

EP2 - Akash and Hayley.mp3

Bruce Whitfield [00:00:00] Managing money and knowing what is good for your financial wellbeing at every stage of life is a skill. It's a skill every person needs. Managing money well means having an adequate level of protection, more savings than debt, and knowing how the choices we make can either make us or break us. Of course, we're all human. So, in Your Money Matters, a podcast brought to you by Discovery, I unpack practical aspects on banking, life insurance, investments and more in discussion with experts. Join me for these interesting conversations and hear how small things we do can take us to greater financial security and more of life's rewards.

Bruce Whitfield [00:00:43] Today, it's all about money, your money in particular, and your relationship with your money and why it is that you have a particular relationship with your money. Is it either because you've got this dysfunctional fear of money or you simply believe there's going to always be abundance and that determines your financial behaviour? Are you one of those people whose month runs out long before the money does or whose money runs out long before the month does? With all the right knowledge and all of the practical tools and frankly, the right nudges, perhaps you can make more of your money and make it work better for you. To help us get to the bottom of why your financial health is actually not just about your income, but hugely about your behaviour is Akash Dowra, who is the Head of Technical Marketing at Discovery, and Hayley Parry, the Chief Education Officer at Worth. Are we any good Hayley Parry in managing our money? How financially savvy are we?

Hayley Parry [00:01:48] What we know is that 86 percent of us as South Africans spend more than we earn. So unfortunately, it's not looking good right now. We are not as financially savvy as we could be. And I think on the upside, it gives us lots of room for improvement.

Bruce Whitfield [00:02:06] One is always looking for upsides, Hayley. And the reality is that we are a highly indebted society we're a society that lives from paycheck to paycheck and borrow often in between. Akash, what sort of patterns are you seeing with the data that you gather? Because what you've tried to do, particularly with Discovery Bank, is to help people to manage their money better?

Akash Dowra [00:02:30] Yes, Bruce, we see actually that people's income actually doesn't determine how much they spend. I mean, we see even people who are in the retail affluence space where people earning over a million rand a year still end up in financial difficulty. Actually, even 28 percent of retail affluent South Africans spend more than they earn. So there really is a need for number one, financial education, but number two, having a behavioural aspect applied to that so that you can get people to change their behaviours going forward.

Bruce Whitfield [00:02:58] Hayley, why do we have the financial habits we have? Have you managed to figure that one out yet?

Hayley Parry [00:03:06] I think what it comes down to is that when we think about our money and when we think about how we're going to manage it well and grow our wealth, what we often tend to focus on is our income. And what we fail to realise is that there is actually two critical levers we need to look at. So, if you could imagine that we've got your income sitting in one bar graph and your expenses in the other. The difference between those two graphs are what is going to determine how well you're going to be, how financially healthy or financially wealthy you will be going forward. Because in that gap, in that space, that's where we can spend our time and our

effort on our savings and our investments. Now, these two levers that you could pull if you want to improve that space, and the first is obviously your income. And I think that's naturally the sexier space for us because most people think if you earn more, you are financially more savvy. You are, you know, richer, or more successful even. But the reality is that there's a second lever that we can work on and that is how much we spend. And it's not it's not nearly as sexy and it's not nearly as much fun to manage. But the reality is that we know that the more you earn, will not determine your financial future. What will determine how successful you are in managing your money is your behaviour as Akash says. And so that's the first thing that we need to sort out, because what we need to make sure everyone is doing, you know, even before they get their next salary increase, is that they are spending less than they earn.

Bruce Whitfield [00:04:41] And it's easier said than done Akash. I mean, here's the reality that the vast majority of us, when we get a pay increase, what's the first thing we do? We go and celebrate our pay increase by spending the increase. Well, I mean, personal stories, but we go, wow, this is brilliant. There's additional money in our paycheck, we can now expand our lifestyle. And I think it's probably a global disease, but certainly it's prevalent here.

