A COMMENTARY ON PERSONAL SAVINGS
AND SOCIETAL RESPONSIBILITY

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This commentary emanates on the basis that the world consumer and citizen is facing a crunch with the continuing economic crisis which is exacerbated by the prolonged recession. Consumers and citizens are affected throughout the world whether they reside in the developed or developing world. Governments are unable to deal with the current financial crisis that is inhibiting growth and having devastating effects on the lives of people. The situation is so stark that unemployment, poverty and inequality id increasing rapidly and the wage gap between the rich versus the poor has widened almost to a point of no return. It is therefore incumbent upon governments to tighten their belts and stop excessive spending. By the same token it is vitally important that citizens also lessen their expectations and attempt to live within their means. It is therefore essential that people pay much attention to the concept of saving, borrow less, consume within reason and live on the bare necessities required to live and survive.

It is against this background that the importance of this commentary is written, as an appeal to citizens to pay attention to their finances and to follow sound accounting practices in the formulation of their budgets and the use of their money resources. This can be achieved by sound planning to affect coordinated savings, in order to enhance their lives under current dire circumstances.

The golden rule regarding personal savings is that it is never too early to start saving. It is also important that you set realistic targets for yourself and remember to reward yourself for achieving these targets. Whilst, many financial experts urge us to save at least a quarter or of our income, we all realise that this is far easier said than done. So, here are a few tips that have helped people to save and these are sure to help you:

- **Live within your means**
  If you cannot afford it, then simply do without it. Do not be influenced by the lifestyles of friends and relatives. Set your own standards.

- **Develop a budget**
  List your items of Income and Expenditure. Remember to regularly update your budget as the individual amounts of Income and Expenditure change.
• **Eliminate debt and interest**  
As long as you are in debt you will never be financially free. As far as possible, use a debit rather than a credit card so that you never spend more than you actually have. This will also help you avoid the interest that comes with credit. Do not borrow from “Peter” to pay “Paul”.

• **Reduce your electricity usage**  
Unplug electrical appliances when not in use. When not in a room, switch off the lights. Use a gas stove instead of an electric one. Ensure that all your light bulbs are energy saving.

• **Avoid eating out**  
The next time you are dining at your favourite restaurant, try calculating how much the same meal would have cost had you cooked at home.

• **Never go grocery shopping without a list**  
Impulse buying is a sure way to waste your hard earned money. Not having a list increases your chances of purchasing unnecessary items.

• **Plan your travel**  
Considering the current fuel price, the days of “just taking a drive” are over. So, avoid unnecessary trips by planning your travel routes.

• **Bulk buying is the way to go**  
Non perishable items should be purchased in bulk in order to take advantage of discounts and also to avoid those unnecessary trips to the supermarket.

• **Plan your vacations well in advance**  
You can reduce the cost of a vacation significantly by planning and booking ahead of time.

• **Do not use vending machines**  
Items purchased from these machines have a higher markup than if purchased from retail outlets. If you suffer from snack attacks at work, consider creating a secret stash of snacks. If you feel thirsty quite often and have a fridge at the workplace, save a refrigerator pack in the fridge with a post-it with your name on it.

• **Hold on to the vehicle you have for as long as possible**  
Make sure you compare the repayments for a new car with the maintenance cost for the one you have before going out and buying a new one.

• **Restructure your salary**  
Talk to the HR department in your organisation about restructuring your cost to company so that you receive the tax benefit from deductions such as travel allowance, medical aid and retirement annuity fund contributions.
• **Make saving automatic**  
  If manually shifting money into savings and investment accounts is too time-consuming or too painful, consider setting up automatic deposits. Many banks make it easy for customers to do that, and, in fact, might even offer rewards for doing so.

• **Upgrade your home entertainment system**  
  If you enjoy going to the movies then rather invest in a home system that will be cheaper in the long term.

Personal savings and expenses should ideally be split into three categories: short term (up to one year) e.g. fuel and groceries; medium term (between one to five years) e.g. holidays and home improvements and long term (more than five years) e.g. new home and retirement.

### Provident, Pension and Retirement Annuity Funds

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<th>Provident Fund</th>
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<td>Provident and Pension funds are retirement funds offered by employers to employees. These funds can only be set up for groups of employees and therefore cannot be set up if an employer/employee agreement doesn’t exist. Provident and Pension Funds can therefore not be set up in a personal capacity.</td>
<td>Retirement Annuities can be taken out in a personal capacity. An employer/employee agreement is not required. Employers can however offer their employees Retirement Annuities as a retirement savings vehicle in the form of Group Retirement Annuities.</td>
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### SOME REFLECTIONS

On the other hand, it is an exercise in futility, if governments do take the lead in respect of savings. It is therefore an exercise in futility for governments to appeal to their citizens, when they are involved in extravagance and excessive spending which does not serve the people that they are called to serve. Sound financial management by the government of the day is achieved through maintaining prudent and responsible fiscal policies. Its effectiveness permeates all levels of society. Results are measured by the quality and extent of service delivery, optimal public fund utilization, adequate custody of both resources and funds, increasing economic growth, and a higher employment rate.

Global planning, effective implementation, and adherence to prescriptions constitute the foundation vital to sound financial management; however, this is possible only in an environment where accountable, responsible public officials as citizens and the citizenry at large collaborate fully. Many unforeseen variables can compromise the concept of savings and service
delivery and therefore accordingly, proactive management is called for by all. Legislation and policies require appropriate analysis, interpretation, and implementation, both in conforming personal policies and in fulfilling the expectations of families and of government beneficiaries; the taxpayers. In an ever changing environment given the protracted economic and fiscal crisis that confronts governments and individuals, this balance is achieved through prudence and experience, coupled with a sound theoretical knowledge rather than through predetermined planning.

The key to sound financial planning and management in both private lives, the private sector and the public sector, proper training and understanding is required by all in respect of the importance and necessity of savings, rather than on a reliance upon legislation and procedural frameworks, since legislation and procedural manuals alone cannot instill the powers of insight, interpretation, evaluation, or deduction by reasoning for implementation by all; sectors of society. Apart from laying a theoretical foundation, a current transformation of people’s’ attitudes are required to turn around societies amidst a sea of poverty.

It is hoped that one and all will take cognisance of this practical appeal which will in all possibility facilitate a more prosperous and happy citizen and that this short expose will assist in ordering the financial habits of excessive spending and extravagance and assist in ushering in a period of savings and eventual success to all citizens of the world and, governments in general.