



# WOOLWORTHS GROUP RETIREMENT FUND

MAKING THE DIFFERENCE TO YOUR RETIREMENT

## SAVING FOR RETIREMENT

### STEP 4

# SHRINK YOUR DEBT



**SHRINK YOUR DEBT AND PAY OFF THE MONEY THAT YOU OWE.** This is another step towards saving for retirement. Keep this booklet somewhere so that you can refer to it.

**LET'S BE HONEST, DEBT STOPS YOU FROM SAVING. YOU PAY INTEREST ON DEBT AND IT ALL ADDS UP, EATING INTO YOUR WEALTH.**

### IT'S ALL ABOUT HAVING A PLAN.

- In order to set yourself free and to live a financially stress-free life, **you need to manage your money effectively – wisely and with discipline.** More often than not, you are at the mercy of your money when you should rather be in charge of your money.
- **Debt in all its forms destroys your chances of saving for a sustainable retirement,** let alone saving for something special or simply creating wealth. You are unable to save because you are continually paying off debts – a bond, a car, credit cards, retail accounts, loans – the list is endless.

**The most important thing you can do for yourself and your family is to take this journey – one step at a time.**

THINK BIG. START SMALL. ACT NOW!

# KNOW THE TRUE COST OF DEBT

**The longer you take to pay off your debt, the more it costs.** You need to know the true cost of borrowing before you borrow. There is always a cost to borrowing, even for interest-free deals, which have admin costs anyway.

As soon as you decide to buy something on credit, expect to add to the price tag, especially if you are going to pay it off over a few months or years.

**Get wise to credit cards, hire purchase, retail accounts, car loans, personal loans and any other lending.**



## AVOID EXPENSIVE DEBT

- **Avoid expensive debt like credit cards and hire purchase.**
- Know your options – there may be a cheaper way to pay.
- If you can, pay off loans within the interest-free period.
- Pay off your credit card in full every month.
- Try not to spend on your credit card at all – **rather save and pay for the items that you want with the cash you already have.** Even better, avoid buying the item at all.

## BORROW ONLY WHAT YOU NEED

Keep in mind that credit limits are not your money – they are only how much you may borrow. Can you really see yourself paying it all back? If not, you may be in danger of taking on so much debt that it becomes a burden just to make the minimum payment every month.

**Debt is really just owning something that you can't really afford at the time.** And you pay a penalty for it – in the form of interest. It just doesn't make sense.

These days so many items are advertised on the 'repayment amounts'. This anchors our thinking on how much the payments will be instead of how much we are borrowing in total. And that's what gets us into deep water. Sure, we can handle that repayment, but how long will it take to pay it all back?

## WHAT IS 'GOOD' DEBT?

**Owning your own home** – no matter what it is – an RDP house, a tiny flat, a suburban house or the mansion on the hill – is good wealth creation. But it must be your own, not still bonded to the bank! If you manage your bond well you could save thousands over time. Some tips to make the most of your bond are:

- get the right type of bond
- make your repayments as high as you can afford
- **make additional payments into your bond when possible.**

A bond is one of the few 'good' debts – it is securing your home ownership, which is a step towards saving money.



# IN STEP 5 YOU WILL LEARN HOW TO CREATE YOUR OWN WEALTH

- A very important thing that you should be doing is saving for your retirement. This means making some sacrifices in the present to reap the rewards later. It also means preparing for the uncertainties of the future.
- By now, you should be noticing the results of budgeting properly.
- In Step 5 we will show you how to grow your savings and create wealth and security for your family and save for your retirement.
- If you have an increase in salary, we will give you tips on what to do with the extra income.
- We will show you what to do with your spare money and how to make the most of it.

**The most important thing you can do for yourself and your family is to take this journey – one step at a time.**

## NEXT... **STEP 5** INVEST IN YOUR FUTURE

You have started paying off your debt and are saving money. In Step 5 we will help you look at different ways to create your own wealth and to save for retirement.



### ABOUT YOUR RETIREMENT FUND AND THE BENEFITS

View our online brochure with information about the Woolworths Group Retirement Fund and the benefits.

### HOW MUCH HAVE YOU SAVED IN THE FUND?

To find out what your fund credit is, log in to [online.alexforbes.com](https://online.alexforbes.com).

You will require a PIN and password. Alternatively, please visit PeopleSoft.

### THE VALUE OF GOOD ADVICE

We recommend getting financial advice from a qualified financial adviser to help you consider your options.

Contact the Alexforbes Individual Advice Centre (IAC): Call **0860 100 444** or email [iac@aforbes.com](mailto:iac@aforbes.com)

**Fund queries:** For information about the Fund, please call **021 401 9300** or email [wgrfmbqueries@aforbes.co.za](mailto:wgrfmbqueries@aforbes.co.za)

**Or write to us at:** Woolworths Group Retirement Fund, PO Box 680, Cape Town 8000

[WWW.WGRF.CO.ZA](https://www.wgrf.co.za)



[Benefit Brochure](#)