Akash Dowra [00:05:08] No, that's exactly right, Bruce. I think the issue is nobody rewards you for saving, if you think about it, when you get a pay increase and you go home and you tell your spouse, hey, I got a pay increase, but I'm actually going to take all of this money and you're never going to see it because we're going to save it. It's just not going to get the same impact as if you came home with a really nice present. Right? And that's at the core of it is that society doesn't overtly reward you for managing your money well, they reward you by when you buy a nice car, when you live in a big house. That's when everyone tells you, wow, you're doing really well. So, it wires in your brain that you actually need to spend money to be rewarded. And I think that's the key. So, because I think there's the one part about getting the financial knowledge, which I think is incredibly important. I think there's a lot of people in South Africa that just don't have the basic financial knowledge they need in order to actually understand what they need to do differently. And I think that's why we've partnered with Worth to actually give people that basic financial knowledge. And then there's a second part about how do we actually then create incentives and create this mindset change so that people actually feel like when they're saving money and when they're doing things that are good for their financial well-being, that they're being rewarded for it today.

Bruce Whitfield [00:06:24] It's such an important word. The word is mindset. It is rewarding myself. If the world is not going to reward me, I need to reward myself. I need to pay myself. I need to tell myself that I am a jolly clever individual because, yes, I'm working hard, and I am being paid perhaps a little more than I was being paid last year. Well, I've had a promotion and sure, by all means celebrate it. But the best celebration I could possibly reward myself with is by beginning to invest the spoils of my labour and the reality is, Hayley and I suspect some of the most common mistakes that we make as human beings, as we more often than don't, don't do that.

Hayley Parry [00:07:05] Absolutely Bruce. So, what you're talking about, we call paying yourself first. You know, the reality is that a lot of us make a lot of sacrifices for the work that we do. Pre-COVID I would have said commuting in Joburg and Cape Town is one of the big sacrifices we all make in order to do the work we do. But at the moment, you know, maybe it's sitting on a ZOOM call when you could have been watching your kid at a soccer game. Now, the reality is that these sacrifices are important and necessary when we are doing our work. But what we want to do long term, is make it worth our while. You know, at the end of the day, you want to be able to get to the

point where you're able to enjoy the spoils of your work. Where you're able to stop working at some point.

Bruce Whitfield [00:07:47] Which is why I've bought myself the upgraded car. I bought myself the latest phone. And I have a really fabulous offer on an apartment, which as long as interest rates stay flat, people are going to think that I am enormously successful. The trouble is, I can't afford to invite them around because I can't afford the sort of food and stuff that will show my renewed status off.

Hayley Parry [00:08:12] Yeah, I mean, I think that speaks to what, you know, you and Akash were chatting about just now, which is that delayed gratification is not nearly as sexy as the immediate consumption of the shiny bling, whatever your choice of that may be. And I think that is why what Discovery are now doing in terms of bringing in Vitality Money and linking behavioural change to rewards is so exciting for me. And I mean, I think it speaks to the geek that I am that I find this type of thing so interesting and so much fun. But the fact that you can take what has been proven as a really successful model in terms of getting people healthy and fitter with Vitality Health and actually apply some of those lessons in terms of making people change their financial future over the long term. You know, that's where we going to see some stuff that, quite frankly, I think probably hasn't been done anywhere in the world. And it's why are we so excited to be working with them. Because this interplay of financial education, i.e., knowing what it is that you need to do, but then actually rewarding the behavioural change that needs to follow thereafter, which is normally the harder part. That's where for me, it gets really interesting at this intersection.

Bruce Whitfield [00:09:31] Akash, every savings month and I even forget which month of the year savings month is. We are told... We're given more stick than carrot. If you don't save, this will be the consequence. You will have to deal with this X, Y and Z. And there's a lot of negativity and fear around not having enough. And so, in many cases, people shut down. The opposite of that is what you're seeking to do, and that is to reward positively, almost like a little doggy treat. When you're training the dog. If the dog sits, when you tell it to sit, you give it a biscuit. Dog wags its tail; you give it another biscuit. It learns very quickly that there is a reward mechanism in place. And I'm guessing that us as human beings aren't all that different. We want to be patted on the head and told that we're a good boy.

