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New year resolutions and financial procrastination

Is procrastination a major problem for you? If it is a challenge for you, resolve to tackle it head-on in 2021 as one of your key New Year Resolutions. Procrastination can have many negative consequences. Deadlines are missed, opportunities are wasted, work is rushed with the attendant fall in quality standards, impressions are created, as you consistently arrive late at important meetings and events, as you didn't leave home in time, but blame the traffic or the weather instead.

Many people procrastinate to a degree, but if your case is a chronic one, it must be addressed swiftly or it will have significant implications for your future. The costs of procrastination are substantial in every aspect of life, but when it relates to delaying or putting off important decisions related to your personal finances and investments, the damage to your financial future can be excruciating. The financial cost of procrastination has effects on your emotional and mental health.

Are you still planning to insure your property or write a will? Are you waiting until your 50th birthday before you get around to saving and investing for your retirement? Do you routinely submit your tax returns late and end up having to pay penalties and late fines? Is budgeting something you have thought about but never really practiced? If you don't control your spending now, you will soon be wondering where all your money went.

Consider these cases of procrastination; they graphically illustrate the consequences and why we cannot afford to delay things any longer.

I plan to insure my

home:

Owning property is one of the most fulfilling investments particularly when it is your own home. It took the Abayomis eight years to build their house at Isolo. They saved every penny that they had and denied themselves so much so they could achieve this major financial goal. They finally completed it and moved in just before Christmas 2019 and enjoyed a lavish opening with friends and family. They had spent close to N45,000,000 over the period building literally one brick at a time with direct labor.

Building and contents insurance was one thing they planned to do but never got round to it. One day, there was a power surge caused by a damaged transformer at the end of their street and all the appliances in the house blew. The air-conditioner in their bedroom caught fire; fortunately, they escaped with their lives, but the top floor of their home was completely gutted before the fire brigade arrived. They have no additional resources to rebuild their home for now and have since moved in with family members at Ikorodu, until they can find a place to live.

I will start to save and invest:

Mercy Thomas is 49

years old. She has worked her way up the ladder at TCP Bank for fifteen years and earns N570,000 a month after all deductions. Mercy's present lifestyle has been her priority and she spends over half of her annual income on her rent in Lekki. She is still paying off the loan for a car she really can't afford, and enjoys expensive clothes, accessories and holidays.

Mercy never got married; she is totally responsible for her financial life and has to support her aging parents as well. She literally lives from month to month and has little saved for her retirement apart from what is in her Retirement Savings Account. The recession has caused TCP Bank to lay off staff and Mercy has just learned that her name is on the list. She will be paid 2 months' salary in severance pay, but with her rent due this month she really is in dire straights. Mercy has no savings at all, not even an emergency fund to tide her over for six months whilst she reviews her options and looks for another job in an already challenged labour market.

I will tidy up my affairs:

Chief Peters was 78 years old when he suffered a fatal heart attack. He had built substantial

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assets over many years and intended to tidy up his affairs with a will and a trust but he never got round to it. He had several millions of naira in stock, still in certificate form that he hadn't dematerialized; these were in a large suitcase in his bedroom. Some of his properties had no documentation. Chief Peters had nine children from three wives who did not get along. He had also made verbal promises to extended family members who came to make claims.

What ensued was a monumental family feud as assets were stripped and sold. His children ended up in court for several years, fighting over what would happen to any remaining assets. Chief Peter's inertia cost him the

dignity of a proud legacy and left a long-term family feud in his wake.

Our lives are shaped by many different life events, most of which come with financial consequences that must be planned for. By not planning in advance, by not saving and investing today for a more prosperous tomorrow, by not protecting your assets, by not planning for your legacy, you jeopardize all that you have spent a lifetime building.

Procrastination can be a chronic habit, so deeply engrained that you can't break it overnight. It can only stop being a habit when you take active steps to beat it. Here are some tips that should help:

Write down your goals and work towards them

systematically.

Break down tasks to reduce any sense of feeling overwhelmed.

Start each day with a list and include at least one of the items that you have been avoiding; eat the biggest frog first.

Delegate. Can someone help you complete the task? Paying for that service may be a better option than delaying things further.

Find an accountability partner to support you and that will hold you to your plans.

Once you start to enjoy an accomplishment or two, you will be motivated to do more. Focus on the success you have achieved, reward yourself, and enjoy that freedom from the burden.

Be proactive about combating financial procrastination; it is one of the worst kinds as its consequences can be devastating. Unnecessary delays come with serious risk you cannot afford. Get things done.

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Nimi Akinkugbe has extensive experience in private wealth management. She seeks to empower people regarding their finances and offers frank, practical insights to create a greater awareness and understanding of personal finance.

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