wena umsebenzi.

UMTHUNYWA OTHENGISAYO: Umntu othengisa okanye orhafisa ngento yomntu ethengiswayo.

UMTHWALO WEMALI: Xa ungumntu ekufuneka ehlawule isixa esithile.

UMSEBENZI: Into oyenzayo ukuze uphile.

UMVUZO/INTLAWULO: Intlawulo oyifumana ngomsebenzi owenzileyo.

UMXOKOMELWANO WEENGXELO: Ukwenzela ukugcina onke amaphepha akho neencwadi zakho kunye.

UNCEDO LWEMALI: Ukufumana imali yento ofuna ukuyithenga.

USOMASHISHINI OSAKHASAYO: Umntu ozilungiselela ukuqalisa ishishini.

YANDISA/ULWANDISO: Xa ufake imali kuhlobo oluthile logcino-mali.

INCAZELO YAMAGAMA

INGABE UYAZI UKUTHI LA MAGAMA ACHAZA UKUTHINI?

ABANGIKWELETAYO: Amakhasimende angikweleta imali.

ABELULEKI: Abantu abeluleka abanye.

AMA-AKHAWUNTI OKONGA: Indlela yokonga enikeza inzalo/ engenisa imali.

AMA-UNIT TRUST: Umkhiqizo wotshalomali olungabonelela izidingo zesikhathi esifushane neside.

AMAKHASIMENDE: Abantu abathenga impahla kuwe.

AMAKHONO OLWAZI LOMSEBENZI: Amakhono athile onawo ongawasebenzisa ukuziphilisa.

AMAKHONO OLWAZI NGEMPILO: Amakhono onawo azokusiza empilweni ukuziphilisa.

AMAPHEPHA E-ODA: Wonke amaphepha abhaliwe owathola uma uthenga okuthile.

AMAPHEPHA OWATHOLA EMUVA KOKUTHENGA: Iphepha elibonisa imali oyikweletayo.

BONELELA: Ukwenza uhlelo loku zivikela.

HLAZIYA: Ukubukisisa kahle into.

I-ODA: Impahla oyifunayo kumthengisi.

IBHIZINISI: Inhlangano ezama ukwenza imali ngokuhlela ingcebo efana nolwazi, izinto eziwumkhiqizo, abasebenzi, imali yokuqhuba umsebenzi kanye nebhizinisi.

IDIPHOZITHI: Isamba semali osikhokhayo uma uthenga okuthile noma isamba osifaka ku-akhawunti yokonga.

IDIPHOZITHI EYAZISWA NGEZINSUKU EZINGU 32: Indlela yokutshala nokwamukela inzalo/ imali ezongena ngenyanga.

IFOMU YOKUFAKA ISICELO: Ifomu oyigcwalisa uma ufaka isicelo sokuboleka imali noma ukuvula i-akhawunti.

IHHOVISI ELIQUKETHE IMININININGWANE YOKUKHOKHA IZIKWELETU: Indawo lapho amagama alabo abangakhokhi kahle izikweletu zabo agcinwa khona ukuze bangasakwazi ukudala ezinye izikweletu.

IKHANSELA ELAWULA ABABOLEKISI-MALI ENCANE (MFRC): Umkhandlu osungulwe uHulumeni ukulawula ababolekisi-mali encane nokuvikela labo aba bolekayo.

IKHOMISHINI: Isamba osikhokhela umthengisi wezindlu uma ekusize ukuthenga noma ukuthengisa indlu.

IKUSASA LEZIMALI: Uma ucabanga ngekusasa lakho lezimali.

IMALI ENGENAYO: Yonke imali oyitholayo.

IMALI OYITHOLA NJALO NGO NYAKA UMA USUTHATHE UMHLALAPHANSI.: Umkhiqizo wotshalomali ozokusiza ukuthatha umhlaphansi unemali eningi.

IMALI YOKUQHUBA UMSEBENZI: Ibandakanya impahla ohweba ngayo, obakweletayo, ukheshi, abakukweletayo kanye nemali-mboleko yasebhange.

IMALI-MBOLEKO: Isamba se mali oyibolekile.

IMIBANDELA: Imithetho ofanele ukuyilandela ngaphambi kokuthi uthole okuthile.

IMIKHIQIZO YOMSHUWALENSE: Izinhlobo ezahlukene zomshuwalense.

IMPAHLA: Imphahla onayo.

IMPAHLA YOKUHWEBA/ISITOKWE: Impahla oyithengayo uphinde uyithengise futhi.

IMPESHENI: Imali ebekelwe ukuguga.

Qhubeka ekhasini elilandelayo...

INCAZELO YAMAGAMA

INGABE UYAZI UKUTHI LA MAGAMA ACHAZA UKUTHINI?

qhubeka ukusuka ekhasini elidlule...

INDAWO EHLALA ABANTU: Idolobha noma ilokishi lapho indlu ikhona.

INDLELA EWUHLOBO LOKUGCINA IZINTO: Ukugcina wonke amaphepha nezincwadi zizonke.

