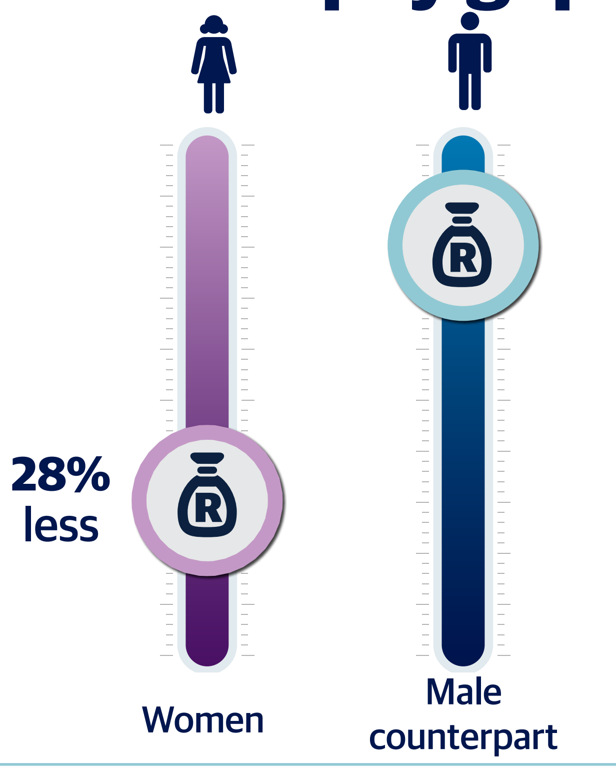
IMPORTANCE OF FINANCIAL PLANNING FOR WOMEN

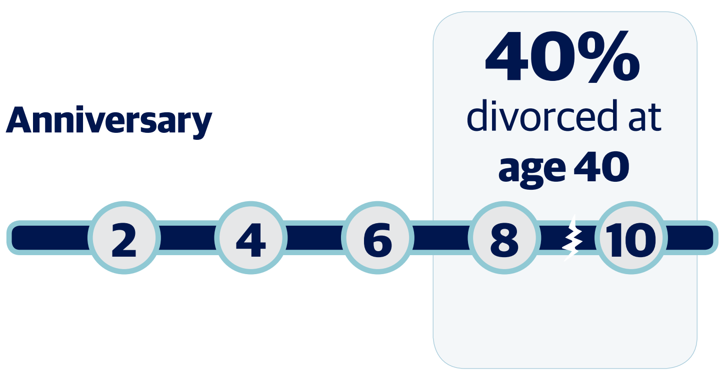
It's well known that a woman's financial planning needs are unique and yet the vast majority of financial advice is the same regardless of gender. The reality is that a number of socio-economic changes in South Africa have made financial planning more complex for women. These include increases in life expectancy over the last decade, as well as in the divorce rate.include increases in the life expectancy (over the last decade), and in the divorce

1 Gender pay gap



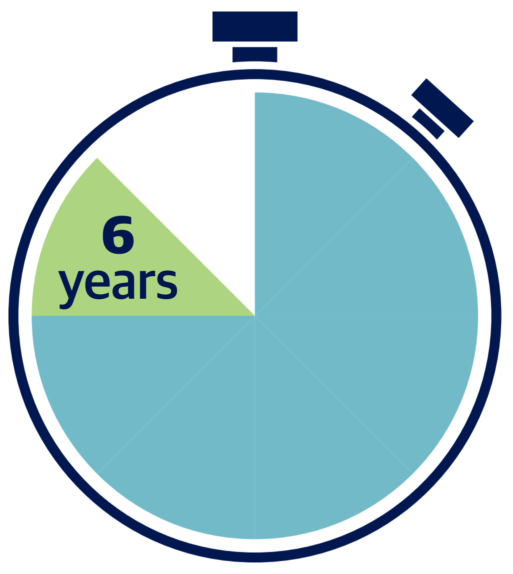
Source: Global Wage Report 2018/2019

2 Divorce



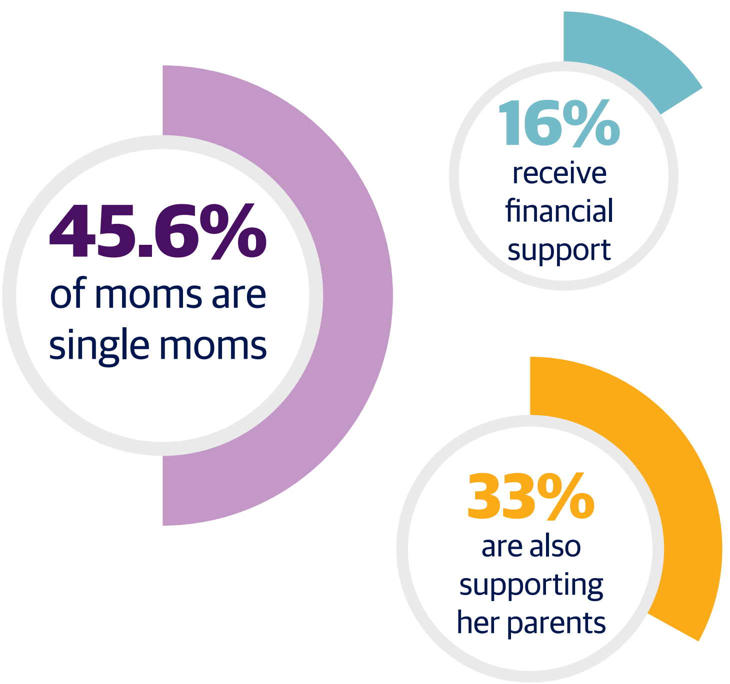
Source: Statistics South Africa, May 2018, Civil Marriages, Customary Marriages and Civil Unions registered in 2016

3 Life expectancy



Source: Statistics South Africa, July 2018, Mid-year population estimate report

4 Single moms



Source: Statistics South Africa, Mbalo Brief, March 2018

All in all, ***women earn less, live longer*** and need to save more, which is why ***financial planning for women is important.***

According to Statistics South Africa, 41.3% of households are headed by a woman, which means that women are taking up an increasing role in the leadership of household finances. The Visa 2013 International Barometer of Women's Financial Literacy highlighted a major concern on female literacy levels. The study showed that ***South African women*** were ranked ***among the least financially literate in the world,*** placing 23rd out of 27 sampled countries. We therefore need to ensure that women (breadwinners or not) are empowered to talk, learn and take responsibility for their finances.

A critical area where women can and should improve is long-term holistic financial planning (which includes planning and managing their family's budget).

1

A great starting point for women is to ***master the art of simplicity*** and start taking control of your financials. A good place to begin is by critically looking at your budget spend and applying the 50,30,20% rule. According to this rule, try to split your income as follows: 50% towards your needs (things such as electricity, water bills, transport and education fees); 30% towards your wants, such as clothes shopping, eating out or a holiday; and 20% towards savings, such as Retirement Annuities, unit trusts, tax free savings or endowments.

2

Have an emergency fund - which should be at least 3 x your monthly income to provide for financial emergencies. This should be invested in a low risk investment vehicle that should be immediately accessible.

3

Start investing towards a retirement fund today! The power of compounding growth, tax and cost efficiency will benefit you exponentially in your retirement years.

4

Never underestimate the importance of selecting a suitable and accredited Financial Adviser who is able to articulate, prioritise and action your short-term and long-term goals. For an investor who lacks confidence or background, it is fundamental that professional advice is sought, perhaps not with the day-to-day decisions, but definitely with the longer term, significant financial matters. This is vital for efficient financial planning to take place and be maintained.

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