

African Bank Limited press release

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### **Bonus time! What you going to do with it?**

The idea of an expectant bonus is exciting. For some it's an opportunity to pay off debt, for others it brings visions of sipping cocktails on holiday or buying that something you've been eyeing during the year. But have you considered investing some? Mellony Ramalho, African Bank's Group Executive: Sales, Branch Network, highly recommends it. "December is typically a time when bonuses are paid out. Instead of blowing it on gifts and holidays, why not invest - an exciting and empowering experience."

Ramalho says there are a few considerations to ensure the experience of investing is a positive and fruitful one. "Remember that while this may be a first-time experience for you, there are many people out there who have been investing for years. Don't be afraid to draw on their knowledge and expertise before making a decision. Do your research, ask questions and compare various products."

She says the key is finding the product that meets your objectives - how much you want to invest, what kind of returns you want to see and the time period of your investment. "Investing is not just for the rich. You do not need large amounts to start investing. What you do need is to understand some basic concepts and principles relating to investing."

Firstly, the difference between Savings and Investment accounts. Savings are low risk funds that must be liquid (available) when you need them. An investment is an account held at a financial institution through which money is invested for the purpose of wealth building and should generally not be needed for many years. "In other words, it is an account which is used in order to grow your money. If you want to save for something in the long-term, you may choose to invest your money rather than put it into a general savings account."

Then there's risk. "Investments involve greater risk, but yield much greater returns when left alone long enough to ride out the turbulence of the stock market. The return on an investment is linked to the risk involved - the higher the risk, the higher the potential return (e.g. stock market) while the lower the risk, the lower the potential return."

Access to your funds is also a critical factor when investing. Ramalho says there are various options when it comes to accessing your funds. "A notice deposit account, for example, is a short-term investment product where you can withdraw your investment giving a notice period of seven, 32 or 90 days. Then there's a fixed deposit account where the length of the investment is set at either three, six, 12, 24 or 60 months. Other examples include access accumulator and tax-free investment accounts where partial or full notice can be placed during an access period."

She believes that no matter what option you choose, the most important thing to remember is to stay the course. “You want your money to grow so make sure you stick to your commitment. Ideally investing should be seen as a long-term commitment so you have the greatest chance of getting the best returns.”

“Why not make this December different and get your bonus growing. The sooner you create a good habit of regular investing the sooner you start participating in market growth. So, don’t be afraid. Make your hard-earned money work for you. Happy investing!” she concludes.

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PREPARED ON BEHALF OF AFRICAN BANK BY CATHY FINDLEY PR. CONTACT JACQUI RORKE ON [JACQUI@FINDLEYPR.CO.ZA](mailto:JACQUI@FINDLEYPR.CO.ZA) OR (011) 463-6372 WITH ANY CONSUMER PR QUERIES.