INGCEBO: Usizo onalo ngokolwazi, imali imishini, abasebenzi kanye namanye amakhono.

INZALO: Imali eyengeziwe ofanele uyikhokhe emalini oyibolekile.

INZUZO: Uma imali engenayo ingaphezulu kwezindleko.

INZUZO ISIYONKE: Uma imali engenayo ebhizinisini ingaphezulu kwezindleko zebhizinisi lakho.

IPHEPHA: Wonke amaphepha abhaliwe owathola uma uthenga okuthile.

IPHEPHA LOKU HAMBISA IMPAHLA: Iphepha elikhombisa impahla elethwa yikhasimende.

IPHOLISI YOKUFA: Ipholisi yomshuwalense yokuvikela izimali zakho kanye nempahla yakho uma ungashona.

IPHOLISI YOKUGCINA IMALI: Ipholisi yomshuwalense ekhokha isamba esisodwa semali uma uthatha umhlalaphansi.

ISIBAMBISO: Noma yini yakho osuqedile ukuyikhokhela.

ISICELO SOKUTHENGA: Iphepha ofaka ngalo isicelo sokuthenga indlu.

ISIKHATHI SEMALI-MBOLEKO: Inani lezinyanga noma iminyaka ofanele ukhokhe ngaso isikweletu.

ISIKHATHI SOKU BUYISA IMALI: Inani lezinyanga noma iminyaka ofanele ukhokhe ngayo isikweletu sakho.

ISIKHWAMA SEMPENSHENI: Isikhwama esigcina impensheni yakho.

ISIKHWAMA SEZIMAKETHE ZEMALI: Uhlobo lotshalomali olunikeza imali engena zinyanga zonke.

ISIKHWAMA SOKUZIHLINZEKA: Isikhwama okubekwa kuso impesheni yakho.

ISIKWELETU: Ukuthola imali yomunye umuntu ongayikhokhi ngaleso sikhathi. Uma ukweleta umuntu imali noma okuthile.

ISILINGANISO SESIKWELETU: Isamba ongeqi kuso uma uthenga ngesikweletu.

ISIMO SEGAMA EKUKHOKHENI IZIKWELETU: Umlando wakho wokukhokha noma wokungakhokhi.

ISINYATHELO: Ukuqala ukwenza okuthile.

ISIQINISEKISO: Isethembiso esibhaliwe sokulungisa imoto yakho.

ISITATIMENDE SEMALI ENGENILE: Amabhuku ezimali akhombisa inzuzo isiyonke.

ISITATIMENDE SESIMO SEZIMALI NEMPAHLA: Izincwadi zakho ezikhombisa impahla yakho nezikweletu.

ISIVUMELWANO SENSEBENZO\SEZINSIZA: Isivumelwano esibonelela ukulungiswa kwemoto esikhathini esithile.

ISIVUMELWANO SOKUTHENGISELANA NOKUKHOKHA AMANCOZUNCOZU: Indlela yokuthola imali yokuthenga imoto.

ITHUBA LWEBHIZINISI: Ithuba lokuqala ibhizinisi.

IZIDINGO: Lezo zinto ezenza ukuthi uphile.

IZINCWADI\IZITATIMENDE ZEZIMALI: Uma umcwaningi'mabhuku ebhale phansi isimo sezimali.

IZINDABA ZEMALI: Yonke imininingwane yezindaba zakho zezimali.

Qhubeka ekhasini elilandelayo...

INGABE UYAZI UKUTHI LA MAGAMA ACHAZA UKUTHINI?

qhubeka ukusuka ekhasini elidlule…

IZINDLEKO: Konke ofanele ukukukhokhela.

IZINDLELA ZOKWENZA: Indlela engaphezulu kweyodwa yokwenza noma ukuthola into.

IZINGA LENZALO: Ingxenye ekhulwini okufanele uyikhokhe emalini oyibolekile.

IZINGA LOKUPHILA: Uphila kahle kangakanani okwamanje.

IZINGANE EZI FUNDILE: Izingane ezilungiselwe kahle impilo.

IZINHLELO ZOKONGA: Izindlela ezehlukile zokonga.

IZINKINGA ZEMALI: Ukungabi nemali yokukhokha.

IZITOKFELA: Indlela yokonga neqembu labantu.

KHUBAZEKILE: Ukungakwazi ukuqhubeka nokusebenza.

NGOKUBHALIWE: Uma kubhalwe phansi ephepheni.

OBAKWELETAYO: Abantu obakweleta imali.

OFAKAZI NGEGAMA LAKHO: Umuntu noma ibhizinisi elizosho okuhle ngawe ngendlela okhokha ngayo ama-akhawunti wakho.

ONGA\UKONGA: Uma ubeka imali ngesizathu esihle.

OPHUMELELAYO NGEZIMALI: Umuntu oqhubeka kahle ngakwezezimali.

PHEMBA: Ukuqala into entsha.

QASHA: Ukukhokhela umuntu ukuze akusebenzele.

REJISTA IBHIZINISI: Uma wazisa umqoqi-ntela ukuthi unebhizinisi elizongenisa imali esikhathini esizayo.

