

An Article From Fin24.com that you may find of interest:

Saving for my children's education - Fin24.com

A Fin24 user writes:

I have a seven-year-old boy and a four-month-old girl and I would like to start saving now for their education. I take home about R14 000 a month. What is the best way of going about this?



Danelle Esterhuizen, legal specialist for senior market advice at Sanlam, responds:

Saving towards your children's education is a very important and responsible thing to do. You and your children will reap the benefits of this smart decision in future.

It is not clear from your question if you want to save for your children's high school or tertiary education.

This will obviously influence the time period you still have available to save. I am not in a position to give specific advice, as I do not know how much money you have available on your budget to save towards their education.

Ideally, you should speak to a qualified financial adviser to help you make a final decision.

There are a few options available. You can consider an educational policy from a life insurance company, where you commit towards a certain term and save a fixed amount on a monthly basis.

This option might be relatively expensive if you only have a short term available to save, as there are costs involved.

There are a wide range of investment options available and you can invest according to a specific risk tolerance. A higher risk investment may deliver a higher investment return.

Saving in a unit trust may be a less expensive option. You are not committed to a fixed amount and you can decide whenever and how much you want to contribute, subject to a certain minimum per fund.

For this option, you will need good discipline to stick to your commitment as the investment is more accessible.

In November 2007 the government launched a unique product in South Africa - Fundisa accounts.

If you invest into a Fundisa account, government will allocate a bonus to your account each year. This option is only available when saving towards tertiary education.

In a Fundisa account you can contribute from as little as R40 per month, and you are allowed to pay in additional lump sums should you wish to do so.

You can get up to a maximum of R600 in free money paid into your account as a bonus benefit for each child.

You need to make a monthly contribution of R200 to receive the full R600 bonus. The underlying fund is very conservative, and might be more appropriate for a shorter period.

Well done on planning to save towards your children's education.

Speak to a qualified financial adviser to help you decide on the best option given your personal circumstances, and start soon.

The sooner you start the better. - Fin24

[Article Source](#)

Call our offices for further information and assistance.

Kind Regards,

Maeve Maroun