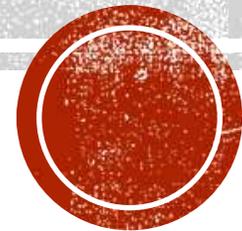


BUILDING YOUR HOUSE

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Gospel Ramah Church
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BUILDING BLUE PRINT

- Proverbs 24:3-4
 - Through **wisdom** a house is **built**,
 - And by **understanding** it is **established**;
 - By **knowledge** the rooms are **filled** With all precious and pleasant riches (KJV)
- Luke 14:28- 30
 - First sit down
 - Count the cost
 - Lay the foundation
 - Build
 - Finish



BUILDING PLAN



Wall Phase

Protection & Vision

- i) Cash reserve: for emergencies & opportunities
- ii) Risk protection for personal & family protection in the event of death, disability or sickness
- iii) Savings for Retirement & Children's education
- iv) Insurance to protect your assets

Foundation Phase

Put God first (Matthew 7:24-27)

Roof Phase

Invest and grow your assets

- Set SMART personal and financial goals
- (**S**pecific, **M**easurable, **A**ttainable, **R**ealistic, **T**ime-bound)

Floor Phase

Budget and cover basic needs
(Matthew 6:24-34)



FINANCIAL PLAN/PORTFOLIO

Present	Medium Term	Future
Sources of Income	Education Planning	Retirement
Savings <ul style="list-style-type: none">• Cash	Investments <ul style="list-style-type: none">• Bonds• Property• Equity	Wills Trusts Estates
Investments <ul style="list-style-type: none">• Bonds• Property• Equity		Policies <ul style="list-style-type: none">• Income protection• Disability cover• Funeral cover• Life cover
Insurance <ul style="list-style-type: none">• Medical Aid• Hospital cover• Vehicle insurance		



BUDGETING

- Priorities: deal with the needs first
- $\text{Income} > \text{Expenditure} = \text{Surplus}$
- $\text{Income} < \text{Expenditure} = \text{Deficit (Debt)}$
- Adjustments you can make;
 - Income  Expenses 
 - Income  Expenses 
 - Income  Expenses 



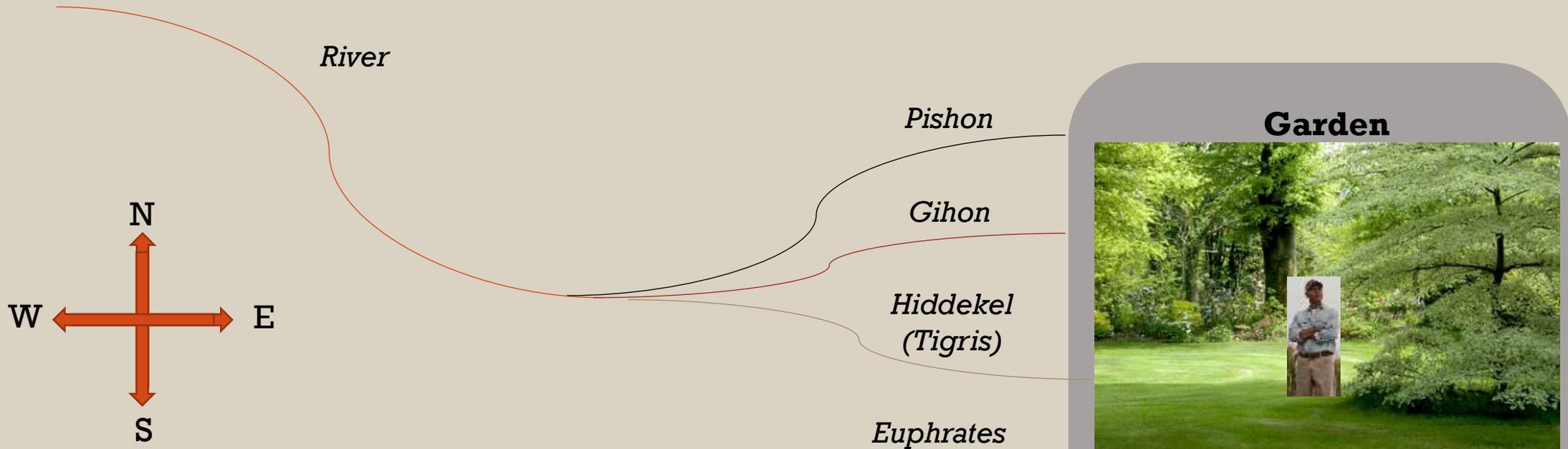
INCOME

- Set up structures
 - 2 Kings 3: 16-17 And he said, “Thus says the LORD: ‘Make this valley full of ditches.’ For thus says the LORD: ‘You shall not see wind, nor shall you see rain; yet that valley shall be filled with water, so that you, your cattle, and your animals may drink.
- Increasing income
 - Developing skills
 - Specialisation
- Income streams
 - Four rivers (minimum 4 income streams)
- Gift as seed capital
 - Develop gift (cultivate)
 - Creativity
- Save and invest with aim to build asset base



ONE SOURCE-MULTIPLE INCOME STREAMS

EDEN



Now the LORD God had planted a garden in the east, in Eden; and there he put the man he had formed... A river flows out of Eden to water the garden and from there divides into four rivers. The first is named Pishon; it flows through Havilah where there is gold. The gold of this land is good. The land is also known for a sweet-scented resin and the onyx stone. The second river is named Gihon; it flows through the land of Cush. The third river is named Hiddekel and flows east of Assyria. The fourth river is the Euphrates. (Genesis 2:8,10-14)



