

# Saving for varsity

**Anthony Katakuzinos** sets out alternative ways of financing university studies

**T**ertiary education is expensive. At present a B Com degree at the University of KwaZulu-Natal costs about R16 000 in tuition fees plus R3 000 for books and, if needed, R10 000 for residence — a total of R29 000 — and this outlay is required each year for the duration of the degree.

If a parent started saving now for an eight-year-old child, investing R146 a month and receiving a return rate of 9,5%, when the student is ready to enter university, the R29 000 needed would have been saved. But meanwhile university tuition fees would have increased, probably significantly so, and there are still the second and third years of the degree to fund.

Indeed, education, food and transport have been the main culprits in the mind-numbing inflation figures we are seeing in South Africa — now more than 10%.

The reality is also that not all students can rely on scholarships and

bursaries. This means that effective saving over a long period of time by parents and/or other family members is needed to fund the tertiary education of a child, whether it be at university or some other advanced-learning institution. For a child who will attend university in 10 years, taking into account education inflation which last year was running at 7,8% and looking at investment returns that could have been achieved over the past decade, a minimum of R570 a month is required to be set aside if the costs of a full degree and university residence fees are to met. And this contribution needs to increase each year in line with inflation trends. This is a serious and daunting financial commitment required from parents and the broader family.

South Africans are traditionally “bad” savers and we are setting new records for low savings as our appetite for credit and consumer goods grows. We are worse than neighbouring countries such as Mauritius and



Saving to put children through university is the best way to deal with the cost. The alternative is getting a loan. Photograph: Oupa Nkosi

Botswana and have in fact now sunk into negative territory where, as a nation, we spend more than we earn. A recent SA Reserve Bank bulletin reports that the South African household saving rate is at the record low of -0,2% of disposable income.

A personal commitment to saving is required and the discipline needed to stick to a savings plan is made easier by signing up to a formal plan managed by an expert third party. The best intentions can fall by the way as discipline fades over time and, in any case, experts are needed to maximise returns that should be earned over the saving time horizon. Conventional

returns on savings can disappoint and investment products that maximise savings returns should be preferred.

For matriculants going on to post-school studies, there are loans available from various lenders, usually the mainstream banks and government agencies. But after studies are completed these have to be paid off and, although the interest rate charged is usually less than the prime rate, this is still burdensome to someone who has just entered the job market after graduating. Ideally, the greater the amount that can be saved upfront in anticipation of furthering education, the less the burden for the student

after graduating.

The Fundisa scheme — launched last year as a result of the combined efforts of several parties, including the unit trust industry, the department of education and the National Student Financial Aid Scheme — is but one of several avenues available to those wanting to save towards the education of a child. This Fundisa product offering requires a minimum investment contribution of R40 a month (there is no maximum limit) into a unit trust account, with investments being made in low-risk high-yield asset classes, such as cash, money market instruments and government bonds.

Consumers who sign up for and stick with this Fundisa savings product are rewarded each year with a bonus of 25% of the value of their contributions up to a maximum of R600 a year. When the nominated learner is ready to attend an approved tertiary learning institution, the funds are available to contribute towards tuition and other costs.

But we live in a less-than-perfect world and most likely a combination of avenues — long-term savings by parents, hopefully a bursary and loan finance — will ultimately raise enough to fund tertiary education. But an early start to saving for education is undeniably the best way to go.

*Anthony Katakuzinos is Stanlib's director for client service. For more information on the Fundisa call its contact centre on 0860 386 3472.*

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## Third accounting Olympiad coming up

### the Teacher reporter

Sixty Free State schools offering accounting to grades 11 and 12 will participate in the third Pastel Thuthuka Accountancy Olympiad during August this year — with the overall winning learner getting a bursary and the necessary support and mentorship to study accountancy at university.

Softline Pastel sponsors the Olympiad, which is run by the Thuthuka Education Upliftment Fund, the transformation initiative of the South African Institute of Chartered

Accountants (Saica).

Bridget du Toit, national sales director for Softline Pastel, said the Olympiad addresses the shortage of qualified accountants generally and the shortage of accountants from previously disadvantaged communities in particular.

Of the 27 047 chartered accountants [CAs(SA)] registered with Saica, 5 809 are based overseas. So the total number of local CAs(SA) is 21 238. Of the 27 047 CAs(SA), only 973 are Africans and 522 coloureds. There are 2 065 Indians and the rest are whites.

“To be able to make a visible difference in as short a time as possible [in the diversity of the accounting profession], the competition is restricted to a few schools in one province [the Free State] — an area that does not often receive the benefit of corporate sponsorship,” said Du Toit.

Since its inception in 2006 the project has reached a total of 860 learners from 60 schools. Another 900 learners will participate this year.

While entry is open to students of all races, participation in the Olympiad is by invitation only. The schools are selected by the depart-

ment of education and the learners by their educators. Only the top 15 performers in mathematics and accounting in each school are eligible for selection.

Welkom High School has had the winning learner and been the winning school in both previous years of the Olympiad. The competition's first winner was Ricardo Kwete, who is now in his second year of a BCom Accounting at the University of Johannesburg. He aims to run his own animation or electronic entertainment company.

Maggy Ledwaba won the Olym-

piad last year and is in her first year of a BCom Accounting degree at the University of Johannesburg.

The winning school gets four new computers. The winning learner from each of the five participating districts receives a cash prize of R1 000. And every participating school gets a free copy of the Pastel Certified School Program, which exposes learners to computerised accounting, while enabling them to learn the principles of accounting in a fun, interactive way.

For more information contact Natalie Zimmelman on nataliez@saica.co.za



## Have you saved for her education?

**Standard Bank Fundisa Fund** is the savings account where you:

- put away money for your children's tertiary/post schooling education
- can qualify for a Bonus of up to 25% of what you save each year
- only need R40 a month to open your account

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