

# How to Grow Financially Strong

**Do you know that South Africa is a nation of people who save far too little? This is very bad for the country.**

We are all keen to borrow (often too much!), but we hardly save at all. This means we have no “cushion” to fall back on when we suddenly need money. *Why* don't we save? The average South African spends half of his salary repaying debts. We borrow money so that we can have more to spend, and then we have to pay it back. Then we have nothing left to save!

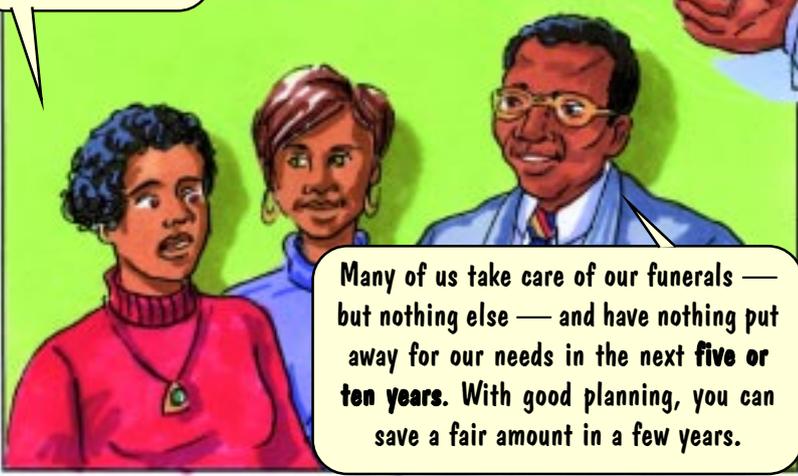


But I **do** save! I have a funeral policy — that's saving, isn't it?



Yes, but it's **long-term** saving for a special purpose. You need to start saving for the months and years ahead.

What do you mean?



Many of us take care of our funerals — but nothing else — and have nothing put away for our needs in the next **five or ten years**. With good planning, you can save a fair amount in a few years.

**PLAN!** Rather than borrow and spend today, save for the things you may need or want tomorrow! You shouldn't have to go to a bank — or a microlender — for that kind of money. Start planning **NOW!**

One of the best ways to save is to put aside a fixed amount every month. That way you force yourself to be disciplined.



But where do I put that money?



Well, that's where **banks and other financial institutions** can help! They offer a whole range of choices! You can speak to a financial adviser, but here's what I do.

You start with a savings account at the bank. Then when you have enough in your savings account, talk to your bank about a fixed deposit account. You can only get your money out after a fixed length of time, but it pays you a higher interest rate!

So ... if I save for a rainy day, I'll become financially strong. That sounds easy enough!



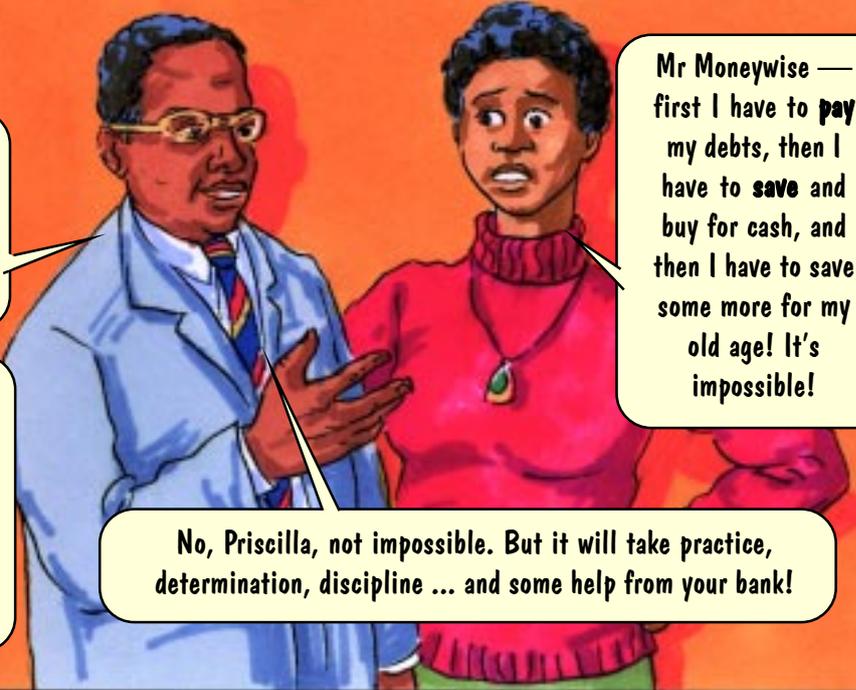
Well, it is a good start. I'm afraid that's just the beginning, Priscilla! Saving and staying out of debt is the first half of the story. The other half is preparing for your old age!

My old age? But what about my pension?

### Mr Moneywise explains ...

Priscilla, listen carefully. 90% of all South Africans will have too little money to live on when they are 60 years old. They'll be dependent on their children, or they'll grow old in misery!

You see, even a pension isn't enough any more. **Inflation** eats up our money ... and it is worth less every year. You have to save up and invest for your old age ... and the sooner you start, the better off you will be one day when you are old and frail!



