M&G Insights

Monthly resolutions for a prosperous 2024

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New beginnings often give us extra motivation to tackle goals and ambitions, largely because they make us feel we can 'turn the page' on any past failures and make a fresh start. This is why, as a new year begins, it's customary to make a set of resolutions, whether about health, career, travel or finances.

But instead of making one broad resolution to improve your finances, consider taking a structured approach by crafting resolutions that span the entire year. This can help to ensure that you're covering all your bases for a more secure and prosperous future.

January – set your goals and objectives
Kick off the year with a comprehensive goal setting and budgeting session. Clearly define your financial objectives, whether it's reducing debt, saving for a child's education or simply increasing your investments, and then create a budget that aligns with these goals. Try our **goal calculator** to help you understand how much you need to invest to achieve various goals. That total will seem less daunting if you break your annual target into smaller monthly amounts.

February – maximise tax efficiency
Use the end of the tax year to increase your contributions to retirement investments and enjoy the deductions to your income tax. If you haven't yet done so, invest a tax-free unit trust and enjoy the savings for this tax year. Unlike normal unit trusts, the returns on tax-free investments are exempt from all taxes. You can invest up to R36,000 a year, up to a maximum of R500,000 over your lifetime. Use our **tax-free investment calculator** to calculate how much tax you would save over the course of your investment by investing in one of our top performing tax-free funds.

March – reassess risk
March is a good month to reassess your risk tolerance, particularly if your life circumstances have changed. Reassessing your risk tolerance on a regular basis helps to ensure your investment portfolio aligns with your current financial situation, goals and risk appetite. This is a good exercise to undertake with your financial adviser, who will have the right tools to assist you.

April – stay calm when markets aren't
Volatility is a normal part of investing, so resolve to stay calm when it happens. Periods of market downturns can cause you to make impulsive decisions that can undermine your overall investment strategy. Timing the market is extremely difficult, and if you disinvest when the market goes down, you're more likely to miss out on the next upturn. And because you sold when the market was down, not only will you have lost money, you'll also have to buy back into the market at a higher price.

May – automate your investments
If you haven't done so already, resolve to automate your investments this month by setting up automatic transfers from your bank account to your investments. This helps to prevent you from taking unscheduled 'breaks' from pursuing your investment goals and encourages disciplined investing.

June – review your progress
At the halfway mark of the year, it's a good idea to conduct a mid-year financial check in. Review your progress towards your financial goals, adjust your budget if needed, and rebalance your portfolio if required. As markets fluctuate, the composition of your portfolio can drift over time. Rebalancing involves selling assets that have performed well and reinvesting in those that may have underperformed, helping maintain your desired level of risk and return.

July – deepen your financial knowledge
As we tend to stay home more in winter, it's a good opportunity to dedicate time to deepening your understanding of investment concepts. Read books on investing, attend webinars, or take courses to enhance your knowledge. You can also watch our six-part video series, **Guide to Investing** or read our **Guide to Investing booklet**.

August – check your diversification
Diversification is one of the main principles of successful investing, as it allows you to ride out market fluctuations without excess loss. As different asset classes react differently to the same economic event, when one asset loses value, another may gain or at least remain static. This lowers your overall risk. Also, be sure to check the underlying holdings of your chosen investment managers – South Africa has a relatively small equity market, so using different managers is no guarantee that they won't be holding very similar stocks.

September – check your emergency fund
Ideally you should keep tabs on the status of your emergency fund every few months, and the end of a quarter is a good time to do so. Ensure that it covers at least three to six months' worth of living expenses so that, should an emergency occur, your investment plan isn't derailed.

October – stay informed
Knowledge is power in the world of investing. Make it a resolution to stay informed about market trends, economic indicators, and relevant changes in regulations. For example, if the interest rate starts rising, you may want to consider repaying your mortgage faster to save interest costs.

November – focus on retirement
With the end of the year approaching, November is the month to focus on retirement planning. Assess your retirement investments, plan to contribute any extra money, and explore strategies to optimise your retirement investments. Try our **Retirement Calculator** to see if you're on track to achieving your retirement goals.

December – review learnings and refine your plan
Conclude the year with a thorough review of your financial journey. Evaluate your achievements, assess any setbacks, and adjust your financial plan for the upcoming year. Consider setting new goals and refining your strategies based on the lessons learned in 2023.