

KT For Good: Take control of your money in UAE

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Better budgeting allows one to create a spending plan.

Dave Ramsey, an American author and financial expert, once said: "You must gain control over your money, or the lack of it will forever control you."

It's true. One cannot underestimate the importance of money management for a stress-free life. A majority of important milestones in our life – whether it is buying the first car, first house, attending the convocation of our children, starting our own venture, retiring peacefully knowing we have enough to sustain ourselves – have one thing in common: The need for money.

Planning every dirham that we earn, having a control over every fil that makes its way in and out of our wallets, is important. The abundance of lack of it dictates whether our plans will be realised or not.

K V Shamsudheen, founder director of Barjeel Geojit and a life-long financial campaigner in the UAE, puts it succinctly. "You will not get love and affection from your own families if you cannot manage your money well."

He recommends saving at least a quarter of the monthly income. "Whatever your income may be, every individual must save at least 25 per cent of the earning from monthly income, and it must be invested systematically."

Saving is an attitude, he argues. "We must realise that no one can save after the spending. If a person decides to save for the future, he must save first and then spend. Better approach would be to deduct the amount to be saved first, and consider the rest as your salary. For example, if a person earns Dh5,000 monthly, he or she must save Dh1,250 first, and then budget the rest Dh3,750."

Better budgeting allows one to create a spending plan. It gives clarity to plans and helps in ensuring that you will always have enough money for the things you need and the things that are important to us.

Moreover, time is of essence when managing money, and especially when you are planning to save for long-term goals. You have to save less every month if you start early. Consider this: Dh1,000 invested at the age of 20 would grow into Dh5,840 by the time you turn 65. However, if you start late and invest Dh1,000, say at the age of 35, by the time you turn 65, you will just have Dh3,240.

"Start small if you wish, but start now. Saving and investing is like preparing for a marathon, you don't start running a 10k race from the beginning. You start your practice with shorter daily runs and gradually build up your stamina. Investing is the same. Start small, start now, and build your stamina," suggests Paul Callaghan, a financial adviser with Arlo Wealth.

Most of the people worldwide do not start investing for retirement early for the lack of understanding of the options available. "The UAE offers a range of options for investment. From here, investors can access a vast pool of resources and markets.

We should make good of this opportunity while we are here," advises Damodhar Mata, a Dubai-based financial planner. Making your money work as hard as you do is simpler than you think. If you are not sure how to start investing, seek guidance and consult a financial advisor.

A lot of us are sure to experience redundancy at least once in a lifetime. Having a good financial plan in place can help, suggest experts. "For a person who has lost his job, it is important to first create a laundry list of all financial commitments and prioritise what needs to be paid first, ideally highest cost debt to be eliminated first. Look at liquidating assets to support the payments and avoid taking more debt to deal with the situation. A payment holiday request could also be explored in certain cases," says Vishal Dhawan, a financial planner offering services in India and the UAE.

"Don't get bog down by the debt problems. Think through, explore options of consolidation, and reach out for help through lawyers and experts," suggests Barney Almazar, director at the corporate-commercial department of Gulf Law.

The response to our campaign has been heartening. We had over 66,160 page views for all our articles posted online. Through our social media, we reached out to over 514,400, and engaged with more than 21,160 users on the Internet. Many wrote to us, too.

People reached out to us sharing their success stories and queries when facing debt and credit card problems. We hope to keep this conversation going.