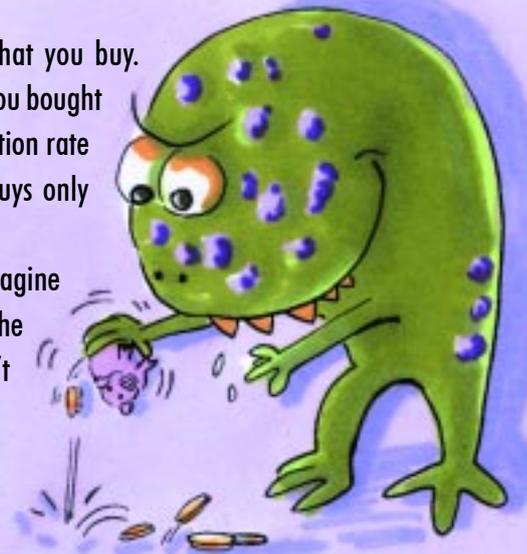
Mr Moneywise — first I have to **pay** my debts, then I have to **save** and **buy** for cash, and then I have to save some more for my old age! It's impossible!

No, Priscilla, not impossible. But it will take practice, determination, discipline ... and some help from your bank!

## INFLATION = THE MONSTER THAT EATS YOUR MONEY

**What is inflation?** Inflation causes **increases in the prices** of the things that you buy. You go into a shop to buy a litre of milk ... and what happens? The milk that you bought three months ago for R4,50 now costs you R5,25! If you divide 72 by the inflation rate (say 10%), you get **the number of years** it will take before your money buys only **half** of what it buys today!

During the past few years inflation ranged between 6% and 12%. Can you imagine what this does to your savings? If you earned 6% interest on your savings in the past year, and inflation was also 6%, it means the **value** of your savings didn't grow! You can't **buy** any **more** with your money than you could a year ago! To make our money grow, we really have to earn interest that is **higher** than the inflation rate.



**TALK TO YOUR BANK ABOUT WAYS TO SAVE OR INVEST THAT WILL REALLY MAKE YOUR MONEY GROW!**

# Who do I Complain to?



Wherever money is involved, there will be people who are tempted to be dishonest. The financial services industry — which includes banks, insurance companies and everyone else who provides a legal financial service — needs us to help them to fight dishonesty, or even just poor service.

All the **organisations listed on the back cover** are there for your protection and to help you. But **you** need to **contact them** whenever you are not satisfied. If you feel you haven't been treated fairly, please report it! Even if nobody has actually been dishonest, they still want to know. Financial services are important in all our lives so we must all **work together** to root out dishonesty and bad service. Problems are most often the result of dishonesty, poor service or misunderstanding.



In the financial world there are many opportunities for dishonesty. Even the clients often "bend the rules" — and every time someone does this, it costs innocent people money!



## WHAT TO DO IF YOU SUSPECT SOMEBODY HAS BEEN DISHONEST

### Insurance intermediaries

Be on the lookout for insurance intermediaries (advisors or salespersons) who put your premiums into their own pockets, or sell you a policy that you do not need just to earn the commission. Report them to the Financial Services Board Call Centre. (See the back cover for contact details)

It is important to be sure that any intermediary that you deal with is trustworthy and is accredited. The FSB Call Centre or an intermediaries' association will confirm whether an intermediary or salesperson is accredited and in good standing. Ask for proof that they have been appointed by an insurance company. If you are not sure, you can check with the FSB. Only deal with someone you feel you can trust.



### Insurance clients

It is not only dishonest intermediaries who push up the cost of insurance. Many clients claim for more than they have lost, while some sub-contractors inflate the cost of replacing items or repairing damage when it is an insurance claim. Although it may not cost you any extra money, the insurance company will have to bear the cost. Don't be part of this type of dishonesty — report it to your insurance company. They will know what to do about it, and you will help keep the cost of insurance down. The insurance industry has a special toll-free Fraudline, 0800 110443, which also covers fraud by intermediaries or financial institutions.

## Banks

Mistakes can happen, even in banks, and clever fraudsters sometimes find ways to abuse the system. Check your bank statements the moment you receive them. Check the cheques that are returned with the statement (your used cheques) to see that they have not been altered in any way, and that they correspond with your statement.

Also check your debit orders. Debit orders are a cheap and convenient means of making regular payments, whereby you authorise a person or company to collect money from your bank account. However, there have been cases where dishonest companies give the bank debit orders for small amounts in the names of people who aren't even their customers. Imagine how much money they can make if they get even R5 per month from 10 000 customers who suspect nothing! Therefore, also check that debit orders you are asked to sign are for the correct amount.

If you have a complaint, take it up with your bank first. If you are not satisfied with the result, you can approach the Banking Adjudicator. (See the back cover for contact details.)



