



OLDMUTUAL

# SETTING UP YOUR YOUNG FAMILY FOR FINANCIAL SUCCESS

PLAN • PREPARE • SAVE • GROW • PROTECT



DO GREAT THINGS EVERY DAY

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WHY PARTNER WITH US?

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# FAMILY AND YOUR FINANCIAL WELLNESS

## Having a family is a privilege – and a responsibility

Most of us will agree that family is one of the most important things in life. As a parent or caregiver, you naturally want the best for them. You want your children to feel loved and safe, to be healthy, happy and surrounded by friends, to have unforgettable experiences and opportunities that will enrich them, and to be able to pursue their dreams.

Some of these are easier to achieve than others. Giving your children the certainty that they can rely on your love can be as simple as an “I love you!” every time you drop them off at school. But what about giving them access to opportunities that will help them reach their dreams? To make that happen mostly requires more effort and resources, especially money.

## Giving your family the best financially can be tough

The financial commitments and obligations of having a family start before your first baby is born and continue into adulthood and even beyond. The challenge is that, unlike your love for your children, your financial resources are limited. Our research<sup>1</sup> tells us that most South African families experience financial pressures, forcing them to take actions like the ones listed below:

- Take out a loan or dip into savings to make ends meet.
- Cut back on insurance to make the monthly budget go further.
- Take on a second job or freelance gig, or start a side hustle for extra income.
- Look into loyalty programmes provided by banks and retailers to make the most of the discounts.

<sup>1</sup>Source: The 2023 Old Mutual Savings and Investment Monitor

## We have the expertise and solutions to help

We understand these financial pressures and the related anxiety, and we have the experience and expertise to help you make smart financial decisions for your family situation.



# PLAN



## The benefit of sound financial advice

An experienced financial adviser can help you manage your money so that you'll feel more confident about your family's finances and future.

### An experienced financial adviser:



**Takes time to understand what's important to you**

- Your current financial situation (family set-up, circumstances, lifestyle and needs)
- Your plans for the future (personal and family goals)
- Your personal preferences and fears (how you feel about risk)



**Helps you create a personal financial plan**

A personal financial plan that addresses your goal.



**Ensures that there are no gaps in your financial planning**

Provides for all possible risks so that your, and your family's, financial wellness is protected.



**Walks the journey with you**

Provides the necessary support to enable you to make informed decisions in the event of changes either in your family situation or in the market.



### Your adviser knows best

Throughout this document we highlight solutions that may help you meet the financial needs of your growing family. However, please speak to a financial adviser before making any big decisions about your family's financial planning.





# Your family's life stage and financial journey

Having a financial plan backed by expert advice can enable you to **plan and provide for your family's financial needs at every life stage.**

## Life stages



## Financial needs

Review and update your medical aid and gap cover.

Nominate a legal guardian for your child and update your will.

Take out life cover to provide for your family in the event of your passing.

A child who started Grade R in 2023 will cost about R1,4m for public school (up to matric) and a 4-year B Com degree, based on a 2022 study. In addition, plan for education inflation of 7,5%.

Save for a car or a first apartment.

An experienced financial adviser can recommend solutions to **build a robust financial plan** that:

**1** makes provision for **your family's changing financial needs** at each life stage

**2** considers your current **budgeting** requirements

**3** **protects your income and lifestyle**

# PREPARE

## Starting a family

While your decision to start a family is not based solely on your budget, the financial implications of having a family start before you welcome your little one into the world. Preparing to start your family therefore involves evaluating and adjusting your finances.

## Unplanned families

Many families start unexpectedly. If you haven't prepared for welcoming a baby into the world at the time of pregnancy (or if a long-pending adoption suddenly becomes a reality), you may need to take more drastic actions to get your finances in order. A professional financial adviser can help you make informed decisions about what to prioritise and what adjustments you can make.



## Potential financial implications to consider

- 1 Becoming pregnant or planning**  
The journey towards having a baby can be very costly, for example undergoing fertility treatment.
- 2 Taking care of mom and growing baby**  
Once a baby is confirmed, routine medical checks, tests and scans will be necessary to ensure that mom and baby are in good health. If your medical aid plan does not cover all these expenses, you'll have to pay from your own pocket.

