***Thumbs up:** The City Manager and Executive Directors set the lead and clock in and out with the new system.*

Make sure you clock in

In 2004 the City adopted a time and attendance clocking system, to comply with the legal requirements for recording employees' attendance on a daily basis.

That manual system was cumbersome, was not particularly reliable, and led to unrecorded and unaccounted absences. To improve the way that the City records staff attendance, a simpler and more reliable electronic system is being introduced.

This system is easy to use, as all it requires is for each staff member to place their finger on an electronic fingertip scanner when they arrive and when they leave.

The 'Stay in Touch' electronic system was piloted in Fire Services in 2006 and is now being rolled out across the City. It should be in place at most City workplaces by the first half of the next financial year.

This starts at the top

The City Manager, Echmat Ebrahim, noted that this system is important and very necessary to the City, as it seeks to:

- put an end to wastages that result from unrecorded and unaccounted absences;
- boost the morale of the committed employees who have to fill in for absent employees; and
- create a culture where all staffers are committed to excellent and sustainable service delivery.

The 'Stay in Touch' system does rely on the commitment of every staffer, and the City Manager and Executive Directors lead by example – they all clock in and out.

"This process starts at the top. I call on all of you to co-operate and use the electronic clocking system," he says.

"It is expected of all line managers at all levels to ensure that your employees comply fully with these requirements as this is part of resource management."

"The system is safe and your privacy is assured. Firstly, the City cannot and will not pass your fingerprint information on to any other organisation.

"Secondly, when your fingerprint is first recorded it is converted into a mathmatical algorithm and is not stored as a picture or 'fingerprint'. These algorithms are only used by the clocking system and cannot be reconstructed or used elsewhere," he said.

Puzzle solutions (for page 24)

The Sudoku solution and the 19 words in the WordSearch puzzle

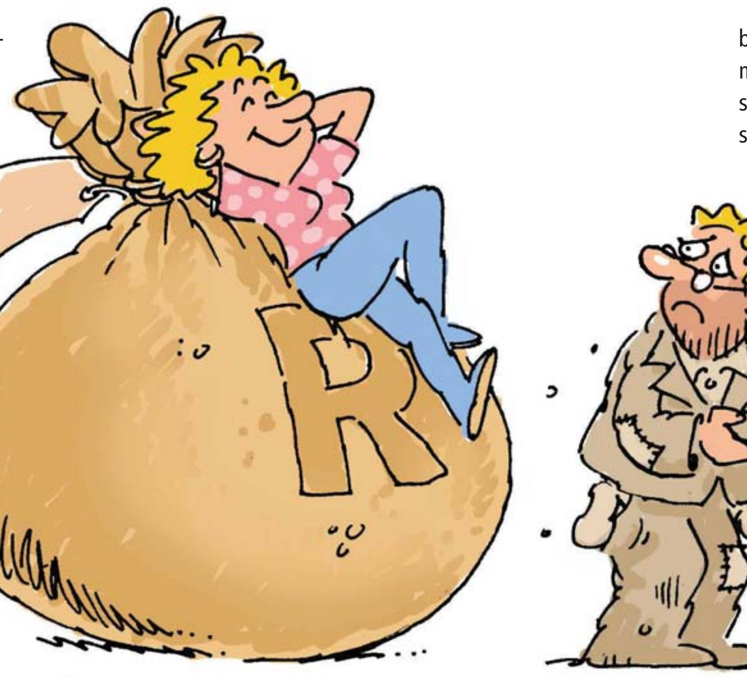
9	4	1	5	7	6	3	8	2
7	5	8	1	2	3	4	9	6
2	3	6	4	9	8	1	7	5
8	1	9	6	4	7	5	2	3
3	6	4	9	5	2	7	1	8
5	7	2	8	3	1	9	6	4
4	8	3	7	6	9	2	5	1
6	9	5	2	1	4	8	3	7
1	2	7	3	8	5	6	4	9

GAS, CAPE, CITY, DAMS, SING,
SWIM, TOMS, ACHMAT,
EMPLOYEE, UTILITY, ARENDSE,
CONTACT, COUNCIL, HOUSING,
MANSOOR, MOHAMED,
CONFERENCE, GUGULETHU,
ORCHESTRA

RANDS & SENSE

Want to retire comfortably? Then you need to learn to save. It takes some self-discipline, and that starts with setting a monthly budget – and then paying yourself first.

Saving is difficult, but you *can* do it



Saving money seems like an impossible task for most South Africans today. In fact recent surveys show that more than half of SA citizens do not save or invest at all!

This is not surprising given the tough economic environment we all find ourselves in. With inflation reaching nearly 10% and interest rates on an upward spiral it is difficult enough to make ends meet, let alone find money to save!

However, if you take your future financial security seriously and you are prepared to work with a monthly budget then saving (and its associated benefits) can be a reality.

Many people don't save because they just don't see the benefits of saving.

One huge benefit is that if you have saved for retirement, you can retire comfortably. Another benefit of savings is that you don't have to resort to expensive credit if you are confronted with an unexpected bill. A savings habit also creates wealth over time!

Let's first look at how you can save and then discuss what to do with your savings.

Retirement savings

The general guideline for retirement savings is that you need to save 15% of your total income for at least 30 years so that you can comfortably retire. The 15% is a combination of your employer's contribution to your retirement fund as well as your contribution to your retirement fund.