## Salespersons offering high returns

Be very suspicious if anybody tries to get you to invest in schemes that promise to pay you very high returns in a short time. The average trustworthy investment is not likely to pay much more than everyone else is offering. The more the return offered exceeds the norm, the more careful you should be. When somebody promises you 100% per year on your money, or 25% per month, don't believe them! In the world of money there are no miracles — and it is surprising how many otherwise sensible people lose their life savings in this way. So-called pyramid schemes can be very tempting, but are particularly dangerous — not to mention illegal. If you are approached to join one of these, report it to the Consumer Affairs Office! (See back cover for contact details.)

## WHAT TO DO IF YOU HAVE BEEN REFUSED CREDIT OR BLACKLISTED



When you **pay** your accounts **regularly** and manage them properly, you get a **good credit record and rating**.

This reassures a company that you are a reliable credit customer.

But if you do **not** pay your accounts regularly, or manage them badly, you will get a **poor credit rating**.

If a company takes legal action against you, **summons** will be issued, and then **judgement**, and you will be **blacklisted**. Once this happens, **you will not be able to open any account** anywhere or **take out a bank loan** (including a home loan).

Any company where you have an account will give your rating to another business that contacts them. Most companies send their customers' credit records to a **credit bureau**. This is a company that keeps a **record** of all consumers who use credit as well as details of their credit history, such as where and how often they have applied for credit etc.

**If you have been blacklisted**, you can **get a copy of your credit record** from ITC (0861-482-482) or Experian (0861-105-665). If there is something on your record that is incorrect or that you disagree with, the credit bureau will **investigate** it for you and correct your record if necessary.

**If you are not satisfied** with the help given to you by the credit bureau, you can complain to the **Credit Information Ombud**. If you have been **blacklisted**, the Ombud will also be able to tell you what steps you can take to have your name cleared, and how long it will take. **The Credit Information Ombud:**

**Tel: 0861-66-28-37; e-mail: [ombud@creditombud.org.za](mailto:ombud@creditombud.org.za)**



## WHAT TO DO IF YOU KNOW SOMEBODY HAS BEEN DISHONEST

If you are **sure** that somebody has broken the law — for instance, if someone has forged your signature on a cheque, or a broker has pocketed your premiums — it is your duty to **report** it to the police. State your case clearly to the police and then also report the matter to the right organisation. Strict action will help to discourage others from being dishonest too.



## Recourse

## WHAT TO DO IF YOU HAVE A PROBLEM OR COMPLAINT

If you feel you have been cheated or treated unfairly, it is your right to complain. The person to **start with** is your **financial products intermediary**. If this person does not resolve your problem immediately (or if you do not trust him or her) you should complain direct to the **company** you are dealing with.

If you still feel dissatisfied, you may contact any **one of the organisations below**. These have all been created to protect the interests of the consumer. If you are not sure which organisation is the correct one, you can contact your provincial **Consumer Affairs Office** (listed below) or call the Financial Services Board Call Centre for advice.

If you feel that your claim or complaint has been dealt with unfairly, you have the right to refer it to one of the **Ombudsmen** or the **relevant contact** on the back cover.

### PROVINCIAL CONSUMER AFFAIRS OFFICES

#### Eastern Cape:

Pick 'n Pay Bldg, Office 223, BISHO 5605  
Tel: (040) 609 3050/3063, Fax: (040) 635 2194/609 3231  
e-mail: mheli.mxenge@deaet.escape.gov.za

#### Free State:

Tourist Centre, 60 Park Road, Willows, BLOEMFONTEIN 9300  
Tel: (051) 403 3575, Fax: (051) 403 3437  
e-mail: radikelt@dteea.fs.gov.za

#### Gauteng:

Ground Floor, Matlotlo Hse, 94 Main St,  
JOHANNESBURG 2001  
Tel: (011) 355 8008/8006, Fax: (011) 355 8019  
e-mail: evak@gpg.gov.za

#### Kwa-Zulu Natal:

22 Gardiner St, 1st Floor, The Marine Bldg,  
DURBAN 4001  
Tel: (031) 310 5300, Fax: (031) 310 5442  
e-mail: bunseej@ecotour.kznl.gov.za

#### Mpumalanga:

66 Anderson St, NELSPRUIT 1200  
Tel: (013) 752 3761, Fax: (013) 752 3729  
e-mail: nnkosi@nel.mpu.gov.za or n.lubisi@nel.mpu.gov.za

#### Northern Cape:

18–22 Stockdale St,  
KIMBERLEY 8300  
Tel: (053) 832 2566/7, Fax: (053) 832 2564  
e-mail: sjama@met.ncape.gov.za

#### Limpopo Province:

Ismini Towers, 46 Hans van Rensburg St,  
POLOKWANE 0700  
Tel: (015) 298 7000, Fax: (015) 295 5142  
e-mail: maluleke@finptb.norprov.gov.za

#### North West:

East Wing, Ground Floor, Agri Centre Bldg, James Moroka St,  
MAFIKENG  
Tel: (018) 389 5155/5046, Fax: (018) 389 5636  
e-mail: gpitso@nwpg.org.za

#### Western Cape:

Ground Floor, Waldorf Bldg,  
80 St George's Mall, CAPE TOWN 8001  
Tel: (021) 483 3916  
toll-free: (0800) 007081,  
Fax: (021) 483 5872  
e-mail: consumer@pgwc.gov.za