- 3 Preparing for baby's arrival**  
If it's your first baby, you'll be making a lot of additional purchases that you haven't budgeted for before, such as furniture, a car seat and stocking up on baby toiletries.

## How we can help

- **GAP cover** helps cover shortfalls on your medical expenses.
- With our **SAVE Account** you can make provision for extra family planning expenses at a low cost.
- Our **Old Mutual Rewards BabyClub** benefit is designed to help you benefit from savings on personal care, educational toys and much more for your child. Depending on your reward level, you can save between 10% and 25% on purchases made at Dis-Chem, Baby City, Babies R Us and Toys R Us.

# SAVE

## Saving is one of the cornerstones of financial wellness

It's impossible to anticipate or predict every extra financial demand you may face at any time - whether it's something you dread (e.g. a medical emergency) or dream of (e.g. an opportunity for your child to study abroad). It's vital to set money aside for these expenses that fall outside of your regular monthly budget. If you don't, you may have to take on extra debt or, if it's a significant expense, be forced to make drastic changes to your lifestyle.

## Saving for ongoing expenses

With a young, growing family, regular extra expenses are a given. Think of kids growing out of their clothes too fast, new sport equipment, extra tutoring ... Add to this the rising cost of living and the desire to sometimes splurge on a family holiday or birthday surprise and the challenge becomes very real. Saving regularly for these extra costs can help relieve the stress of constantly having to adjust your finances. It also makes it more likely that you'll be able to give your family what they need and to spoil them from time to time.

## Saving for a rainy day

As the saying goes, the only certainties in life are death and taxes. Covid-19 was a stark wake-up call that even having the most established, thriving business or career, for example, can disappear in the blink of an eye. Making provision for the unexpected can mean the difference between making small, manageable adjustments to your finances and lifestyle and derailing your entire financial plan, or even facing potential financial ruin.



### How you benefit

- Avoid unnecessary financial pressure
- Meet your family's ongoing needs

### How you benefit

- Protect your family's financial wellness and lifestyle
- Have peace of mind, whatever happens





## Saving for education

A good education is a key part of giving your children a brighter future. This requires proper planning and commitment. If you start saving for education when your child is born, your investment has at least six years to grow before they even start formal schooling. During this time, and while they are at school, you can adjust your contributions, all the while benefitting from compound interest.

### How much should you save for education?

The cost of education in South Africa rises every year, often by a higher percentage than most salary increases and inflation. This means that paying for your children's schooling may take a bigger and bigger chunk out of your budget as time goes on.

### So, how much do you need to save?

To give you an idea, the table below shows average education costs for 2023<sup>2</sup>:



Average cost per year	
Public primary school	R24 408
Public high school	R36 072
Private primary school	R71 496
Private high school	R105 084
University	R55 900

### Examples of other costs to keep in mind apart from school fees

- School uniforms
- Textbooks
- Stationery
- Transport
- Sport equipment
- Extra lessons
- Extramural activities
- Aftercare