The 15% also includes any other retirement investments you have made. Do not be tempted to cash in your retirement investments when you change jobs because it will be very difficult to make up that lost investment. Seek help from a trusted, professional financial adviser if you are uncertain about your retirement savings.

Short- to medium-term savings

Once you have ensured your retirement savings are adequate you should look at savings for the short and medium term (these are non-retirement savings).

Unless you can identify ways to earn additional income on a regular basis, then your savings will come from reduced expenses.

The only way to reduce expenses (and generate savings) is to know your monthly spending habits. It may take a month or two to identify all the expenses and you should keep a record of your expenses no matter how small.

Once you have a good idea of what your expenses are, you need to split them into *fixed* and *variable* expenses. Fixed expenses are costs that you have no control over such as school fees, property taxes and bond repayments.

Variable expenses are costs that you can control such as clothing, entertainment, groceries and travel. Identify some realistic reductions in your variable costs and write this down as your monthly spending target (or budget).

At the end of the month (after you have recorded all your expenses), compare the actual expense to your target/budget. Write down the savings and give yourself a huge pat on the back!

> "Split your expenses into fixed and variable expenses. *Fixed* expenses are costs that you have no control over, such as school fees, property taxes and bond repayments. *Variable* expenses are costs that you *can* control, such as clothing, entertainment, groceries and travel. Then, identify some realistic reductions in your variable expenses…"

If you have not been able to save in the past then set yourself realistic savings targets. Your first objective is to spend less then you earn and gradually build up to saving 10% of your salary. Don't start off by trying to save the recommended 10% of your income.

Start off by spending less than you earn, then try to save 1% of your income. If you earn R5 000 per month then start off by trying to save 1% of your salary which would be R50. Once you have achieved that saving for a few months then increase the saving target gradually until you reach the ideal saving ratio of 10% of your salary.

Pay yourself first

Don't forget the "Pay yourself first" principle! This means that the first person you pay when you receive your salary is yourself. If your savings target is R50 on your R5 000 salary, then the first thing that happens on payday is that R50 is deducted and applied to savings.

If you don't pay yourself first and wait until the end of the month then the chances are that you will have spent the R50 and you don't have any savings!

So now you have paid yourself first and are building up a savings pot. What do you do with the savings?

If you have any debt other than a mortgage bond on a property, then you should use your monthly savings to reduce your credit card, store card, personal loan, overdraft, car loan, student loan, etc.

Pay more than the minimum required instalment on the debt with the highest interest rate and keep this up until all this short-term debt is eliminated. The faster you pay this off, the sooner you can start saving.

Once you have eliminated your short-term debt you can now invest your savings and start creating wealth for yourself! Some of your monthly savings can be used to pay a little extra into your bond and some monthly savings can be invested to achieve a financial goal you have set yourself.

It's amazing how quickly your savings pot grows over time once you get into a savings habit. If you invest just R50 per month for five years at 10% p.a. you will have invested R3 000 and will get back R3 900!

Some savings schemes

There are two savings initiatives that are worth discussing with your financial adviser – Fundisa and Government Retail Bonds.

Fundisa is an educational savings unit trust that not only generates interest but also pays you a 25% bonus on the money you have invested. The bonus is limited to R600 and the savings must be used for educational purposes but this is a great way to build up educational savings. The minimum investment is just R40.

Ask for details at your bank or local post office or go to www.fundisa.org.za.

The other savings initiative is sponsored by the National Government. For as little as R1 000 you can invest in Government Retail Bonds. The great thing about this investment is that there are *no fees* and you can choose an inflation-linked savings plan.

For example, at the moment with inflation at over 10%, you will get an interest rate of 10% *plus* a additonal 3,25% if you invest for three years. Further details are available from the Post Office or www.rsaretailbonds.co.za or phone 012 315 5888.

Remember, only invest on the advice of a trusted, professional financial adviser. Never invest in a scheme that sounds too good to be true – the chances are that will be the case.

You've earned it

Don't forget to use some of your monthly savings to spoil yourself!

Once you have eliminated short-term debt and are saving some of your hard-earned money then you are entitled to spoil yourself every now and again.

The Six Step Savings summary

1. Save at least 15% of your income toward retirement
2. Keep a record of monthly expenses and compare to budget
3. Aim to save a further 10% of income
4. Pay yourself first
5. Use savings to reduce short-term debt
6. Invest savings if you have no short-term debt.

Sit back and watch your dreams come true!

The earlier you start, the better

Of course, the earlier you start saving the better. The following example of twins Jane and John illustrates this point.

- Jane starts saving R100 per month at 10% interest per year when she is 22.
- She stops saving after eight years when she is 30 years old.
- Her total investment of R9 600 has grown to R14 500 and now she just leaves it to grow!
- Jane's twin brother, John only starts saving R100 per month eight years later, when he is 30.
- John is disappointed to learn that even if he saves R100 per month for the rest of his life, the value of his investment will never be as big as Jane's investment.
- The reason for this is that after eight years, Jane's investment is already generating monthly interest of R122 (which she is re-investing) and this is more than the R100 per month that John is saving!

• Rands & Sense is written by Paul Barnard of North Star Solutions, specialists in financial education who run workshops to help people acquire money management skills.