

## **Auditing your inner politician**

Recent media attention has been focused on the spending habits of our politicians and public servants. Calls from the left for lifestyle audits on prominent members of the ruling elite prompted me to draw comparisons on the parallels between current events on a public level to the day-to-day financial lives of the individual citizen.

Within the political world, a candidate will appeal to the voters within the area they are campaigning, essentially making a promise to those who vote for them to carry out the elected mandate to the best of their ability with the resources available. As seen now and throughout history; elected officials are susceptible to greed, more often than not, utilising their new found status for personal gain and profiteering.

How is this applicable to the individual citizen who has no dreams of public service?

Well, imagine yourself as an elected public servant, with your wealth and earning potential as your resources and your lifestyle goals as the promises made to your trusting electorate. Then you need to ask yourself one question; are you fulfilling your elected mandate or are you holding your voters to ransom through your behaviour? Just as the left side of the political divide likes to scrutinise the opulence of some in public service, so should you scrutinise your inner politician.

This is where financial planning has its role to play. Financial planning, however, has been a catch phrase that has been used as a mask for a variety of skills and services offered by the industry. It has been misinterpreted, miscommunicated and therefore misunderstood by both the consumer and those within the industry; making the services and title of a financial planner a confusing conundrum of products, skills and services.

While it is imperative for a financial planner to be qualified to understand and interpret the underlying laws, principles and products required for a legitimate, well founded financial plan, one of the most valuable services a planner should offer is a partnership in implementing your financial plan.

You need to make a contract with yourself to enforce the wishes of your voters (goals and objectives) and partner with a financial planner who can assist you in fulfilling your elected mandate.

Your planner should take you through the following process to assist you in your pursuit:

### **Defining your goals**

Before promising the world to their voters, elected officials should understand the problems and priorities of their citizens. Empty promises have, after all, been the downfall of many a politician.

Traditionally goals have been how much you wish to have in retirement, death and disability. While these are important aspects of financial planning they are by no means the be-all and end-all of a good financial plan.

- *Prioritise what is important to you*

Your goals should reflect the lifestyle you wish to lead both now and in the future. No single person is the same and as such no financial plan should be. To define your goals you need to prioritise what is

important to you. Between career professionals, stay at home parents and retirees, each individual will have equally individual priorities. Some consider free time to spend with family as their most important asset while others might consider their car or holiday home as their most important asset.

The first step to defining your goals is realising what your priorities are. This will determine what defines you and will be the guiding principles of your financial plan.

### **Developing your spend**

Accurate and efficient utilisation of public resources is paramount to fulfilling any elected mandate. Understanding how best to utilise the resources at hand is the first step to efficiently managing them.

Once you acknowledge your priorities and have defined your broad planning goals, it is necessary to look at your resources and plan them accordingly. Understanding the source of your income and your expenses is paramount to being able to control them. Ideally your spending habits should be congruent with those needed to achieve your goals. In order to develop a budget you need to sit down with your planner and go through various scenarios with regard to how you control your resources. Realising how different scenarios play-out will give you a better picture of the budget that you will need to implement in order to align your spend with your goals.

### **Adjusting your lifestyle**

Efficient utilisation of public resources can result in a need to reorganise and reconfigure various government departments, arranging their separate functions according to a single holistic strategy.

The process of developing and agreeing on a budget can be a lengthy process that may, for example, mean downgrading on certain luxuries to divert resources to more important priorities according to your goals. Fostering discipline in your spending habits and adjusting your lifestyle in terms of your spending behaviour and the assets you own will mean you are living according to your lifestyle goals, and not being held hostage by reckless spending habits and unimportant assets.

### **Making it happen**

Fulfilling any mandate requires constant attention, being made accountable to the public means partnering with experts who understand how to complete whatever task has been set.

This means partnering with a financial planner who will assist you in keeping you on track on an on-going basis. This partnership entails you auditing **your** lifestyle to make sure it remains consistent with the lifestyle goals you have prioritised, as well as your financial planner making sure that the details of your broader financial plan has the correct mechanics to assist you on your journey.

Implementation and execution of a lifestyle financial plan is not only reliant on fund managers, investment products and the right risk cover. These and other technical topics should be addressed by a Certified Financial Planner. But to give your goals a fighting chance to be realised, you need to put your money where your mouth is and live your plan.

As with lifestyle audits designed to keep our public servants honest and accountable, so should every individual citizen conduct an audit on their own lives to make sure that promises made are promises kept.



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