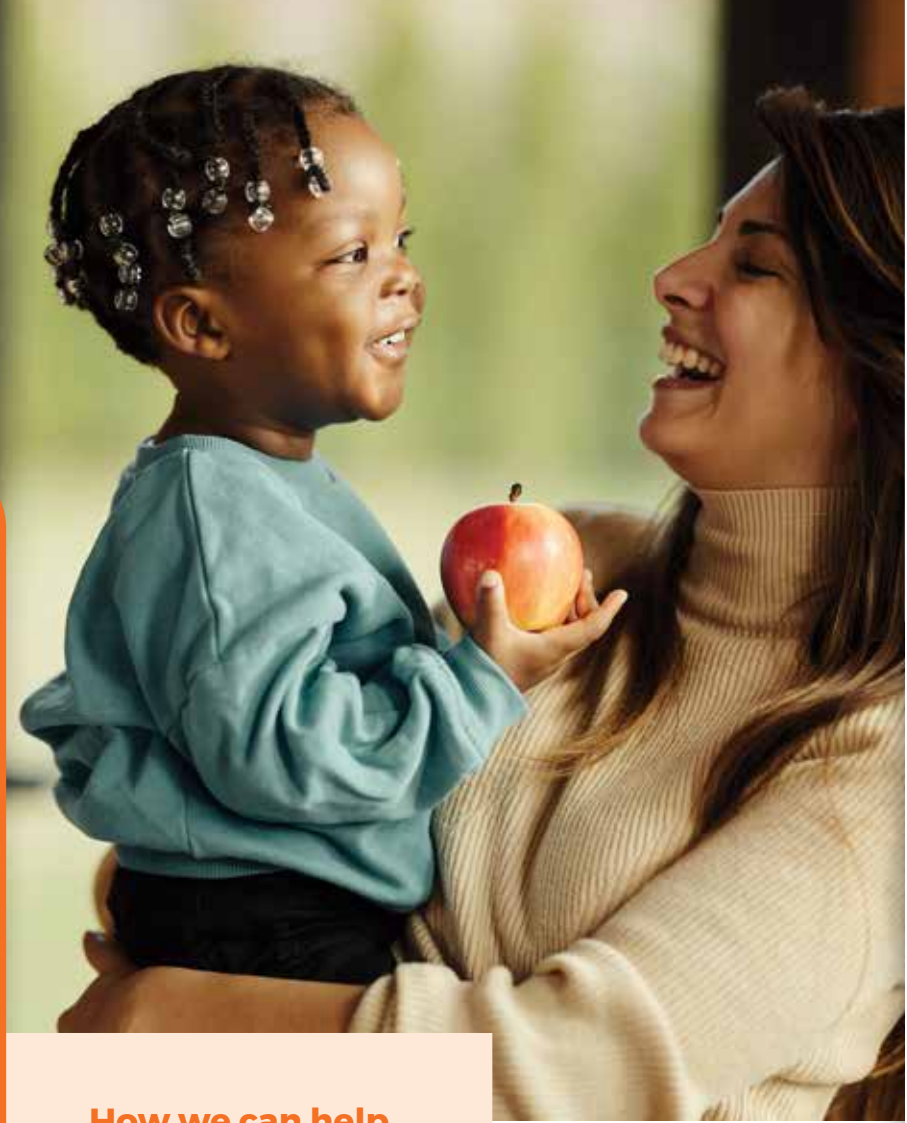
Keep in mind that even if you follow alternative routes such as online learning, you'll have additional expenses, such as tutoring, a device with the correct specifications and reliable wifi.



Use our **education calculator** to get an estimate of education costs.

<sup>2</sup> Source: <https://businesstech.co.za/news/lifestyle/657317/what-it-costs-to-send-a-child-to-private-vs-public-school-in-south-africa/>





# Tips

## for saving for education



### Review your budget

Review your budget and determine how much you can set aside to save for your child's education.



### Start early and stay the course

- The earlier you start saving, the better.
- Increase your contributions over time.
- Setting up a separate account and naming it something like "Ayanda's school fees" will motivate you to continue saving even through tough times.



### Adjust your plan over time

Review your savings periodically and adjust in line with changing circumstances.

## How we can help

1

The **Old Mutual Money Account** provides a cost-effective way to save for ongoing expenses, with easy access to your money.

2

**GAP cover** ensures that you don't have to pay for medical expenses that exceed your medical aid's payout limits from your own pocket.

3

**Investment plans** attracting low fees and earning high interest are ideal for long-term saving, such as saving for your child's university or college fees or family holidays.

4

**Education plans** may have the added benefit of disability and death cover that ensures that the premiums continue to be paid if something happens to you, which means your child's schooling won't be disrupted.

5

Competitive interest rates when you switch or buy a family home through **Old Mutual Home Loans**.

6

Your financial adviser can help you choose solutions that are **cost-effective** and for your saving needs.