Akash Dowra [00:10:19] The concept you just described is what we call hyperbolic discounting. The problem is...

Bruce Whitfield [00:10:23] That's the technical term for what I described.

Akash Dowra [00:10:26] Yes, exactly. I mean, if you tell someone to save today so that you can enjoy your spoils in the future, your mind implicitly discounts that future because of all the probability and improbability attached to that future. They implicitly discount it. So, in their mind, they're like, yeah, that's sure, I could enjoy my spoils in the future, but I could also enjoy my spoils now. And that leads to this culture of spending. Spending now, getting into debt. I mean, we have one of the lowest savings rates in the world without the social security safety nets that other countries have. So, you end up in the situation where people feel like they're getting more rewarded when they spend now and what we trying to do is actually change that. And I think we've learnt so much from our Vitality Health programmes. Where we realise it doesn't actually take a lot because I think humans, by nature, love games. They love gamification. They love the idea of a reward. They love the idea of even getting a smoothie or a cup of coffee or getting something for

doing something. And it doesn't have to be a lot because I think what we find hugely successful is the programmes we have around active rewards, you know, if you meet your savings goal, you will get a smoothie. If you do this, you will get that. But the fact of the matter is, when you deal with finances, you actually have a lot more that you can give clients. So, you can give them much bigger discounts, much better rewards for managing their money well. And I think that's coming through now where we say actually what you can do is have a situation where you can save today, but you can also get rewarded today for saving today.

Bruce Whitfield [00:12:00] Akash, the Vitality Money Calculator. Just how complicated a process is it for me to truly understand the way in which this entire process works?

Akash Dowra [00:12:11] So trying to get a single view of your financial wellness is an incredibly difficult task. We've tried to simplify it immensely in the way that Discovery Bank and the Discovery Bank app works. We've actually integrated with a whole lot of partners all the way from home affairs to credit bureaus to property valuation companies to give you a full set of your financial wellness. So, when you activate vitality money in the bank up, we will go and find out how much your property's worth, what bond you have on it. We will find out what long-term savings you have in endowments and unit trusts. We will find out what your credit rating is, and we'll try to bring all of that together in a seamless manner for you and allow you to actually go through it, add content that we were not able to source. So, we try to take all of that heavy lifting off you to give you a Vitality Money Status. And that, I think, is hugely valuable. But what we've also done is we've created a simpler, The key is frequency of small changes.-to-use tool on our website. So actually, anyone, even if you're not a Discovery Bank client, can actually go to our web site, answer a few questions, and get an indicative Vitality Money Score with also some tips on what you can do to improve your rating. So that is just another way that anybody could go online, find out their Vitality Money Status, find out which behaviours they need to improve on. And then hopefully then go out and actually make the change.

Bruce Whitfield [00:13:31] Hayley, what are the basic steps that we can take just to improve our financial outcomes, improve our attitude? Nothing -- It starts with attitude, I suspect, in terms of thinking longer term, not thinking just in the here and now. The first steps that we can take down this this wonderful path toward financial freedom.

Hayley Parry [00:13:52] Bruce, I think the number one thing and the most critical thing is quite simply just to start. So, wherever you are today, the idea is we want to move you forwards in the future. And the only way you're going to do that is just by starting. So, for people who are feeling very stressed about their finances, maybe they've had their income reduced over the lockdowns, maybe someone in their household has lost their job. The reality is that having an ostrich mentality and not dealing with it is not going to help you. So, I think the critical thing is just to start. And so, what I often recommend families do or even companies, you know, if you want to kick start some kind of change, why don't you designate a specific day, a financial health or financial wealth day for your family or for your organisation just to kick start this process? Because once we get you going, you know, the hardest part normally is just to get started. So that for me would be point number one. The second thing is in your home, in your family, choose to appoint somebody as your Chief Financial Officer or the head of your family office and give them responsibility and accountability to manage your finances at home as if it were something that you would need to report on at work, because we want to make sure that all this hard work you're doing in order to earn a salary is ultimately going to move you forward in the future. And sometimes it just needs a little bit of

