


TYPES OF SAVINGS ACCOUNTS

1. SHORT-TERM SAVING OPTIONS

 **Savings accounts**
This is mainly for saving, but you can also make other transactions. You need only a small amount of money to open a savings account and maintain a minimum balance. Depending on how much money is in the account, interest may be paid and deposited into the savings account.

Notice deposit (fixed deposits and call) accounts

If you want to withdraw from these accounts you first need to inform (give notice) to the bank that you intend to withdraw. The notice period can vary from 7 to 30 days.


Money market accounts

Money market investments are generally investments for a period of less than 12 months. The most common money market investments are bank accounts or unit trust funds.

Stokvel

A group of people who have decided to pool their savings on a regular basis. It might be formal or informal.

2. MEDIUM-TERM INVESTMENT OPTIONS

 **Unit trusts**
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.



Endowment policy

An endowment policy is an investment where you save regularly and you receive a single pay-out after an agreed time, often a number of years.


Tax-Free Savings

Investments where you do not get taxed on the growth of your investment. You can only invest 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 does not add up to more than the annual or the lifetime limit.

RSA retail bonds

Retail Savings Bonds are a savings vehicle available to all individuals who are citizens or permanent residents of the Republic Of South Africa, who are in possession of a valid South African identity number, and who operate bank accounts with financial institutions in the Republic. A minimum of R1 000 (one thousand rand) is required to invest in a retail bond.

3. LONG-TERM INVESTMENT OPTIONS

 **Pension/provident funds and Retirement Annuities (RA)**
A pension or provident fund is an investment that provides a pension when a person retires. A Retirement Annuity is an investment where a person saves regularly to give them an income when they retire.



#GetWageWise tip:

Consult a certified financial planner to get professional advice on the best investment option for you.