# GROW



## Make your money work harder

Investing your money enables you to make more of it without extra effort, like taking on a second job. So why won't you invest? Investing is not only for wealthy people; anyone with a little extra money can invest. Making smart investment choices can help you:

- 1 Create a buffer against ever-increasing expenses that exceed your salary increases.
- 2 Achieve your goals, for example buying a home or enjoying a peaceful retirement.
- 3 Afford extras such as an overseas holiday or expanding your home with a games room for the kids.

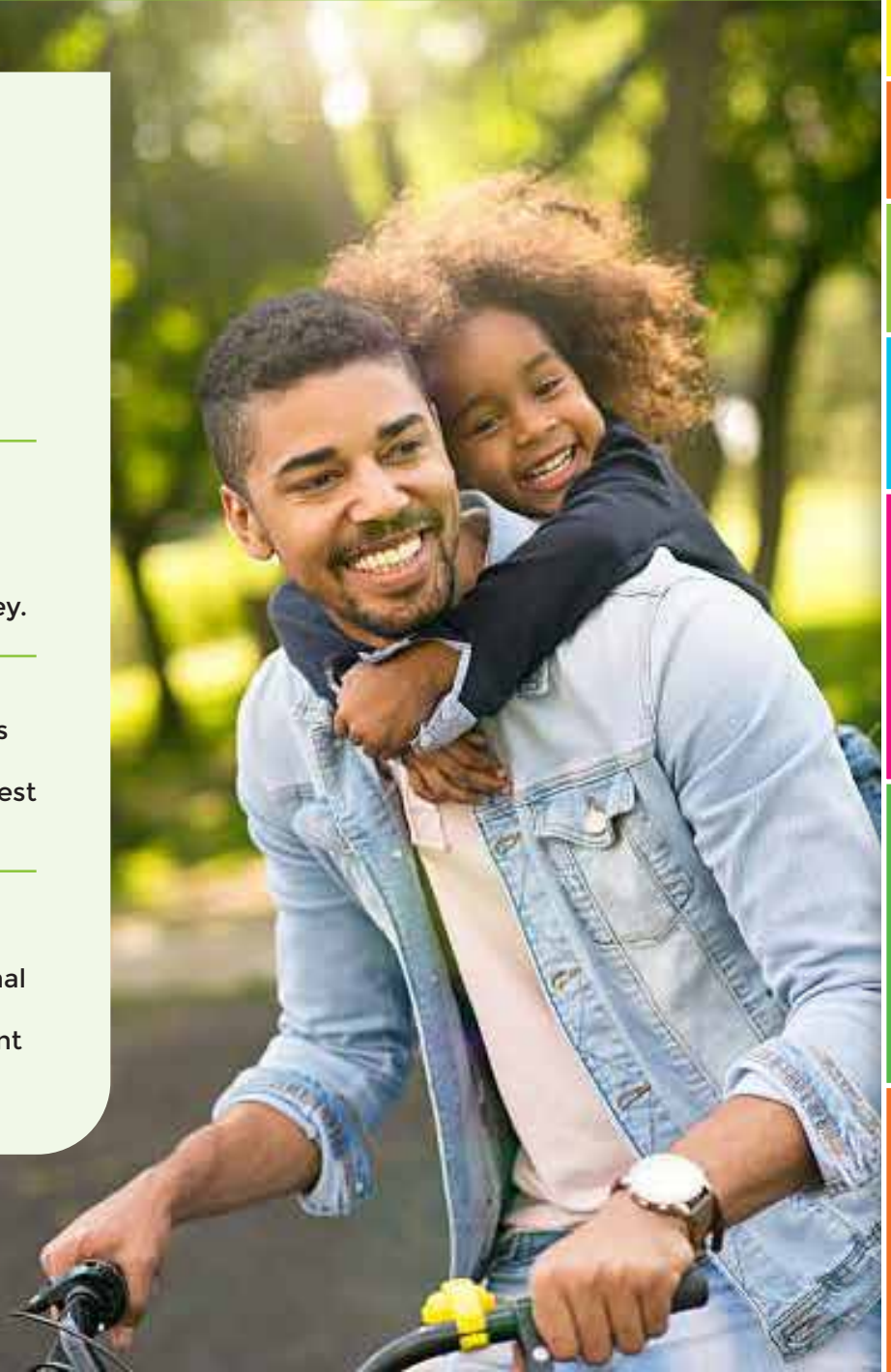
## What's the difference between **investing** and **saving**?

