

will also need to be increased by 9% a year going forward, to keep up with the higher education inflation. So what options are available for saving for an education?

TAX-FREE SAVINGS: To encourage savings, the government introduced a new tax-free savings vehicle that can be offered by insurance companies, banks, unit trust managers and stock brokers. Any interest, dividends or capital gains are earned tax-free. South Africans are able to save up to R30 000 a year or R500 000 over their lifetime into the tax-free savings accounts.

- All investment growth is free of tax.
- Flexible contributions into a wide range of products are available, many offering growth asset investment options.
- Savings can be withdrawn at any time, but your annual and lifetime contribution limit is not increased again.

UNIT TRUSTS: Unit trusts are popular for long-term investments as there are many to choose from, and funds that specifically focus on beating the rate of inflation by a certain percentage – an important consideration as education inflation is higher than normal inflation.

- Great if you want flexibility and access to the funds.
- You can invest in unit trusts monthly or annually (bonus or 13th cheque).
- Discipline is essential to avoid the temptation of dipping into your child's funds.

EDUCATION-FOCUSED SAVINGS

POLICIES: These are fixed for a certain period of time, and you can either pay fixed monthly premiums or make a lump sum payment into the policy. You have limited access to the savings and generally have your savings invested in a wider range of the leading unit trust funds of your choice. You can also choose to invest in some of the available life funds that offer minimum guarantees. These are only available from life insurance companies, and their savings are protected against claims

from creditors in case of insolvency (under certain conditions).

Many policies offer a protection of premiums in the event of a death or disability of a parent. This means that if for any reason you are unable to work, the insurance company will pay the premiums for the remaining period, thereby helping the savings to grow to ensure your child can still meet his education goals.

- Premium protection ensures funds continue to grow in the case of death or disability.
- Funds protected from creditors in case of insolvency.
- Payment is made to a beneficiary in the event of death.

FUNDISA: This is a government initiative that allows you to save toward an accredited qualification at either a public college or university. You are paid an annual bonus on the investment, which can be up to 25% of your annual savings, up to a maximum of R600 a child. For example, by saving R100 a month (R1 200 a year), you will get a bonus of R300 a year. To receive the maximum bonus of R600, you need to save R2 400 a year.

- You can withdraw the money at any time, but you will then lose the bonus.

Taking out a loan for your child's education...

For some, investments options would not suit them financially, so is taking out a loan a viable option? "You can try to combine saving methods by looking at using a student loan to supplement the education savings. However, remember that you or your child will pay interest on the student loan, so it should be used as a last resort," advises Jean.

POINTS TO CONSIDER

- As a guide, a child with a university degree earns about 60% more a month than someone who only has a matric.
- Many schools and universities will offer discounts if you pay the years fees in advance. **B**

FIRST 1000 days

Right Start Bright Future

It's important to set the scene for your baby to learn. The key is to provide mental, emotional and physical support so they feel secure and loved.



HERE ARE SOME TIPS FROM SPECIAL EDUCATION EXPERTS:

- Encourage eye contact and talk about everything you see with your child.
- Play peek-a-boo and sing nursery rhymes.
- Allow your toddler to explore a safe environment – curiosity is an important part of learning.
- Allow time and opportunity for free play.
- Establish a daily routine and be consistent.
- Make sure your child's muscles get lots of exercise by playing with him.
- Allow playtime with other children.
- Smile, praise and hug your child every day.
- Consult with a doctor if your little one suffers from regular ear infections or a runny nose.
- Consult your local clinic or doctor if you have any concerns regarding your child's development.

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