

This is MONEY

A daily guide to your Personal Finance

- Savings
- Travel
- Debt & Borrowing
- Utilities
- Managing your Tax

Money Matters
with Nimi...



'I don't earn enough to save!'

your overall financial situation.

Pay yourself first

As soon as your salary comes in, try to save at least 10%; put your savings on autopilot. Talk to your bank about setting up a direct debit from your current account to a savings account or a money market account or mutual fund each month. This will be the foundation of your savings. It will need sacrifice on your part and will not be easy, but once you get started you will see the savings growing and this will encourage you to continue saving.

Mind the company that you keep

Your choice of friends can have a huge impact on your finances. If your friends are causing you to spend excessively or mock your frugality and efforts to cut back, you may need to reconsider some relationships. Try to select those who build you up and encourage you to achieve your goals. If you are constantly trying to keep up appearances, you will have very little chance of financial stability and

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will continue to live from salary to salary without growth.

From his earnings of N125,000 a month, Charles is considering his options. For now, with his obligations to his parents and siblings, transport and other costs, he can only afford to set aside N10,000 a month to build savings. The FGN Savings Bond is one of the options available for small savers with a minimum entry point of just N5,000 with increases thereafter in multiples of N1,000, and up to a maximum subscription of N50 million.

The Federal Govern-

ment of Nigeria (FGN) Savings Bond issued by the Debt Management Office is part of the Government's programme to encourage small savers who can earn more than interest earned on their savings accounts with banks. It is a debt security of the FGN backed by the 'full faith and credit' of the Federal Government and no default risk, meaning that it is a safe investment where interest will be paid at regular intervals and principal repaid at maturity. Another attractive feature is that the income earned is exempted from taxes and can be traded in the

secondary market on the Nigerian Stock Exchange.

The FGN Savings Bond makes it possible for smaller investors to contribute to the development of the economy, while also earning good returns on a safe investment in a sovereign instrument.

The art of saving is a state of mind. Like any skill, it takes effort, commitment and discipline. If you develop poor spending habits when you are young, it will be no different when you begin to earn significant sums of money. If you are unable to save from the N125,000 that you currently earn, it won't be any different even if you earn N1,000,000 a month.

Time is a fundamental factor in successful investing. The key is to just get started now; little by little. Investing even small amounts of money early, can grow into a significant sum over time; the sooner you start saving, the better. No excuses!

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Nimi Akinkugbe has extensive experience in private wealth management. She seeks to empower people regarding their finances and offers frank, practical insights to create a greater awareness and understanding of personal finance.

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31-year old Laitan Johnson has dreams and aspirations. There are goals that he wants to achieve such as renting an apartment, buying a car, and getting married next year; it seems almost impossible with his income of N125,000 a month. Naturally when money is so tight, saving tends to be the last thing on your mind. However, when it comes to money matters, it is important to think of not only today, but to think of the future.

Deal with your debt

Before you start saving in earnest, you should tackle your debt particularly the high interest debt. It doesn't make sense to be paying more in loans than you are earning in interest. Your wealth cannot grow if you ignore your debt.

Track your expenses

To create a workable budget, you have to know where your money is going; track your expenses. Write down everything that you purchase for say a month. At the end of the period, you are likely to find that there are some expenses that you could have done without.

Establish a budget

One of the best ways to keep your finances in check is to budget. List all your routine monthly expenses, and other spending, and subtract those amounts from your in-

come.

Prioritizing your spending is essential. The key is to begin to differentiate between needs and wants, and being brutally honest with yourself about what you actually need. You will soon find that there is some excess that you can put towards saving. It does need sacrifice and cutting back on things you love, but only for a season. By making small, manageable changes in your everyday expenses you can make a huge impact on