The returns you earn on investments are **generally higher** than the interest you earn on a savings account.

Depending on the type of investment, there may be **restrictions on when and how much money you can access**. With a savings account, you have immediate, direct access to your money.

Investing can involve **various types of taxes**, such as income tax, capital gains tax, dividend tax and withholding tax, whereas you're only taxed on the interest you earn on your savings account.

Invested money is generally **more protected from potential fraudsters** than money in an everyday transactional account, as you would likely have to request a withdrawal via the investment manager or your financial adviser.





## Taking care of your **children and parents** simultaneously (the sandwich generation)

If you're part of the sandwich generation, you'll be well aware of the related financial pressures. How can you navigate this phase of your life in a way that protects your and your family's financial wellness?

### 1 Build a legacy

Ask your financial adviser for expert help on how you can make provision for your dependants **without** derailing your own financial goals, so that your children don't also become part of the sandwich generation.

### 2 Educate your children about money

Teach your children how to be smart about money. Have open and honest conversations about money and explain and show them the principle of delayed gratification. This will set them up for financial wellness.

### How we can help

We offer a range of **investment** and **retirement** plans with different rules and requirements relating to:

- The minimum amount you can invest
- The minimum investment term
- When you can access your money
- The available underlying investment options
- Tax implications



Your adviser can help you choose the right solutions for your short-, medium- and long-term goals, considering your financial situation.

# PROTECT

## Make provision for the worst-case scenario

When you start or grow your family, the last thing you want to think about is passing away while your children are minors. Death is however part of the natural circle of life. The same applies to accidents or illness that can derail your ability to earn an income and take care of your family. If you don't plan for these possibilities, the impact on your children can be devastating. Luckily, it only takes a few simple actions to protect your children's financial futures.



## Protect your family against the impact of death

### Draft a valid will and an estate plan

If you die intestate (without a last will and testament), your children and other surviving family members will face challenges and their financial wellbeing may be compromised. It is therefore crucial to draw up a will to **help wind up your estate quickly and distribute your assets according to your final wishes.**



**Remember:** Remember to include the details of a legal guardian to care for your children should you pass away.

### Further benefits

- Enables you to **nominate an executor** (a competent/trusted individual) to manage your affairs.
- Enables you to create a **testamentary trust** to cover the cost of education as well as other needs.
- **You can change your will** whenever your circumstances change, like having another baby or getting divorced, to ensure that all your intended beneficiaries benefit from your assets.



### Get life cover

A life benefit can help cover the lost income and key expenses your surviving family will face, especially with children still at home or parents who need care.

### Further benefits

- Proceeds are **not taxed.**
- Proceeds are **paid out separately** from the rest of your estate if **a beneficiary is nominated.**





## Nominate your family as beneficiaries on your retirement plan

When you join a retirement fund, you can appoint beneficiaries to receive the proceeds of your savings if you pass away before retirement. These proceeds can be paid out as either a lump sum or as monthly payments. It's important to understand that the distribution of retirement fund proceeds to beneficiaries is subject to legislation and retirement fund rules, which state that trustees are obligated to distribute the funds to all your dependants, irrespective of whether they are listed as beneficiaries or not.



### Retirement benefit distribution takes a long time

It can take up to a year for retirement death benefits to be distributed. Nominating your family as beneficiaries on your retirement plan should therefore not be your only plan to provide for them. To keep your family afloat, it's important to also have life insurance, which pays out on death.

#### Good to know

In 2022, we paid out R5,8 billion to families who submitted valid death claims. Only 1% was rejected due to non-disclosure, fraud, general exclusions and the suicide exclusion.



