

## Media Release

Association for Savings and Investment South Africa (ASISA)

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### Fundisa investors rewarded with R4.8-million bonus to fund education

The Fundisa unit trust fund, an initiative aimed at encouraging low income South Africans to save for their children's higher education, will be distributing a total annual bonus payment of R4.8-million to investors this month. At the end of 2010 investors shared in a bonus payment of R2.8-million, and at the end of 2009 the bonus was R1.2-million.

Peter Dempsey, deputy CEO of the Association for Savings and Investment South Africa (ASISA), says the Fundisa Fund has grown in popularity since its launch at the end of 2007. This year just over 12 000 investors qualified for a bonus payment. These investors are saving for the education of 18 357 beneficiaries.

In addition to the annual bonus payment, each investor also benefits from the 6.65% average return achieved by the Fundisa Fund for the 12 months to the end of November this year.

Dempsey says together with the bonus allocation, this translates to a total return of 31.65% for the year on the first R2 400 invested. While investors can invest more than R2 400 a year, this is the maximum amount that qualifies for the bonus payment, provided no withdrawals are made during the year.

At the end of November this year, assets under management in the Fundisa Fund stood at R56.4-million, an increase of 210% over the R18.2-million at the end of November last year.

### The Fundisa bonus grant

As a result of the bonus grant, investors in the Fundisa Fund have their investment enhanced by 25% every year to a maximum of R600 per learner. So if you save R200 each month for 12 months in the Fundisa Fund, you will see your R2 400 investment grow by R600 to R3 000. Furthermore, the R3 000 will also share in the overall investment return achieved by the fund in the next year.

To ensure that the money saved in the Fundisa Fund is actually used to pay for a child's education, the bonus payment (or a portion of it) falls away if the investment is withdrawn. The bonus payments received can only ever be used to pay for a child's education at a Government recognized institution. Investors can, however, withdraw the savings arising from their contributions together with the normal returns on that capital at any time.

### Why Fundisa?

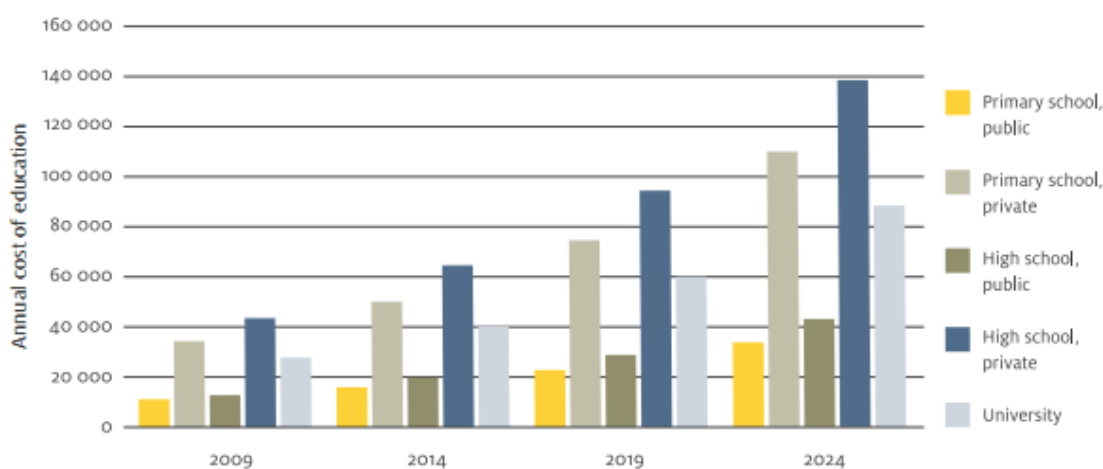
Dempsey explains that the Fundisa Fund was launched four years ago to provide low income South Africans with a suitable investment vehicle to save for their children's tertiary education. The Fund is also designed to accommodate high-income earners who want to provide for a disadvantaged child and for employers who would like to offer Fundisa as an employee benefit.

Saving to fund the education of grown children beyond school is a long-term commitment, says Dempsey. He adds that given the poor savings track record of South Africans, the bonus was added as an incentive to encourage parents to save for their children's higher education.

“The biggest problem is the fact that many parents do not consider the costs of tertiary education until the child is ready to leave school. Once faced with the high costs, parents realise that they cannot afford to pay for this education and as a result many talented young people have to forego further education that could have been attainable had the parents started saving early enough.”

The graph below shows the future cost of education and serves as a reminder as to why it is so important to start saving early.

### Expected annual future cost of education



Assuming an education inflation rate of 8% p.a.

Source: Liberty Investments

This graph is for illustrative purposes only.

“Unfortunately many South Africans do not understand the power of compounding whereby your initial investment together with the growth achieved keeps growing every year, even if you do not add another cent. Therefore, far more important than the amount invested each month is how early you start investing.”

Dempsey says a parent who started investing R200 a month four years ago when Fundisa was launched, would have saved a total of R9 600. Together with the returns and bonus payments this amount would have grown to just over R14 000 by the end of November this year.

### What is Fundisa?

The Fundisa Fund is a low-risk fixed interest income unit trust fund of funds administered by STANLIB. The underlying portfolios, which in turn invest in bonds, fixed deposits and other interest earning securities, are managed by selected asset managers.

The Fund is open to investors wanting to save for the higher education of a South African citizen or permanent resident. A minimum investment of R40 is required. The investor can then choose to pay R40 or more every month or top up the investment when money becomes available.

The Fundisa Fund is available from Standard Bank, Nedbank and Absa branches.

More information is available from the Fundisa web site at [www.fundisa.org.za](http://www.fundisa.org.za).

**Ends**

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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. ASISA was formed in 2008 by members of the Association of Collective Investments (ACI), the Investment Management Association of South Africa (IMASA), the Linked Investment Service Providers Association (LISPA) and the Life Offices' Association (LOA).