

## **Make your bonus really count**

Getting a bonus or “13th cheque” at this time of year (or a tax refund from SARS) may make you feel like a lottery winner, but if you want to *stay* in the pound seats, you’re going to have to resist the temptation to go on a holiday spending spree.

Instead, consider the following alternatives for balancing your budget, and/ or improving the value of your home:

- Reduce your debt. Total up the interest you paid on credit cards and store cards this past year and see how much you could save over the next 12 months by using your bonus to reduce - or even eliminate - the balances due. Then restrict use of the cards to emergencies.
- Try to set part of your bonus aside for home maintenance and repairs. This will help you meet home ownership costs in the next 12 months without wrecking your household budget.
- Reduce the capital portion of your homeloan. If you pay R10 000 off a R1m home loan this December, you will cut a whole six months off your 20-year repayment period and, at the current home loan interest rate of 9,25%, save more than R52 000 worth of interest. Reducing your loan also helps create a “cushion” against interest rate increases, and gives you room to manoeuvre if you need to borrow against your home in future, to pay university fees, for example.
- Increase your home’s “curb appeal”. You may not be planning to sell right away, but using additional income now to improve the exterior appearance, the security measures or the garden at today’s prices could translate into significant savings – and a quicker sale - when you do decide to put your home on the market.
- Start making your home improvement dreams a reality. If your budget is free of high-interest debt and you’ve set aside money for regular maintenance and emergency repairs, it may be time to think seriously about that sunroom you’ve always wanted, or the remodelled kitchen you keep promising yourself. Get some estimates of what your pet project will cost, set a time goal and start saving determinedly so you can pay cash for it.

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