

## BALANCING YOUR PERSONAL BUDGET

Planning your personal budget is important to **ensure** that you live a life of **financial freedom**. Many people consider this a daunting exercise and typically shies away from attending to their personal finances in a well-balanced manner.

What does it mean to balance your budget? Where do you start and what should you take into consideration?

The negativity around budgets should be set aside. Budgets should be seen as a tool to guide your spending habits in order to help create financial stability. Being able to balance your income with your expenses creates a sense of security in being able to plan for upcoming expenses and knowing that your income is sufficient to cover all the costs.

Good practice would be to set a new budget at the beginning of each month. At least for the first year. Thereby, you can build an understanding of your spending habits and adjust your budget to fit your needs and wants.

**It is never too late to start!**



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## NOW, WHERE DO I START ?

**Step 1:** In order to start a budget, you need to **set some financial goals**. Do you want to pay your debts off faster? Do you want to save for a future holiday or big upcoming expense? Or do you simply want to build a safety net for a rainy day? Whatever it may be, write your goal down so that it becomes visible.

**Step 2:** You need to **understand where your money comes from**. What is your monthly net income amount (i.e. your after-tax income or take-home salary).

**Step 3:** Now **understand where the money goes**.

The 50-30-20 principle is a budgeting tool that allocates a certain percentage of your income to specific spending categories. The rule applies the following thought process:

- 50% of your budget is allocated to your needs. These are the items that must be paid every month. Examples include rent / mortgage instalments, water and electricity bills, groceries, medical expenses, insurance, debt repayment instalments, school fees, etc.
- 30% of your budget is allocated to your wants. These are the items you can do without, but would be nice to have. Examples include dining out, going to the movies, buying branded clothing or new jewellery items.
- 20% of your budget is allocated to savings and investments. Often overlooked, this is the most important component of any budget. Examples include a unit trust account, retirement annuity plan, pension fund contributions, investing in the stock market or a money market account. The best approach is to set up a standing debit order to ensure that the money is transferred to your choice of investment / savings plan every month.

**Step 4:** Setting up a budget is one thing, but sticking to it is something entirely different. Make sure that you track your spending every month and compare your actual spending to your initial budget. Where necessary, adjust your budget and align your spending habits with the goals that you have set in your budget plan.





# INSURANCE

## WHAT IS FIA ?

The **Financial Intelligence Act**- and its aim is to introduce measures to protect the Namibian economy against financial crime, such as money laundering and terrorist financing activities also known as KYC (Know Your Client)

## WHAT IS FIA COMPLIANCE?

FIA compliance is referred to as having provided **all the necessary documents** required by the legal department of an Insurance firm being categorized as the following:

### For Personal lines policies:

- ID Copy
- Drivers license
- Marriage certificate ( If applicable)
- Proof of residence
- Vehicle registration documents
- Bank confirmation letter (not older than three months)

### For Commercial policies depending on the type of registration:

- Complete CC Documents/ Founding statement documents/ Business registration documents
- ID copies of all registered members
- Utility bill (Water or electricity account)
- Proof of operating address
- Bank confirmation or stamped bank statement (Not older than 3/three months)
- Vehicle registration documents
- Proxy letter



## WHY IS FIA IMPORTANT:

A policy must be FIA compliant otherwise the insurer will request these documents at claims stage, **delaying the speed at which a claim could be settled.**

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An estate plan is something that everyone should have in place. Whether you only need one estate planning document or all of them will depend on your specific situation. While you may already have one component, such as a last will and testament, it may not be enough to ensure that all of your wishes are followed. A good estate plan consists of many different components, including what happens to your assets and who should act on your behalf if you are unable to. At a bare minimum, there should be two main components: a last will and testament and a durable power of attorney. In addition to these parts, you can add things such as a trust and even medical directions. These are the main components of an estate plan that you should consider, including in your comprehensive plan

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### 1. Last Will and Testament

A last will and testament is a document that you can draft up with an estate attorney. It is a legally binding document that outlines who will receive specific parts of your assets upon your death.

### 2. Power of Attorney

Appointing a power of attorney is key to your estate plan as it is the person that you choose to appoint as your attorney-in-fact. The role of this individual is to act for you when it comes to financial purposes if you ever become unable to make those decisions for yourself.

### 3. Living Trust

A living trust is beneficial because it can be used to manage your estate both before and after your death and can be used to avoid probate for items that would have to go through this process. It is a legal arrangement that is set up between a person, law firm, bank, or an institution and a beneficiary.



## WHEN YOU NEED THE OTHER COMPONENTS

A living will, or other medical directives, should be included in your estate plan if you have very specific instructions for your medical care. If you do not want to be put on life support in a situation that calls for it, then you need to outline this in a living will. Many people feel strongly one way or another in these types of situations, and if you fall into this category, then you should make sure that no chances are taken and that you get your wishes. This is important because if you are unable to make these decisions in the moment for yourself, this legal document will be in place to direct your doctor.



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## WHAT IS CRITICAL ILLNESS / DREAD DISEASE COVER

This cover helps pay for additional medical expenses and lifestyle adjustments.

Surviving a critical illness isn't easy, but with the right cover, you can focus on recovery - instead of the medical bills. Critical illness cover offers financial protection against illnesses such as: heart attack, cancer, stroke, Alzheimer's and Parkinson's. It also covers injuries from accidents such as paraplegia, major burns, and brain damage.

This cover pays out a lump sum amount that you can use to pay for additional medical expenses and lifestyle adjustments.

## FREQUENTLY ASKED QUESTIONS

### Is critical illness cover needed if I have medical aid?

Consider how you will pay for extra costs not covered by your medical aid.

### How much critical illness cover do I need?

Generally, you should get the most cover you can afford.



## UPDATE ON NEW INCOME TAX ACT

Dear Client, please take note of the latest Income Tax Act that has been amended and Gazetted on the 29th of December 2022.

The deduction limit has been increased from N\$40 000 to N\$150 000 per year.

You can now increase your monthly contribution to an approved pension, retirement annuity, provident and educational policy fund registered in Namibia.

Your contribution can be deducted from your tax per annum.



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