focus. You know, some people just need a title to help them do that. But, you know, it's about saying, "Hey, guys, this is important in our family. Let's make this something that we do on a weekly basis, for instance, where we sit down, and we chat about our money." Because then that would lead me to my third point, which is quite simply that one of the most important things you can do to change your future over the long term is just to be consistent in the short term. And I think if you put in place those three things with the wrapping of a financial education that you could get so easily and wonderfully through Discovery Bank, you will be well on your way to improving your financial knowledge.

Bruce Whitfield [00:16:06] Do you want to add to that, Akash?

Akash Dowra [00:16:08] Yeah, I think the key is frequency of small changes. I think many people underestimate the impact of that, I think. Everyone says the eighth wonder of the world is compound interest, but it actually is true. I think people that save consistently are much better off on a long-term basis. And I think that's what we also try to get across. It's quite a lot of parallels even to health. I mean, when you look at mortality rates and co morbidity rates, eating a cupcake every day is way more dangerous than swimming in the ocean and getting attacked by a shark, for instance. Just because just doing it every day, each small bit incrementally doesn't increase your risk dramatically. But over a long period of time, it has a massive impact. And it's the same with savings. You know, everyone starts off earning a salary. Whatever it is, it's usually a small amount when we all start or off. My salary was incredibly small when I started off as an article clerk. But just saving a little bit at that in that beginning space does two things. Number one, it creates that consistent behaviour change. And secondly, you have the benefit of compounding growth over time.

Bruce Whitfield [00:17:13] And the lesson of starting early is one that is learnt generally, Hayley, I think far too late for most people?

Hayley Parry [00:17:20] Yeah. I mean Bruce the age-old question is when should we start with a financial education? And my answer is, it's never too late. You know, we have retirees who come to us and say, you know, why should I bother doing one of your online courses, for instance? And for me, it's so obvious because, you know, I know that you're going to have a limited amount of money that you need to manage for the rest of your life. And why wouldn't you want to do it to the best of your ability? But, you know, I think the bottom line is it's never too late to start. But the earlier you begin, the better. So, yes, in my home, when my kids were three, I was already starting with some really simple but fun lessons, because the younger they are, the more mistakes you want them to make while they're younger, because trust me, they're cheaper than when they're teenagers or even adults.

Bruce Whitfield [00:18:05] One of the great killers of wealth is debt. And it's also a lesson I think we learn far too late once we've been burned by the clothing store account or the credit card bill or the booze habit or whatever it is that we've got when we borrow money to fund our fun and our habits, we end up having to pay for it over an awfully long time. And I just wonder whether or not the debt lesson is one that somehow, we need to be far more aggressive about teaching.

Hayley Parry [00:18:33] Yeah, absolutely, Bruce. And I think that it talks to that misconception that we were discussing earlier about people who earn more somehow, you know, are doing better off financially. And I think the reality is often quite the opposite because there are financial services companies that will actively market to you the more you earn. And so, you have to develop a

degree of financial savviness to understand how debt is going to erode any chance of wealth building unless you use it well, unless you understand how it works, unless you understand that that power of compounding that eighth wonder of the world that Akash was talking about can be and will be used against you if you don't understand the tools that you're given, particularly around debt.

Bruce Whitfield [00:19:19] There's also a role for debt though. I mean, let's be honest about that. And that debt can be a very useful tool. There're more shades of grey than there are black and white when it comes to managing money well, and not all debt is bad and not all debt is bad all the time either.

