

Media Release

Association for Savings and Investment South Africa (ASISA)

28 February 2018

Fundisa closes to new investors

The Fundisa education unit trust fund has been closed with immediate effect to new investors by the Association for Savings and Investment South Africa (ASISA) in consultation with the founding partners.

Trevor Chandler, Consulting Senior Policy Adviser at ASISA, says following the confirmation as part of the National Budget that Government will phase in free higher education and training for students with a family income of less than R350 000, there is no longer an incentive for investors to save for the education of children from low income households.

Fundisa is a legacy project launched 10 years ago by the former Association of Collective Investments (ACI) in partnership with the Department of Higher Education and Training (DHET) and the National Student Financial Aid Scheme (NSFAS) to help fund the tertiary education of learners from lower-income families. When ASISA was formed in October 2008, the Association assumed the ACI's responsibility for Fundisa.

Fundisa applies a means test of an annual household income of R180 000 or less to the families of beneficiaries.

In addition to sharing in the overall return achieved by the fund, investments in the fund are enhanced by a bonus payment of up to 25% each year to a maximum of R600 per beneficiary. The bonus payments are intended as an incentive to reward investors for saving for higher education. The bonus is forfeited if the investment is used for purposes other than education.

Chandler says while the annual bonus payments were never guaranteed, ASISA has made a commitment to continue funding annual bonus payments for the existing 27 185 beneficiaries from lower-income families provided investors maintain their contributions to the fund.

Ends

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ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.