## Protect your family against a loss of income

### Get illness and disability insurance

Illness and disability insurance can help make provision for living expenses when you're unable to work and earn an income due to illness or injury. You can choose between a single payout or monthly payments. Cancer, heart disease and strokes are the top three illnesses that drive claims. In 2022, we paid R946 million in severe illness claims, while disability claim payouts amounted to R474 million.



### How we can help

- You can **set up a will for free** on our [online portal](#) to get started. Your adviser will be able to help you if you have any questions or if your situation is more complex.
- We offer a range of **life, illness and disability solutions** that you can customise to your needs.
- If you're unsure whether you nominated beneficiaries on your retirement plan or would like to change these, talk to your adviser or [update your beneficiary details online](#) via our secure customer portal online. You can also phone our call centre on 0860 50 60 70.

# SMALL STEPS. GREAT REWARDS

## Be rewarded for taking care of your financial wellness

Educate and empower yourself to achieve your financial goals and get rewarded along the way. Join **Old Mutual Rewards** today.

### LEARN & EARN ⇒ Earn points for taking control of your finances.







-  Request **financial advice**
-  Sign up to **22Seven**
-  Undertake **Moneyversity** online courses
-  Complete **financial assessments**
-  Use **financial tools & calculators**
-  Complete **health questionnaire**
-  Request your **credit report**
-  Complete **Financial Interest Picker**



### GET MORE ⇒ Take more control and move up a tier.

The higher your tier, the more you get back. Earn points as a percentage of your premium, contribution or instalment\*.

**OLD MUTUAL REWARDS**  
SMALL STEPS. GREAT REWARDS.

	TIER 1	TIER 2	TIER 3	TIER 4	TIER 5
<b>Number of financial needs met</b>	0 - 1	2 - 3	4	5 or more assets >R25m	6 or more assets >R50m
 Life, disability and severe illness cover	5%	10%	20%	30%	35%
 Savings, investments, income annuities and lending	0.5%	1.5%	2.5%	3.5%	5%
 Funeral cover	5%	15%	25%	35%	50%
 Short-term insurance	2.5%	5%	10%	15%	20%
 Fitness rewards	25%	50%	100%	125%	250%
 Health rewards	0%	0%	50%	100%	215%