Hayley Parry [00:19:37] Absolutely. The trick is knowing which debt is good debt, which debt is bad debt, and when you can use it to help you in your personal financial journey in a way that's going to take you forward and not take you backwards, because like you say, it's one of those lessons I think we can learn way too late. And it's one of those things, you know, one of the questions we often get asked is why do you have to have a retail account, for instance? Why do you need to have debt in order to build up your credit score? And the analogy that I often use is it's like when your 17-year-old gets a learner's license. Someone who comes home with a piece of paper that says, hey, I'm allowed on the roads. If they've got a parent who's just going to chuck them the car keys and say, off you go and have fun, it's obvious to us that there's going to be pain down the road. And I think the same is true with debt. You know, you need to learn what it's like to owe somebody money to pay them back on time and to finish paying off that debt, because that is ultimately what the credit bureaus are looking at, in terms of your behaviour. Because then when it comes down the road to you wanting to perhaps buy a house, for instance, and use your credit history to indicate to the banks what kind of financial behaviour you, you exhibit. This is indicative for them. This is how they assess their risk and say, okay, Hayley is somebody I want to lend my money to or she's not.

Bruce Whitfield [00:21:05] And then what's the answer been to that... Anyway? Let's not go there. Tell me Akash in terms of how you incentivise a change in behaviour. Because I think many of us actually not very honest, not only with those around us, but with ourselves when it comes to our financial habits and our financial status. We don't like to not acknowledge our fallibility here.

Akash Dowra [00:21:28] We have a natural overconfidence in our abilities. In our insure business, we saw that 80 percent of drivers rated themselves as above average drivers, which a little bit of maths will tell you is impossible. But you see the same thing in finances. And I think the key here is I mean, along with the financial knowledge, what you actually need is like a simple metric that you can look at and say: am I good? Or do I need help? And I think what we tried to do there is give you a Vitality Money Status. So, we go across all of these five behaviours. And we've touched on some of them, like your debt, like your savings, how much you save for retirement, how much of insurance products you have for unforeseen events, etc. We take all of that and we distil it into a simple metric, Vitality Money Status that's between blue and diamond. And essentially, by understanding where you sit on that on that status band, are you a Gold Vitality Money Member or your Blue Vitality Money Member? It gives you a good understanding intrinsically of how well you're doing financially, how well you're tracking towards your financial goals. And I think getting some simplicity in it is really important. Another thing we do is we've got like a retirement tool as an example. And I think the issue you have is if I had to tell you, tell a 20-year-old now how much money he would realistically need in retirement, it would seem like an enormous amount based on inflation, based on everything else. It would either seem completely impossible or it would be

"okay, it's fine as I start earning more money, I will start saving more and it'll be OK." So, what we've done is we flipped it around and we've said, based on your current habits, when can you expect to retire comfortably? So, we've actually changed it around a little bit to tell people what's your retirement age, because I think most people ideally would say, okay, I'm going to retire at 60, I'm going to retire at 65. And then when you see that your retirement age is 83, you think maybe I should start doing something differently here. So, it's about putting in tools and statuses and things that gives people an easy-to-understand metric that gives them the impetus to change.

Bruce Whitfield [00:23:31] There's a reality check element here as well. And I'm familiar with the way in which Vitality works in terms of driving. And you can download the Vitality driving app on your phone and your phone is with you in the car. And as you drive and all of us, I mean, we drive better. I certainly drive better than at least 85 percent of people. I'm one of those people. But here's the problem, I drive, and I get to the other side. And it tells me that I cornered too aggressively, that I might have braked too aggressively, that I might have sped a little bit on one particular very, very nice racy part of the highway. And I don't like being told that, Akash. I don't like being told those uncomfortable truths. Do you get much pushback when it comes to be giving those same lessons to people from a financial perspective? And who say: hold on a second, yes, you may be right, but I don't like the message.

