Media Release
Association for Savings and Investment South Africa (ASISA)
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ASISA announces closure of Fundisa

The Association for Savings and Investment South Africa (ASISA) has announced that the Fundisa education unit trust fund will no longer accept investments from the end of September 2022 with the aim of closing the fund by the end of March 2023 subject to regulatory requirements being met. The Fundisa fund has been closed to new investors since February 2018.

Fundisa is a legacy project launched in 2007 by the former Association of Collective Investments (ACI) in partnership with the Department of Higher Education and Training (DHET) and the National Student Financial Aid Scheme (NSFAS) to help fund the tertiary education of learners from lower-income families. When ASISA was formed in October 2008, the Association assumed the ACI's responsibility for Fundisa.

Leon Campher, CEO of ASISA, explains that Fundisa was launched at a time when funding options for students from lower-income households were limited. To incentivise investors to prioritise investing for a child's tertiary education, the Fundisa fund was designed to include a unique bonus feature in terms of which investments in the fund are enhanced by a bonus payment of up to 25% each year to a maximum of R600 per beneficiary, calculated on the net annual savings. The bonus is, however, dependent on the money being used to pay for education at a public learning institution and is forfeited if the investment is withdrawn for other reasons. The fund applied a household income means test of R180 000 for beneficiaries and accepted minimum investments of only R40.

In 2018 the National Student Financial Aid Scheme (NSFA), offered by the Department of Higher Education and Training, started phasing in fully subsidised bursaries for disadvantaged students from families with an annual household income of R350 000 or less. Also in 2018, the Ikusasa Student Financial Aid Programme (ISFAP) started providing bursaries to students from families with an annual income of R600 000 or less.

Therefore, says Campher, there has been no real incentive since 2018 for investors to save for the education of children from low-income households.

Campher says that the 10 963 investors still investing in Fundisa on behalf of beneficiaries from low-income households are being notified that the fund will close for new contributions at the end of September 2022 once the 2022 bonus allocation period has been completed. The bonus allocation to each qualifying investor will be paid in January 2023.

According to Campher, Fundisa has allocated R48 million in bonus payments to investor accounts since inception. While the annual bonus payments were never guaranteed, ASISA had made a commitment to continue funding annual bonus payments for as long as investors maintained their contributions to the fund. The bonus payments are made from grant money contributed mainly by ASISA members.

"Qualifying investors would have received their share of the 2021 bonus allocations of R1.2 million last month and we are giving them 8 months' notice that the Fundisa fund will be closing for new contributions at the end of September 2022 to ensure that no one is prejudiced," explains Campher.

He adds that investors who continue to make contributions until the end of September will receive their bonus payment for 2022. "While we cannot force investors to use this money for what it was intended, namely to fund a child's education, we hope that people will do the right thing."

The Fundisa Fund is a low-risk interest-bearing unit trust fund of funds administered by STANLIB and previously available from Standard Bank, Nedgroup Investments and Absa. According to Campher, each of these companies are exploring alternative options for investors, which may include:

- Withdrawing the funds; or
- Using the funds to start a new unit trust investment; or
- Switching into another unit trust portfolio already in the Fundisa investor's portfolio.

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Association for Savings and Investment South Africa (ASISA)

ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.