



Prudential Investment Managers  
OCTOBER 2018

## Balancing investing with enjoying life

Generally speaking, when it comes to finances you get two types of people: those who live for today, enjoying life to the fullest without stressing too much about the future; and those who focus on the long term, sacrificing today's pleasures in the hope of securing a comfortable future.

Which one are you? The truth is, you don't have to choose. Enjoying the present and investing for the future are two sides of the same coin. The secret lies in [sensible money management and sound financial planning](#), to ensure that the coin in question keeps working for you, throughout your life.

Even if you may be [investing on a relatively tight budget](#), it is still possible to buy a car, buy a home, and go on holidays while having a solid investment plan in place. Consider these strategies, and [work with your financial adviser](#) to find the right balance to enjoy both today and tomorrow.

### **Avoid unnecessary debt**

It's almost impossible to [purchase a home](#) without going into debt – and that's OK. 'Good' debt is sometimes a necessary part of building wealth, and this applies to a solid, appreciating asset like a

home. But you should avoid accumulating unnecessary ‘bad’ debt, which includes depreciating assets like leisure items, cars and so on. Try not to overspend on these more short-lived items.

### **Spend to grow**

Spending money on items or upgrades that increase the value of your asset isn’t a bad thing, if you do it responsibly. Businesses call this ‘capex’, or capital expenditure, and it’s what happens when they spend money to build infrastructure that will allow the company to grow and make more money. For example, if you were to build a swimming pool or an extra room in your home, you’ll get the instant gratification of a nicer living space along with the benefits of increasing the value of your property.

### **Focus on the long term**

While you’re living in the moment, keep your investment pointed towards a long-term time horizon. Investing for the long term allows you to ride out the ups and down of market volatility – and it helps your nerves survive the short-term market movements that so often cause short-term investors to panic.

### **Remember your retirement**

When you’re putting your household budget together, always pay yourself first by investing in a solid [retirement fund](#), or by supplementing your employer’s retirement fund with a retirement annuity (RA). The consequences of failing to invest or save for your future should never be underestimated. Our ‘Retirement Calculator’ is a great way to check if you’re still on track to meet your retirement goals. And while you’ll only see the long-term benefits in a few years’ (or decades’) time... in the immediate future you may well receive a tax deduction for your retirement contributions.

### **Budget!**

Trying to plan your financial life can feel like juggling a million balls at the same time. You’ve got your daily expenses, your monthly accounts, your big-ticket purchases and your [short-, medium- and long-term](#) financial future to plan for and pay for. Remember that

financial planning is an ongoing process, and not a once-off thing that you can tick off your 'To-Do list'. Make sure you understand your current spending habits, keep track of where your money's going (and why), [start investing](#) and speak to your financial adviser about your overall financial health.

### **Take time to enjoy**

Finally, as part of your budget, make sure you regularly set aside some money to fund the things you and your family enjoy doing, whether that be a holiday, a trip to the spa, tennis lessons or a special course. Planning for the fun things in life helps you appreciate them even more, and will allow you to enjoy both today and tomorrow – a balance that everyone needs.

Choosing the right investment funds to help you achieve your goals can be tricky, which is why it's usually best to speak to a good independent financial adviser to help you with your investment decisions. Alternatively, have a look at our [Investment Tools](#). As always, if you need more information please feel free to contact our Client Services Team on 0860 105 775 or email us at [query@prudential.co.za](mailto:query@prudential.co.za)