Akash Dowra [00:24:23] No, look, I think you're always going to have an aspect of that, right? Because what we're asking you to do is change your behaviour. And we all know that changing behaviour is hard. It's a difficult thing to do. If it was easy, everyone would do it. What we try to do is flip it around to say, so it's less about: oh, look, you cornered a bit too aggressively there, Bruce, you naughty boy. It's more about: Hey, Bruce, if you actually just corner a little bit better the next time, you'll get rewarded for it. So that's kind of where we want to end up. We want to end up in a much more positive space where it says this is where you are but with the technology today, I mean, with the way the banking app works currently, where it would tell you just as an example. I mean, if you're getting a 50 percent discount on your Woolworths purchases as an example, it says, you know, Bruce, if you just saved another R2000 a month, you'd be upping your Vitality Money Status, and you'd get a 60 percent discount, just as an example. So that's the way we tried to do it, we tried to put in an incentive and say, hey, if you change your behaviour, look at what you could get.

Bruce Whitfield [00:25:26] So Hayley, that's one aspect of it is changing behaviour. But in order to really do it sustainably and to really change mindset and we shouldn't be doing it just for the rewards. The rewards are a great incentive, but we've got to be changing the way we approach and think and relate to money. Practical steps, some real tools that I can use to just get my head right.

Hayley Parry [00:25:52] So, Bruce, from our side, I would always start with, please get yourself a financial education. Learning how to manage your money well and learning how to do it better is actually a lifelong process, because no matter where you are now, you know, we can always improve where we're going to just like Akash said, you know, we keep incentivizing you to continue growing on the knowledge base that you currently have. And, you know, in the Discovery Banking ecosystem there's some really great ways to do that. There's a couple of short educational videos that you can watch. And then there's also some longer-form financial education courses that you can do online. You know, we're talking about a time investment of five or six hours, but the changes that we see are quite remarkable. And the stories that we get back are perhaps my favourite part of seeing this behavioural change that you're talking about coming to life and coming into action. And in fact, it's one of my favourite ways that we use, in our teaching, in this

financial education is actually sharing the stories of people who have been through the process and changed their financial future. And what's it's actually meant to them...

Bruce Whitfield [00:27:02] Why are you keeping secrets? I demand immediately that you share a smorgasbord of your favourite stories.

Hayley Parry [00:27:09] They're not secret at all Bruce. They're sitting in our courses. They're sitting on the Worth website. We even have a tab that says Stories. And we also are working on some cool things with the marketing team at Discovery, where we will be sharing these stories on the social channels, videos that we've captured of people sharing how these small changes that we've talked about can really be life changing. I think one of my favourite comments that I hear over and over again from people who have actually had the courage to make the changes and take these steps is not only that they have confidence, but they're sleeping again at night. You'll be surprised how many people, particularly high earners in this country, cannot sleep at night because of their financial stress. And I think that's a wonderful thing to change that we literally get this unsolicited feedback on it. And it really is heart-warming.

Bruce Whitfield [00:28:02] Take me through the specific tools that I might use to send me on this path to this beautiful nirvana of financial freedom.

Hayley Parry [00:28:12] Well, Bruce, within the Discovery banking app, there are two aspects to it. So, the first, is there a couple of short videos. They're not more than two or three minutes. And each of those explain very succinctly the financial concepts that you need to understand behind the Vitality Money Score. So why a particular score is important and how it's going to help you in your financial future. That's the first aspect that you can look at from a very quick and easy to consume tool. The second is that the banking app gives you access to two online courses from Worth, and those courses are specifically geared to help you understand your finances from start to finish. So, we're talking about how do you manage your money well? Some practical budgeting templates and tools. How do you get out of debt? What can you do to increase the amount of profit you're making in your personal life? And ultimately, how can you build up an asset base in order to be financially free one day? And we've got two variations of that of those courses. The first is called Wealthy Me. And it's all about how you, you manage your money in your personal capacity. And then we've got a really interesting one, called Wealthy Couples. And that is quite simply because we know that it's challenging enough to manage your money on your own. But when you throw in a partner who is perhaps raised in a different way to you or has a different view on personal finances to you, this is when stuff can get heated and when it can become a lot more challenging at home when it comes to managing your money. And so, we have Wealthy Couples, which covers all the same financial concepts that Wealthy Me does. But it has an extra module specifically on managing money in a relationship. It's a lot of fun. I promise we can say things to your partner that you may not be able to, particularly if you still want to be friends at the dinner table tonight so, yeah, those are the two long form courses. It will take you around five or six hours in total to complete, but you can do them in the comfort of your home or your home office or your office, whenever it suits you. And those are available on the Discovery banking app for the massively reduced price of R399 per course.

