

## YOUR MONEY SORTED



# SPLASH OUT AT YOUR PERIL

By LETITIA WATSON

Send suggestions for topics and requests for info to [yourmoney@you.co.za](mailto:yourmoney@you.co.za). We may answer your questions in this column but won't reply personally.

If you spend wildly over the holidays and run up debts you'll regret it in the new year! Beware these common misconceptions

### 'DON'T OVERPLAN FOR THE FESTIVE SEASON'

Wrong! Now is the time to plan and budget carefully. If you know how much money you have and what you have for spending, you're less likely to impulsively splash out. The biggest expenses are usually travel, accommodation, Christmas gifts and entertainment. Work out exactly how much you can afford to spend. Remember, it's not about how much money you'd like to spend but how much you can afford to spend.

### 'WORRY LATER ABOUT THE BOND'

Eish... If you skip a bond repayment during the festive season to treat yourself to a holiday you'll pay additional interest after the holiday. And if you don't catch up quickly you may even have to pay penalties. FNB says people who skip a repayment over the festive season usually take about four months to get up to date again. If you default on your bond it shows on your credit record, which can make it harder to get a loan in future.

### 'JUST USE YOUR CREDIT CARD'

No! Don't use your credit card to go on holiday or buy expensive gifts. Under the National Credit Act interest of up to 23,2 percent can be charged on transactions with credit cards issued after June 2007. That's expensive credit! Rather use your imagination and make or buy gifts that are creative but affordable. Don't overspend on perishable items over the festive season as you'll be paying it back over the course of the next year.

### 'INSURANCE IS UNNECESSARY'

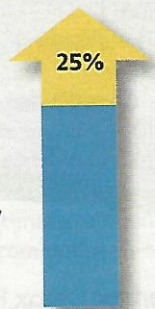
No, it's not! Don't cancel your insurance to save on premiums. Remember, crime can happen to you too. Burglaries increase during the holidays. Household goods stolen while you're on holiday will cost much more than the insurance premium you "saved" to replace. There are also more accidents so it's important to ensure your car is insured. Rather get extra security for your house or car to reduce your premiums.

## 5 QUESTIONS ABOUT HOLIDAY EXPENSES

- 1** What about my bonus? Use it smartly, for instance to pay off your debts. Pay for all necessities before spending on entertainment.
- 2** Am I entitled to a bonus? The Labour Relations Act doesn't stipulate that an employee is entitled to a bonus, unless it's stated in your employment contract and you've complied with the conditions of your contract.
- 3** How can I curb my spending? Go shopping on your own and stick to your shopping list. Don't take your children or friends along - they could entice you to spend more!
- 4** How can I afford to take a break? Go on a shorter holiday, for instance take one week's leave rather than two.
- 5** What are my priorities? Ensure that there's enough money in your bank account to cover all your debit orders and any other essentials.

## CREDIT PURCHASES RISE BY 25%

Consumers' credit-card purchases generally increase by about 25 percent in December, FNB credit card division CEO Chris Labuschagne says.



**TIP!** Try to save now for additional expenses in January, for instance school uniforms and fees.

### GET MORE HELP HERE

- Savings Institute of SA: [savingsinstitute.co.za](http://savingsinstitute.co.za)
- National Credit Regulator: [ncr.org.za](http://ncr.org.za)
- Compare online and in-store prices

*Purchase not friends by gifts; when thou ceasest to give, such will cease to love*

- BRITISH HISTORIAN THOMAS FULLER