THATHA UMHLALAPHANSI\UMHLALAPHANSI: Uma ufika eminyakeni ethile uyeka ukusebenza.

THENGA: Ukunikeza imali uthole lokho okufunayo.

THENGISA: Ukushintshisana nga lokho onakho uthole imali.

TSHALA\UKUTSHALA IMALI: Uma ufaka imali kuhlobo lokuyonga.

UBUNGCUPHE BEZIMALI: Bonke ubungcuphe obungenza ukuthi ulahlekelwe yimali.

UHLELO\UKUHLELA: Indlela ehlelekile yokwenza izinto.

UHLELO LEBHIZINISI: Uhlelo oluqukethe yonke imisebenzi yebhizinisi.

UHLELO LOKUFUNDA: Indlela yokubonelela imfundo yezingane zakho.

UHLELO LONAKEKELO LOKWELASHWA: Uhlelo olubonelela ngezokwelashwa esikhathini eside.

UKONGA OKUNGAPHEZULU: Ukonga ngaphezu kokonga esikhwameni sempensheni emsebenzini.

UKUBHEKANA NOKUKHOKHA: Uma ungumuntu ofanele ukukhokhela okuthile.

UKUFUNA IMALI: Ukuthola imali yento ofuna ukuyithenga.

UKUKHOKHELA IBHONDI: Imali ofanele ukuyikhokha inyanga nenyanga kuleso sikhathi sebhondi (isikweletu sendlu).

UKUKHONA: Ukuba nemali yoku khokhela ofuna ukukuthenga.

Qhubeka ekhasini elilandelayo…

INCAZELO YAMAGAMA

INGABE UYAZI UKUTHI LA MAGAMA ACHAZA UKUTHINI?

qhubeka ukusuka ekhasini elidlule...

UKULAHLEKELWA YIMALI: Uma ulahlekelwa yimali.

UKUNGANELI\UKUSHODA KWEMALI: Uma izindleko zinga phezulu kwemali engenayo.

UKUPHATHA: Ukwenza umsebenzi wamaphepha. Ukuphatha izinto ngendlela ehleliwe.

UKUXOXISANA: Ukukhuluma nokudingida izinto.

UKWESEKA: Ukuthola usizo kwamanye amalungu omndeni noma ukwazi ukubonelela izidingo zomndeni wakho.

ULWABIWO-MALI: Uhlelo oluqhathanisa ukungena nokusetshenziswa kwemali.

UMBOKEKISI-MALI ENCANE: Ibhizinisi lapho ungaboleka khona imali eyisamba esincane (ukufika ku R10 000) ozo yibuyisa ngesikhathi esikhethwe nguwena.

UMCWANINGI'ZINCWADI: Umuntu ogcina izincwadi zomuntu noma zebhizinisi.

UMELULEKI WE ZIMALI: Umuntu onikeza abanye izeluleko ngezimali.

UMHLALAPHANSI ONGENAZO IZINKINGA: Uma uthatha umhlalaphansi unemali eningi.

UMHOLO: Imali oyithola ngo msebenzi owenzile.

UMMELI: Umuntu onolwazi olubanzi ngezomthetho.

UMSEBENZI: Lokho okwenzayo ukuziphilisa.

UMSHUWALENSE: Indlela yokuzivikela kwingcuphe yemali.

UMSHUWALENSE WE SIKHATHI ESIFUSHANE: Umshawalense ovikela isikhathi esingaphansi kweminyaka emihlanu.

UMSHUWALENSE WEBHIZINISI: Umshuwalense owuthenga ukuvikela ubungcuphe bebhizinisi obungahle buvele.

UMSHUWALENSE WESIKHATHI ESIDE: Umshwalense okuvikela esikhathini eside esingaphezulu kweminyaka emihlanu.

UMSHUWALENSE WEQEMBU: Umshuwalense owuthola kumqashi wakho ukuvikela imali yakho engenayo uma ungashona.

UMSHUWALENSE WOKU KHUBAZEKA: Umshuwalense owuthatha ukubhekela uma ungakhubazeka.

UMSHUWALENSE WOKWELASHWA: Umshuwalense okuvikelayo kwizindleko zokwelashwa.

UMTHENGISI: Umuntu noma ibhange onikeza izeluleko ngezimali nothengisa imikhiqizo yezimali.

UMTHENGISI WAMABHIZINISI: Umuntu othengisa amabhizinisi.

UMTHENGISI WEZINDLU: Umuntu othengisa noqashisa izindlu.

UMTHENGISI'ZIMOTO: Umuntu othengisa izimoto.

UPHIKO OLUFUNISA ABANTU IMISEBENZI: Ibhizinisi ezama ukutholela abantu imisebenzi.

USOMABHIZINISI: Umuntu ohlelayo ukuqala ibhizinisi.

USUKU LOKUGCINA LOKUKHOKHA: Usuku lwamanqamu lokukhokha.

UTSHALOMALI: Izindlela ezehlukile zokonga\tshala imali.

VIKELA\UKUVIKELEKA: Ukubonelela ubungcuphe obungahle buku velele.

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