### ENJOY REWARDS Spend your points with our partners or save them for the future.

**SCAN TO JOIN FOR FREE ▶▶▶**



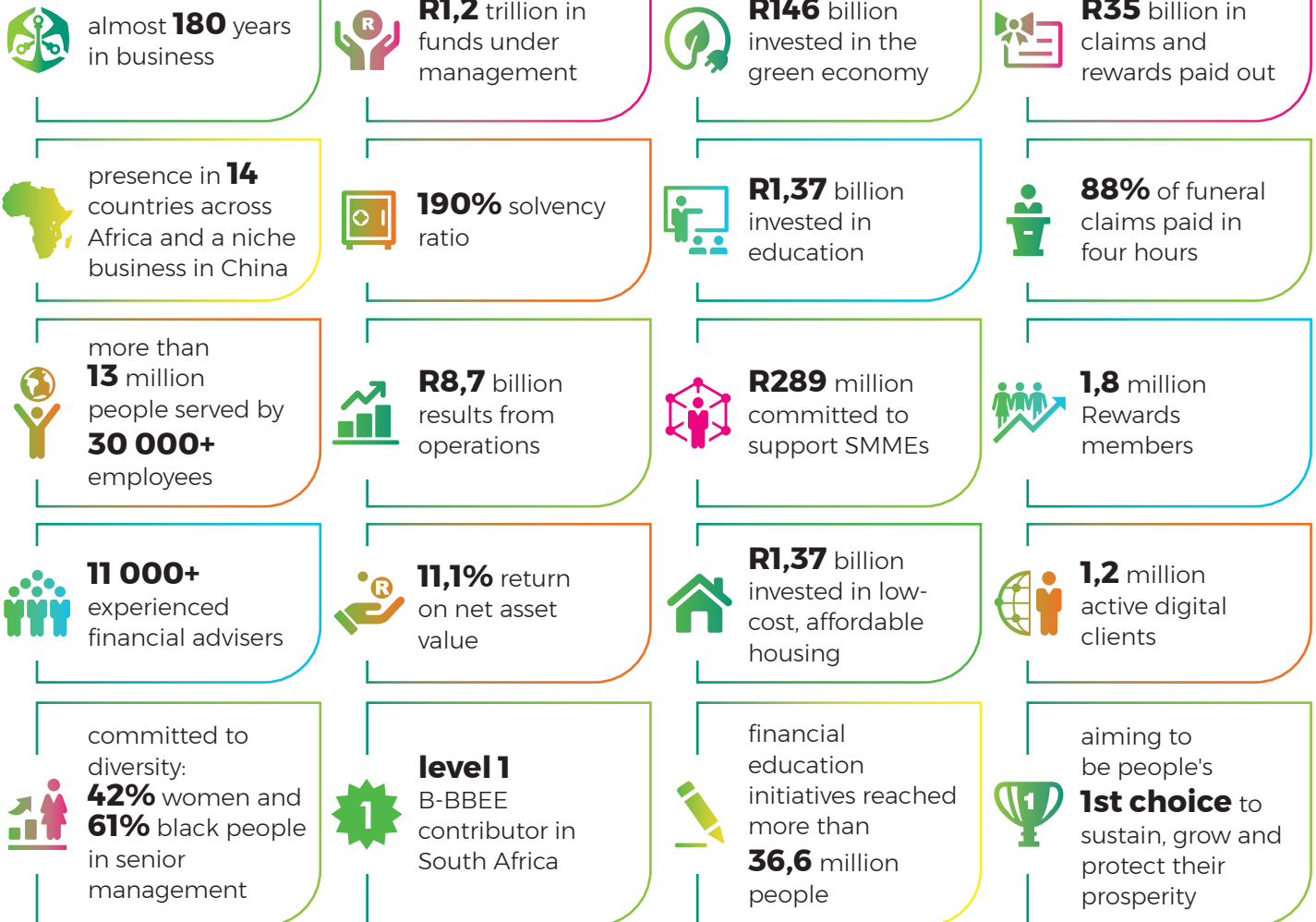
Terms, conditions and programme rules apply. The points earned as a percentage of premium, contribution, instalment or transaction value may change over time and are rounded down to the nearest point.

# WHY PARTNER WITH US?

## We've helped millions of people just like you

We've helped millions of people meet their financial needs and goals throughout their lives for almost 180 years, since our establishment in 1845 as South Africa's first mutual life insurance company. We have since grown into a premier pan-African financial services group that offers a wide range of financial solutions to individuals and businesses in 14 countries, with listings on five stock exchanges. We were also voted the Strongest Insurance Brand in South Africa as well as the Strongest Insurance Brand Globally in the 2023 Top 100 Brands rankings.

### Old Mutual in numbers (2022)



## We care about our planet's future and the next generation

We recognise that the economic, social and environmental systems we operate in are all connected. That's why it's vital that our collective growth path globally is socially inclusive, low-carbon and resource-efficient. When you invest with us, you can have peace of mind that you are partnering with a company that is mindful of the bigger picture.

More than **R146 billion** of our assets under management is invested in the green economy (2022).





# START YOUR JOURNEY

**Contact your financial adviser**

Name  Cell phone

Email

For general enquiries contact the Old Mutual call centre: ☎ 0860 50 60 70 ✉ [service@oldmutual.com](mailto:service@oldmutual.com)

**Reach us anytime, anywhere using your desktop and mobile device**

Our clients enjoy the convenience of having access to several digital solutions that they can use to request a service or access information, including our app, WhatsApp, an SMS service and a secure online service. **This means that, wherever you are and whenever you need to, you can:**

- stay up to date with your Old Mutual investments, policies and rewards
- download documents such as tax certificates or policy statements
- make a withdrawal
- apply for new financial solutions .... to name only a few

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