



Prudential Investment Managers
Prudential Investment Managers

FEBRUARY 2018

This Valentine's Day, how about some Money for your Honey?

If you haven't already done your Valentines' Day shopping, you'd better hurry. This year, why not get some money for your honey? If your investment gift is well thought out and beautifully presented, it can be a far greater expression of love than a dinner for two, flowers and chocolate combined (although you should probably get one of these as well, just in case). Instead of moaning about the commercialization of what was once a sincere day, look at Valentine's Day as an opportunity to express your love in a manner that may be practical, but which gets better and better over time...

Read on for three easy ways to express your consistent love that will serve to make a precious bond even stronger.

1. "We're in it together" emergency fund

It may sound a bit negative, but in some ways our lives are a series of emergencies which we simply need to manage to thrive. One of the best ways of doing this is to set up an emergency fund for nasty financial surprises, like when your car blows a cylinder head gasket, your dachshund needs a back operation, or you have to go for an

MRI scan that's not covered by your medical aid. You could even be retrenched...

It's important to make a rational decision about how much to save. The rule of thumb says you should save three to six months of your salary. If you don't have fixed earnings in a recession-proof industry, please do err on the side of caution and save six months' worth of salary.

It's equally important to decide where and how to invest the funds. One option could be a monthly debit order towards Prudential's Money Market Fund, which has had an effective annual yield of 7.7% and is a good hedge against inflation – an absolute must for an emergency fund. Remember that unit trusts give you easy access to your investments – within three days or so. Bank deposit accounts can be locked in over time.

As we've mentioned before, couples that invest together stay together! So, you could consider opening up the emergency fund in both your names and – if you're both earning – each make monthly contributions that reflect your different practical and financial circumstances.

2. Loved up travel fund

Life's too short not to have fun, and it doesn't get better than an exotic holiday with the people that matter most. To make the dream a reality, you could set up a travel fund for Valentine's Day. What starts as a seed of hope should swiftly develop into a concrete plan and decisive action. For practicality's sake, let's focus on the action.

You'll need to decide on the destination, cost the holiday in today's terms and then decide when you'd like to go. If you can't afford to invest the whole amount now, you can set up a monthly contribution towards a fund based on the amount of time you have to invest for the holiday. Prudential's Balanced Fund is a good option for that exotic and expensive trip which you may need five years to save for. For a shorter timeframe, Prudential's Enhanced Income Fund should be considered for holidays in one to three years' time. Either way, use our [goal calculator](#) to determine how much you need to contribute each month, assuming growth of 4% above

inflation for the Balanced Fund and 1% above inflation for the Enhanced Income Fund.

3. Honey for the future

For your forever Valentine, nothing says “till death do us part” more emphatically than giving a fund for the future. This might go towards a home deposit or that nest egg you may need over and above your regulated retirement funds.

If you’d like your future fund to be for a home deposit, Prudential’s SA Enhanced Property Tracker Fund could be a good option if you plan to buy in 5+ years’ time. Its average annual return since inception has been 16.6%, which is well above the property inflation rate since 2005.

If you’re saving for your retirement, choose a fund that caters well for a long-term investment horizon where you can tolerate some risk, but still have good diversification, like the Prudential Balanced Fund. This fund has been consistently ranked in the top 25% of its peer funds for its performance by the Association of Savings and Investment South Africa (ASISA).

Roses are red

In this article, we’ve focused on investments, but the success of a Valentine’s investment gift lies in the explanation and presentation. When setting the scene for a romantic evening there’s no bigger buzzkill than a blank investment application form, so get a single red rose and a really nice card containing a hand-written note on the meaning of the investment and how it represents your love, which is sure to grow over time.

To find out how to get some money for your honey this Valentine’s Day, simply contact your financial advisor or email us at query@prudential.co.za.