

Financial Freedom

What is financial freedom?

If we apply the dictionary definition of "freedom" to financial matters, financial freedom means "the state of not being imprisoned, enslaved, or otherwise constrained" by your finances. Need financial assistance? Interface can help you take the first steps to financial freedom. Click [here](#) to book an appointment.

The reality is that South Africans are exceedingly "imprisoned or constrained" by their finances, given that debt-to-income ratio in South Africa stands at a whopping 80%. This means that South Africans are spending 80% of their income each month simply repaying debt, enslaving them to their creditors.

In addition, more than 2 million garnishee orders have been issued in South Africa, which means more than 2 million people do not have the freedom to decide how to spend their hard-earned money – even before pay day, their creditors take a slice of their monthly income!

Perhaps even more disturbing is the fact that 95% of South Africans who are saving for retirement will not be able to retire financially independent – their retirement savings are simply not sufficient to free them from having to work after retirement, leaving them dependent on their families or the government when they can no longer work.

One of the contributing factors to this retirement crisis is the fact that 70% of the people cash in their pension or provident funds when they change jobs.

The impact of doing this on a person's ability to retire financially independent is so significant that legislation is being proposed to make the preservation of retirement savings compulsory.

Other laws to assist consumers to achieve financial freedom include the National Credit Act, and the Consumer Protection Act (CPA) which has come into effect on 1 April.

Consumer Protection Act

Important rights the CPA gives consumers:

1. Right to privacy, allowing consumers to stop any unwanted direct marketing;
2. Right to cancel fixed-term agreements (although credit agreements, along with contracts related to financial services and advice, fall under the National Credit Act and the Financial Advisory and Intermediary Services Act);
3. Right to return goods and get refunds;
4. Right to fair marketing;
5. Right of six-month warranty on all products bought;
6. Right to sue if goods cause injury or damage; and
7. Right to contracts in plain language, with fair terms and conditions.

Find out more about your rights in terms of the CPA by calling the National Consumer Commission's call centre on 0860 266 786 or Simply Click [here](#) to download the CPA Brochure

However, the law cannot give you financial freedom; it can only create an environment in which financial freedom becomes possible.

This April, as we celebrate Freedom Day, implement these simple strategies to ensure you can enjoy financial freedom:

- 1. Avoid debt!** Make a commitment not to make any more debt.
- 2. Pay off** your existing debt as quickly as possible.
- 3. Save, save, save!** Save for your retirement. Save for an emergency such as a vehicle breakdown or unexpected medical expenses. Save for holidays and expensive things you cannot buy cash.
- 4. If you change jobs, do not cash in your pension or provident savings!** Speak to Interface or a FAIS accredited financial planner about a preservation fund or the best way to preserve these savings.

Financial freedom is within your reach, but as Thucydides reminded us thousands of years ago: **"The secret of freedom is courage"**.

Find the courage to implement these four simple strategies and place yourself firmly on the road to financial freedom, in the immediate future and when you retire one day.

Yours in financial health,

The Interface Team

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