



Prudential Investment Managers
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Working from home: A new approach to saving and investing

Let's face it, if there's one thing that we've learnt over the past seven months, it's that working from home isn't all that it's cracked up to be. Whether struggling with time management, staying motivated, or not being able to switch off from work, the reality is that we all had our little battles that we needed to overcome. One thing that we can all agree on, though, is that working from home is a lot more cost effective than having to go into the office every day. It's also very likely that going forward you'll be able to work from home more often, even once the threat of the Coronavirus has dissipated. In this article, we unpack three ways in which working remotely could save you money, and three ways on how best to spend your newfound savings.

Commuting

Depending on which study you read, the average South African typically spends between 30 minutes to 1 hour every day commuting to and from work, with the cost of traveling dependent on whether you commute by car, train, bus or taxi. With that being said, regardless of how far you travel or which mode of transport you use, not having to commute to and from work every day saves you both time and money. And if you previously made use of your own transport, you also have the benefit of

saving on wear-and-tear as well as insurance – with most insurance companies offering reduced premiums during lockdown – all of which translates into a healthy saving.

Lunch

Most of us know by now that it's far cheaper to make lunch at home and bring it to work than to buy lunch every day. But despite knowing this, we somehow still fall into the trap of buying food or snacks at work. Working from home increases the chances of you snacking on what's in the kitchen instead of walking to the nearest fish-and-chips shop or burger outlet. Granted, your grocery bill at the beginning of each month might increase slightly, but it's unlikely that it'll offset the savings that you'll make by not "eating out" five days a week.

Clothes

Since the beginning of lockdown, we've gone through three seasonal changes: autumn, winter and spring. In a pre-Covid world, this would have meant having to adjust your work-wardrobe to account for the change in weather (and seasonal trends), which typically means spending money on new clothes. The benefit of working from home, however, is that the only time your colleagues and clients see you is via virtual meetings (depending on whether you have your camera on), all of which lessens the need to have the latest seasonal wardrobe for work. People have generally become pretty relaxed regarding what they wear while working from home – with most making do with the clothes that they already have. All which (and you guessed it) translates into reduced expenditure and increased savings.

So now that we've covered some of the ways that you could save money by working from home, let's take a closer look at three ways on how best to spend it.

Invest in unit trusts

Investing in unit trusts is always a good option if you have spare cash. Not only does it allow your savings to grow over time (based on market movements), it's also easily accessible, which is great for those unforeseen expenses that may arise in the future. Of course, investing does require some level of research to find the option that is best suited for your needs.

To help with this undertaking a good option is to try our [Fund Selector](#) tool, which will help you narrow down your choices, as well as

our [Past Performance](#) calculator, which will give you a good idea of what your investment would be worth today had you started investing sooner.

Top up your retirement savings

In South Africa we have somewhat of a “retirement crisis” in that the vast majority of South Africans aren’t in a position to retain their current living standard after they retire. When it comes to saving for retirement, starting early, contributing the correct amount and having the right asset allocation in your retirement portfolio are all vital to increasing your chances of not running out of money at a stage in your life when you can least afford it.

Our [Retirement](#) calculator is a great way to check just far on (or off) track you are to your retirement goal.

Pay off your debt

South Africans are notoriously bad when it comes to managing their finances, particularly when it comes to debt and savings, with one study suggesting that close to 80% of South Africans rely on debt to make it through the month. It goes without saying that debt is a big problem in this country and, given the high interest rates of most credit facilities, it’s a problem that compounds over time. Put differently, using credit to fund your purchases means that you end up paying significantly more for the same purchase over time. It’s important to remember that paying off your debt as soon as possible not only helps with your credit score, but is also great way to save money in the long run.

While there’s no “one size fits all” approach to saving and investing, the points highlighted above will hopefully provide some food for thought as to how you could save money while working from home and how best to utilise it.

For more information, please feel free to call our Client Services Team on 0860 105 775 or email us at query@prudential.co.za.