



Prudential Investment Managers  
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## Five tips to free up some extra cash

The Coronavirus pandemic has placed a financial strain on many South Africans, from retrenchments, to salary cuts, to taking care of loved ones who have fallen on hard times. Being able to cut down costs and free up some extra cash has never been more important. But where do you start if you've never had to do this before? While there's many different ways to approach this exercise, we've listed five that may just work for you.

### **1. Cut down you banking costs**

Paying R400 a month for a “black” card may impress your friends, but in an age of online shopping and social distancing, the reality is that few people will ever get to see the colour of your bank card. Depending on the type of banking that you do, you may find that it cheaper to move to a pay-as-you-use product where the base fee can be as low as R5.00 a month. Assuming you do this, your bank charges could decrease significantly from month-to-month, resulting in big savings over time.

### **2. Repay more of your debt**

It may seem counterintuitive, but sometimes you need to spend money in order to save money. One of the best examples of this is to try to repay

your debt more quickly, which will not only reduce the total interest that you pay, but also the time it will take for you to pay off your loan. Fortunately, the SARB has cut interest rates significantly so far this year, which means that some of your monthly loan repayments are likely to have reduced as well. Instead of paying the new lower minimum amount, continue paying the same as before. That way your extra repayments will be allocated to your outstanding capital, saving you money in the long run and freeing up some extra cash sooner.

### **3. Only buy the tech that you need**

We spend so much time on our smartphones that it's easy to justify the cost. But do you really need all the bells and whistles that come with a phone that costs over R1,000 a month? Chances are you don't. So why not look for something that's better suited to your needs and your pocket. Once your cell phone contract is up for renewal, consider getting a cheaper handset, or even better, opt for a pay-as-you-go or sim-only deal and avoid getting a new phone altogether.

### **4. Shop around for better prices**

The insurance industry is pretty competitive and there's usually some room for negotiation. Speak to your current insurer to find out if they are able to reduce your premiums without impacting your cover. Maybe during the pandemic you haven't been driving your car as much or are working from home more – that could possibly justify lower monthly premiums. Another good idea is to try and source comparative quotes. It's a good idea to get a sense of what competitors are charging for similar products, but before switching make sure you read the fine print first. Insurance is important, so when changing providers make certain that you don't end up underinsured.

### **5. Look for cheaper internet options**

If you've been sitting with the same internet package for the past few years, now may be a good time to change. Internet prices have reduced significantly over recent years and are now more cost effective than ever before. Technology has also advanced, with the likes of LTE and fibre being offered as more efficient low-cost alternatives. You could end up spending less for a faster and more stable internet connection.

While these cost-cutting tips are by no means a 'one size fits all' solution, they do show that it is possible to save money without making drastic adjustments to your standard of living.

As a concluding thought, the situation in which our country finds itself won't last forever, and at some point the economy will recover (economist forecast positive economic growth as soon as 2021). And when that happens, it doesn't mean that the tips that you've used to help you save money should be forgotten. Quite the opposite actually. Freeing up cash is the first step to wealth creation, and the next step is to have your money work for you. One of the most practical ways to do this is to invest in a quality unit trust with the potential for inflation-beating returns. Try our [Past Performance Calculator](#) to see how much money you could have made if you started investing in one of top-performing unit trusts sooner. And if you're ready to [invest now](#), you can do so online in under 10 minutes.

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