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Financial independence is defined as ***"having sufficient personal wealth to live, without having to actively work for basic necessities"*** and there are a number of definitions (shaped by different views) that define financial independence. So, is it possible and practical to achieve financial independence? Yes is possible however this is not a simple process, due to over indebtedness, lack of basic personal finance skills and a low to nonexistent saving and investing culture. Is financial independence a state of mind or money? This may be debated however the truth of the matter is that more money does not necessarily translate to instant financial independence. What is important though is working on and conditioning the mind correctly i.e. working from a position of contentment around money matters and this goes a long way in the path towards financial independence. It is therefore critical to make every effort towards achieving financial independence because this will mean a better approach towards handling and dealing with personal money matters.

From the definition stated above two things that constantly have to be in mind and are clear, firstly that living expenses need to be catered for on an ongoing basis and secondly these expenses have to be funded and the big question being how these expenses are funded. Sufficient in the context of the definition means just that, the capacity to generate a certain level of income will determine the sort of lifestyle that should be led. Employment is a common and probably the largest source of income, so why is that more employees are not financially independent? They could and should be financially independent however due to various challenges it is not possible. The fact that employment provides a large portion of income also presents an opportunity for employees to access debt which if not monitored correctly leads to problems. Debt is the biggest threat in realising financial independence and a general concern is that in more serious cases debt tends to be used to fund living expenses.

It is definitely possible to have sufficient personal wealth and this starts with the discipline of spending less than earnings and applying the habit of saving and investing. A certain level of discipline is required to reach financial independence. Sufficient speaks to having the discipline to commit resources to needs and less to wants as you build towards that goal.

Working towards achieving financial independence is another way that helps people not heavily rely on employment, where in current times the economic environment rapidly changing may call for employers to lay off employees. Working towards realising financial independence will ensure that employees are cushioned whatever the situation, should employment have to end in any particular way. As stated by the definition, at some point you want to be passive and not actively working in order to cover basic necessities. This could be achieved by building of personal portfolios made up of a combination of good assets. Ideally these would be assets that have an ability to give monthly income such as interest bearing investments, and shares that provide both growth and pay regular dividends. Such investments would be fixed deposits, call accounts, money market funds, shares and property investments.

Financial independence is a process and not an event. It is a lifestyle and requires that certain habits are practiced on an ongoing basis and improved on always. Basically there has to be an overall plan and deliberate intention to achieve financial independence. It is also important to develop and practice simple budgeting at a personal finance level. A long term outlook should always be in mind and avoid quick wins in the name of financial independence and by making the appropriate savings and investment decisions, have a long term outlook at all times.

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Key Market Indicators

Inflation[1]	6.7%
Interest Rate (Bank Rate)[1]	7.25%
Prime Rate[2]	10.75%

1. Source: Central Bank of Swaziland
2. Source: FNB, Nedbank, Standard Bank, Swazi Bank, Swaziland Building Society

Glossary

1. Inflation – the general increase in prices and the fall in purchasing value of money.
2. Interest Rate – amount paid by borrowers for use of money borrowed from lenders.
3. Prime Rate – the rate used as a benchmark by banks for lending rates.

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