

Moms need to implement long-term financial investments

The 2016 Old Mutual Savings and Investment Monitor confirms that women are more conscientious than men in many areas, including saving and sticking to budgets, but also reveals that they tend to lag behind men when it comes to implementing long-term investment strategies.



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Men continue to be more proactive when it comes to investing their money in savings and investment vehicles that will ultimately grow their net wealth. The Monitor also reports that 45% of men have banked cash savings as opposed to only 39% of women, despite women being better at short-term saving, with 22% setting money aside for specific expenses at the end of the year or other annual expenses, compared to 16% of men.

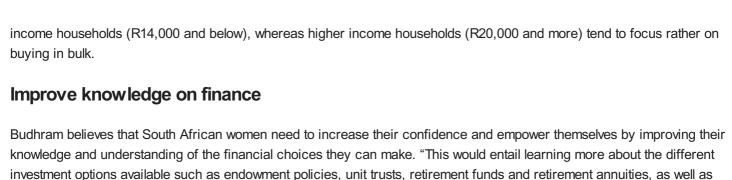
While cutting down on expenses to save money each month is wise, Lizl Budhram, head of advice at Old Mutual Personal Finance, says that South African mothers should give more thought to their long-term investment strategies. "Saving is essentially postponed spending, while investing entails putting these savings to work in order to earn a return. The difference is that when you save, you are spending less now; when you invest, you are setting money aside in an investment vehicle so that you can earn interest and your money works for you."

The Monitor reveals that 41% of women are unsure of whom to turn to for advice when it comes to finances. "A major downside of low financial confidence is that you run the risk of ignoring longer term goals, such as saving for retirement, which could prove disastrous for your future financial security."

Cutting back on beauty routines

When it comes to cutting down on household expenses to save costs, the Monitor shows that 59-71% of mothers are cutting back on hair and beauty each month. "Essentially, many South African mothers are forgoing personal spending to save money each month. They are also reviewing their spending on domestic help and finding thrifty ways to create meals on a tighter budget."

The Monitor reflects that when it comes to grocery shopping, most households keep a look out for discounts and specials. Trading down, whether it is to a cheaper supermarket chain or switching to cheaper brands, is especially prevalent in lower



knowledge and understanding of the financial choices they can make. "This would entail learning more about the different investment options available such as endowment policies, unit trusts, retirement funds and retirement annuities, as well as the benefits of investing in the stock market, for example. The ability to differentiate between saving and investing could be the key game changer, helping South African women put their money to work to earn them better returns over a longer investment period.

"Well-considered advice and guidance from a financial planner could therefore go a long way towards helping South African mothers be not only penny wise, but also capable of building a more secure financial foundation for themselves and their family for the long term," concludes Budhram.

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