

## What are you saving for?

In order to achieve your goals, first identify what it is that you are saving towards, and then separate your savings into short-term, medium term and long term goals.

The word “savings” means different things to different people. You could be saving for a holiday, your children’s education, a deposit on a home or your retirement. These savings goals have different time frames and outcomes. The table below will help you choose the right savings plan for where you want to be.

Your savings goal	How to get there
<ul style="list-style-type: none"> <li>Emergency funds</li> <li>Your next holiday</li> <li>Next year’s school fees</li> </ul>	<p><b>The 1 year, short-term savings plan</b> <i>These are short-term savings and you do not want to take any risk on the capital</i></p> <ul style="list-style-type: none"> <li>Invest in a cash-based investment like a money market fund or fixed deposit account.</li> <li>Saving some of your money in your access bond provides an attractive “return” by reducing the interest on your bond - and it is tax-free. But putting all your extra cash into your bond is not a wise long-term strategy: you need to build up assets as well as reduce your debt.</li> </ul>
<ul style="list-style-type: none"> <li>Deposit on a home</li> <li>Children’s education</li> <li>Your dream holiday</li> </ul>	<p><b>The 3 year, medium-term savings plan</b> <i>Save into an investment that could hedge against inflation.</i></p> <ul style="list-style-type: none"> <li>Low risk unit trusts funds that aim to beat inflation by 2%, like high-income funds, are good options for medium-term savings.</li> <li>There are also investment products with investment guarantees that limit potential losses.</li> </ul>
<ul style="list-style-type: none"> <li>University fees</li> <li>Early retirement fund</li> </ul>	<p><b>The 5 to 10 year, long-term savings plan</b> <i>To keep up with inflation, you need to have an investment in growth assets such as equities (shares) and property.</i></p> <ul style="list-style-type: none"> <li>An investment in a balanced portfolio would meet this need by having exposure both to growth assets and less volatile assets like bonds and cash to limit the losses should the stock market fall close to the time you need to access the money.</li> <li>Unit trusts and endowments are ideal products for these types of investments.</li> </ul>
<ul style="list-style-type: none"> <li>Your retirement</li> </ul>	<p><b>The long-term retirement plan</b> <i>Make sure you also have exposure to growth assets to protect against inflation</i></p> <ul style="list-style-type: none"> <li>Invest in retirement savings products that provide tax benefits. Depending on your tax rate, you could double your retirement lump-sum with one of these products</li> <li>You need to be saving 15% of your salary towards your retirement at the very least but you will have shorter-term needs that you want to save towards rather than going into debt. Aim at putting at least 20% of your salary into some form of savings.</li> </ul>

For more information on our investment and retirement savings products, speak to your financial adviser or call us on **0860 456 789**.

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