

African Bank Limited press release

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### **Saving for your child's education takes planning and commitment**

There are many things you need to consider when looking at a savings account for a child as part of an overall education savings plan, like the rising cost of living and how the savings will be impacted by this.

Parents with children in high school often say they simply cannot believe how time has flown since their little ones first stepped foot in a classroom. They are right - the pace of life and the flying by of days, weeks, months and years is a reality which puts many of us in a state of panic about our hopes and dreams for our families.

Neil Thompson, Head of product and customer value proposition at African Bank says parents who were wise enough to save money from an early point in their child's life, the burden of school costs may be less. Most battle through the 12 years though, continually stressed about what happens after school.

The point is, education is not cheap - secondary or tertiary - and depending on the number of children you want to get through school and university, the costs can drain you literally and emotionally if you have not planned for these.

Thompson advises avoiding these 5 common pitfalls when saving for education:

1. Waiting too long to start saving. It may seem that there is always another expense preventing you from putting money away each month. What is important to remember is that the more time your money has to grow the bigger the benefit, so starting to save early and sticking to this financial commitment consistently is very important.
2. Knit-one-skip-one approach to saving. If you are not consistent about the contribution going into your education savings plan your dividends will reflect this. The best way to save is to have a debit order coming off your account into a [tax-free savings account](#); the "debit it and forget about it" method.
3. Missing opportunities to save. Think about how many birthdays your child has had/will have. Why not introduce a student savings account for when your child is older and ask close family to make a contribution to this account instead of buying them a gift? There are many friends who can bring gifts, but let your close family help you support your children's futures. In addition, sacrifice something on your shopping list every second month or so and instead put that R40 or R50 towards your child's schooling.
4. Not doing your homework. [Ways to grow your savings](#) are plentiful but not all will deliver on their promises. It is important to speak to someone who knows about making your money work for you. Your needs and goals are unique, so why be boxed in when it comes to investing? Ideally, you want an out-of-the-box thinking financial advisor who will help you understand what will work best. Always ask about the tax implications of saving money and get someone to help you understand the benefits of tax-free investments.
5. Dipping into your savings. No matter how tough things may get financially, make a commitment to not withdraw any of the money you have put away for your

children's studies. Taking a little here and a little there, over a period of years even, can have a severe impact on the growth potential of your money.

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