Bruce Whitfield [00:30:28] And it goes down Akash to freedom. I mean, if you want real freedom, there is no greater freedom than financial freedom cause financial freedom does the one thing that very few other things do and that give us a choice as to our destiny. It gives us the power to make choices, the freedom to make choices that people without financial resources simply don't have at their disposal.

Akash Dowra [00:30:51] Exactly. I think it gives you a sense of, a sense of relief, almost, that you're not chained to a particular destiny. And you can chart your own way. And I mean, just even on a purely materialistic basis, I mean, we see clients with higher Vitality Money Status typically actually end up being able to spend more in the long term just because they've built up a savings, they're able to do that. So just I mean, I think when we think about paying it forward and investing in our future, it's actually investing in your future so that you can spend more money. So that you can have a better lifestyle and that that lifestyle can last year a longer period of time. And I think that's really where we're going with here. And I think I mean, we see it in the stats that we have around just over the COVID period, just as an example. I mean, when we look at clients who manage their money well to clients that don't manage their money well, I mean, we see that your arrears rate and credit card debt for, as an example, is 99% lower for a diamond vitality money client who manages their money extremely well compared to a blue client as an example. So just and we've even had anecdotal stories over the lockdown period of people who've come back and said, you know, we joined your bank when it first opened, and had you not prompted us to save, had we not understood our financial situation, we wouldn't actually have the small nest egg that we have now, that is actually helping us through this period. So, I think those kinds of things are actually very important.

Bruce Whitfield [00:32:21] Give me some lessons now, guys, before I let you go. Akash just take me on the first few steps that we need to take.

Akash Dowra [00:32:28] I think the first thing you need to do is build up a small nest egg of funds that you can use for emergencies when situations arise. And I think the starting point there, I think the first thing we tell all our clients and I think is when you get your first salary, pay yourself first and what that means as soon as your salary comes in, define how much you're going to save and put that away and live with the rest. I can't emphasise that more. And whether it is R100 or whether it's R1000 or R5000 it's actually irrelevant. It's just starting. That's step one. Step number two - Every time you get an increase. Do exactly the same thing again. That for me is like the absolute first step on your road to financial freedom. The second one is making sure that you have sufficient cover for unforeseen events. So, insurance products from a short-term perspective, from a long-term perspective, to just cover you in terms of unforeseen events, that would be the second thing. But those two things for me are incredibly important.

Bruce Whitfield [00:33:28] Hayley Parry, last word to you.

Hayley Parry [00:33:30] If I could add a third one, it would be reduce your amount of debt. Once you've taken care of those two things, you want to reduce the amount of debt that you have, because ultimately what you want to do is you want to use the power of compound interest to work for you. You want your money to make money babies, as it were. And you don't want to be the one who is paying compound interest.

Bruce Whitfield [00:33:52] When it works against you, it is terrifying. When it works for you it is gratifying. You want to be gratified. You want to be rewarded not just with smoothies and cups of

coffee and delicious treats, but with the knowledge that one day you will have choices that the vast majority of your friends simply won't. That is what the power of financial knowledge and acting on that financial knowledge is all about. To Hayley Parry, who is the Chief Education Officer at Worth and also to Akash Dowra, who is the Head of Technical Marketing at Discovery thank you very much.

Bruce Whitfield [00:34:27] Thank you for listening to this episode of Your Money Matters, brought to you by Discovery. Share the podcast and join the conversation on social media with the #YourMoneyMatters, and tag @ Discovery_SA. You can subscribe to the Discovery podcast channel, Discovery South Africa on your favourite podcast app or visit discovery.co.za to listen to all our shows.