

10 Tips for women and their finances this Women's Month

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For Financial Advisors and their Clients

This month, we celebrate Women's Day in South Africa as well as women increasingly taking charge of their financial futures.

As a woman, working in the financial industry, I can attest to how it has enriched my life. Yes, I have been faced with challenges as a woman in the industry, but it has also been a greatly rewarding journey to be not only financially empowered but also to be a woman in a leadership role within the industry.

I will always advocate for women to be empowered when it comes to their finances. Financial knowledge, financial independence and financial security are so important. It's wonderful to see more women taking charge of their finances and more women entering the financial industry not only as financial advisers but in other roles as well.

Women make phenomenal financial advisers and planners. If you are someone that wants to earn a living, have flexibility and do good at the same time, financial planning and advice is a great career option. Being a financial adviser enables you to make a meaningful impact on the lives of your clients.

For some women, asking about their finances or approaching a financial adviser can still be a daunting task. I like to use the analogy of learning how to drive. At first, it is extremely stressful. There are so many pedals and indicators you need to focus on and being on the road with numerous other drives can be extremely nerve-racking. Fast forward to a couple of months later and it comes as second nature to indicate and switch over to another lane on a busy highway. Taking charge of your finances is the same. Once you get the hang of it, it will quickly become second nature.

There really is a never-ending list of tips that I would share with women if given the time, but I've included my top 10 below:

1. Know how you're spending

Set up a budget to keep track of your monthly reoccurring spending, as well as your incidental spending. Don't look at your budget as a limitation, but rather as a plan of where you need and want your money to go to work best for you. Make sure that you pay yourself first, by saving and/or investing before you spend what is left.

2. Ask for advice

We so easily ask for (and pay for) advice in so many areas of our lives – be it with a personal trainer, a doctor, a coach, an electrician, and the list goes on. The basic principle is that we either

can't do it ourselves confidently or we can't do it ourselves at all. Asking for financial advice is no different.

3. You don't need to know it all

As women, we like to approach situations with preparedness. When it comes to your finances, you don't need to know everything. That's where your financial adviser comes in. Yes, it will serve you well to come prepared, knowing what is going on in your finances but even if you don't know where to start, simply asking for advice on how to get started is a step in the right direction.

4. Don't let the risk of losing money be your reason not to invest

Nobody wants to lose money and any investment involves risk. You invest not to just have more money but to have enough money to pay for a non-investing related goal, such as retirement, a house, etc. The real risk for investors is not short-term changes in the overall portfolio value but the risk of not achieving a long-term goal.

5. Have an emergency fund

The standard rule of thumb is to have three to six months' worth of living expenses saved in an easy-to-access account. The key reason is that we all have unexpected expenses that crop up. If you have that buffer of cash you won't need to resort to unattractive forms of financing those unexpected costs, like going into debt.

6. Pay off debt as quickly as possible

It's much more rewarding earning interest on investments than having to pay interest on a loan. Rank your debts in order, with the highest interest rate account at the top. Make minimum payments on all these debts. Then, throw extra cash on the balance with the highest interest rate and pay this account off first. Stick to this method until every debt is paid off.

7. Invest in your retirement

Numerous studies have shown that women are less prepared than men when it comes to saving for retirement. A complex set of factors contribute to the lifetime income gap between men and women. Luckily, time and compound interest can soften the gap – but that means investing as early as possible, and as much as you can afford to at that point in time.

8. Continuously invest in yourself and your ability to generate an income

Whether you decide to be a stay-at-home parent or not, it's important to make sure that you're investing in the most lucrative important asset you have - your career and ability to generate an income. Keep learning - having experience to put on your resume, taking courses, and increasing your skill set are important factors to continue generating income in the future.

9. Take your kids with you on your financial journey

The sad reality is that, in most cases, kids leave home without proper financial skills. Teaching your children about budgeting and savings goals will have a lasting impact on how they treat their finances.

10. Investing is about independence

Investing is giving the gift of independence to your future self by knowing that a little delayed gratification today will have a large impact on your future. It is about the ability to care for yourself and those you care about.

In conclusion

In the book "Atomic Habits" by James Clear, he explains "If you master continuous improvement and get 1% better each day for one year, you'll end up 37 times better by the time you're done".

If you set out to learn even just one thing a day about investing or improving your financial knowledge, you'll set yourself up for a lifetime of knowledge and success. Financial knowledge, tips, how-to guides, whitepapers, thought-leadership articles, templates, videos, podcasts and even books are widely available online, at little to no cost. The key is to just start and work your way up to where you are comfortable – even if that comfort simply means having the confidence to speak and ask about certain topics. ■■■

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