



The secret to success in personal finance is to think of yourself more as a business owner and less like an employee.

Applying key business management thinking to how you manage your money can make financial fitness a reality in 2021. Pat Magadla, Senior Business Development Manager at Old Mutual Investment Group, shares four tips on how to be the boss of your money this year.

## HOW WELL ARE YOU RUNNING THE BUSINESS OF YOU?

Most people understand the principles of small business management, like the importance of generating a profit. But if you view yourself and your finances as a company, is your business running successfully?

### STEP 01



Write down your income and minus all your monthly expenses to confirm whether you're profitable. In other words, do you have any money left over at the end of the month?

## BALANCE YOUR BOOKS

To increase your profit, you need to cut back on unnecessary expenses and find opportunities (like working extra hours or starting a side hustle) to increase your income. You also need to plan your expenditure so that you don't overspend or misspend.

### STEP 02



Looking at the expenses listed, create a budget for next month. Use this opportunity to identify opportunities to save money. Also think about ways to increase your income, like writing down 3 simple ideas to make extra money.

## TRACK YOUR SPENDING

Small business owners understand the need to keep an eye on overheads, meaning it's important that you keep track of your spending. In fact, we should all be checking our current account as often as we check our social media!

### STEP 03



To track your spending, consider downloading a budget tracking app that can help you monitor your progress. A good one to consider is 22seven.



## OWN UP TO YOUR FINANCIAL TRUTH

When it comes to finances, business owners understand the difference between good debt and bad debt and how to manage them wisely. Good debt helps your overall wealth to increase, while bad debt (such as credit and store cards), is usually used on things that quickly lose their value and doesn't generate a long-term income.

### STEP 04



List all your good and bad debt, including the interest rate, minimum repayment and total value of each. Take time to research the best way to pay off bad debt as quickly as possible (for example the snowballing technique) by using the savings you identified in your budget.