Medium-Term Investment

SAVER WAYA WAYA

ASISA FOUNDATION L+EARN FINANCIAL LITERACY FOR YOUNG ADULTS

Features	Things to Consider
Unit Trust	
Very simply, a Unit Trust is a group of individual investors who pool their money together for the purpose of investment. The money is placed with a unit trust manager whose full-time responsibility is the management of these assets. Unit Trusts are normally invested in a variety of investments such as shares listed on a stock exchange or bonds. Investors share in the fund's gains, losses, income and expenses on a proportional basis.	
Your money is in safe hands, the legal structure has been designed to prevent others from stealing your money. A unit trust spreads your money across many investments. This means that if one investment doesn't work out, you won't lose all your savings.	There are more than 1 000 unit trusts available in the South African market. The account pays small amounts of interest. There are two ways of investing in a Unit Trust: - 1.A lump sum investment e.g. R5 000 2.Regular monthly contributions e.g. R500 per month Minimum amounts are set by the individual unit trust manager. You can lose your money if the investments fail.
Endowment Policy	
An investment where you save regularly and you receive a single pay-out after an agreed time, often a number of years.	
You have to save each month using a debit order on your account. This means you don't have to remember to save. There is sometimes a guaranteed minimum growth rate and a large lump sum available at the end of the agreed time period. You can sometimes use the policy as security for a loan	You do not have immediate access to the money, as you can only access the money at the end of the agreed time period. You are forced to save even if your personal circumstances change, and if you stop the debit order the policy growth may stop.
Tax-Free Savings	
Investments where you do not get taxed on the proceeds (return).	
A tax-free savings account is an effective way to save for your goals. You don't pay tax on the growth on your investment, as well as when the proceeds pay out to you. Your money can grow faster in a tax-free savings account compared to a regular savings account because you don't pay tax on the investment return. Saving in a tax-free savings account gives you flexibility as you don't have to commit to any future contributions. You can withdraw from your investment at any time. Withdrawing funds, however, may prevent you from reaching your savings goals, and will use up part of your lifetime limit for tax-free savings.	You can invest only R36 000 a year in a tax-free savings account, and once the amounts you have invested (without taking growth into account) add up to R500 000, you cannot contribute anymore. It does not matter how much growth you earn on your annual contributions, as long as the amounts you put in do not add up to more than the annual or the lifetime limit.

Continued..