GOD BLESSES YOU TO BE A BLESSING

“Command those who are rich in this present world not to be arrogant nor to put their hope in wealth, which is so uncertain, but to put their hope in God, who richly provides us with everything for our enjoyment. Command them to **do good**, to **be rich in good deeds**, and to **be generous** and **willing to share**. In this way they will lay up treasure for themselves as a firm foundation for the coming age, so that they may take hold of the life that is truly life.” (1 Timothy 6:17-19)



“A generous person will prosper; whoever refreshes others will be refreshed” (Proverbs 11:25)

The Dead Sea has extreme levels of salinity (salt content) because water flows in (income) but there is no outflow (giving). It is of no use to accumulate a lot for your own satisfaction, God blesses you to be a blessing (Genesis 12:2)



EXPENDITURE

- Rent
 - Consider the space you need
 - Try stay close to work
 - Rule of thumb: rent must not be $>$ a third of your gross income
 - Start saving for rental increase and put it aside
 - To prepare for property purchase budget your rent as being more than current and set aside the money
- Bond
 - Have a significant deposit
 - Consider additional monthly instalments to reduce interest and term (time)
 - If interest rates decrease contact your lender and ask them to maintain the instalment
 - deposit your savings into your bond, you are in effect receiving the interest rate the bank charges you
 - If you have good track record in making their bond repayments in full on time contact bank to negotiate a better interest rate
 - Consider switching from one institution to another to obtain a lower rate (if switching costs are $<$ saving you will get)
- Grocery
 - Utilise the various loyalty programs to your advantage
 - Fruit & Veg
 - buy in season, buy fresh, consider bulk buying (combos etc)
 - Meat
 - buy at butchery, buying in bulk,
 - Get in a small deep chest freezer



EXPENDITURE (CONTD...)

- **Electricity**
 - Monitor usage to gauge monthly spend
 - Buy the units at the beginning of the month
 - Consider switching off geyser and on few hours
- **Savings**
 - Budget to set aside a certain portion of your funds in different categories
 - Miscellaneous- any expenses which come up needing readily accessible funds
 - Emergency fund/rainy day (burst geyser, car repair, unplanned travel etc)
 - See bond and rent
- **Debt: pay off your debts with urgency starting with high interest ones**
 - Consider debt consolidation
 - You could also negotiate better terms with your creditor
- **Investments**
 - Plan for these in advance before spending on other things
 - Set up debit orders for your unit trusts, ETFs etc
- **Vehicle**
 - Select model based on affordability, don't over extend yourself
 - If you are over extended, consider downgrading- overlook what people might say
- **Vehicle insurance**
 - shop around for best deals
 - ask what premium will be for different excess amounts



EXPENDITURE (CONTD...)

- Education
 - If you have studies you want to do, start putting aside the money
 - Set aside fees for your children in advance
- Smartphones
 - Set your apps to update where there is WiFi
 - Turn off background data
 - Buy bundles and don't get into out of bundle rate territory
 - Tailor make your package to suit your needs
 - Don't rush to 'upgrade' to latest model,
 - If you want a new release wait for 4 or so months before getting
- Entertainment
 - Plan things in advance
 - Consider doing activities which are not expensive
 - You could also do free things i.e. hiking, park, beach
 - Consider streaming videos instead of expensive cable TV subscription
- Clothes
 - buy counter seasonal i.e. winter clothes/shoes as we get into summer- capitalise on the sales
- Loyalty programs
 - Try using a few which cover multiple things, and actually use these discounts/rewards



MANAGING YOUR CASH FLOWS

- Establish conduits which ensure you stick to allocations in the budget
 - Separate bank accounts
 - Set up debit orders
 - Envelope system (bearing security in mind)
- Consider withdrawing cash for some transactions
- Don't always move around with your bank card
- Even if you have an overdraft facility, choose not to use this
- Make sure you exercise discipline, once you use up allocation do not step into another pot unless you are prepared to reduce the other allocation
- Consult financial doctors (coaches and advisers) the same way you would consult medical doctors
 - Prevention is better than cure



INVESTMENT KEY POINTS

- **Diversification**
 - Don't put all your eggs in one basket
 - "In the morning sow your seed, and at evening withhold not your hand, for you do not know which will prosper, this or that, or whether both alike will be good." (Ecclesiastes 11:6)
- **Rate of return**
- **Real return**
- **Risk profile**
 - Cast your bread upon the waters, for you will find it after many days. Give a portion to seven, or even to eight, for you know not what disaster may happen on earth. (Ecclesiastes 11:1-2)

Major Asset Classes	Return	Platforms
Cash	Interest	Money Market
Bonds	Coupon, Capital repayment	Bond Exchange
Property	Rent, Capital growth	Property Market
Equity	Dividends, capital growth	JSE, SATRIX, Unit Trusts



INVESTMENT DUE DILIGENCE

1. How can I lose money with this investment?
 - Risk Analysis: company specific, industry specific, investment style, market risk
 - Enables you to know how to manage risk
2. How will this investment help me achieve my personal and portfolio objectives?
 - Maximise profit with minimum risk: Diversified portfolio of non-correlated, risk managed assets
 - Achieve objective in a way which honours your personal values, skills & interests
 - Active or passive involvement
3. What's my exit strategy?
 - Times change, market conditions change and your objectives change...make room for growth
 - Know in advance so there is no confusion or hesitation when time comes to exit
4. How does this investment make business sense?
 - Earnings, valuation and return on investment (ROI) must align with the competitive advantage and barriers to entry which the underlying business possesses
 - Your investment represents a claim on either the assets of the underlying business
 - Learn by asking questions and listening, if it sounds too good to be true- it probably is not true
5. How does this investment affect the risk profile and mathematical expectancy of my portfolio?
 - Never add an investment to your portfolio unless it either lowers your portfolio's risk or raises its returns



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