



Prudential Investment Managers

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Put your 'lazy' money to work

Do you have extra money lying around? Many people would laugh and answer no to that question... but according to a recent bank report, there's about R295 billion sitting in South African current or cheque accounts that's not earning any real interest. It's not being spent. It's not growing. It's not delivering any returns. It's just sitting there, doing nothing. No wonder investors call it 'lazy' money.

The reality is that many South African banks don't pay much interest on current accounts. So if you're simply 'storing' your money in the bank, you're essentially missing out on returns that you could have been earning elsewhere.

It's important to remember that while a savings account offers little to no risk, it also offers very low returns. In fact, if you consider inflation, it's likely that your money will end up losing value in real terms over the long term. An investment, meanwhile, comes with some degree of risk (you get to decide how much), but with the added benefit of relatively higher returns.

Right about now you may be thinking to yourself: "Ok I get it, investing is better than keeping my money in the bank... but isn't starting an investment a whole lot of admin?" The short answer is, no! Starting an investment with Prudential can be [done online](#) in under 10 minutes. But before you begin, it's important to ask

yourself some questions to make sure that you choose the right investment option for you.

The first step is knowing what you want to achieve from your investment (also referred to as your investment goal). If it's the case that you're simply looking for an alternative to your bank with quick access to your money, then the [Prudential Money Market Fund](#) or the [Prudential Income Fund](#) may be good options. These funds are low-risk investments that offer inflation-beating returns and are great short-term investments. If you're looking for something longer term, then you'll need to ask yourself a few more questions.

If you don't have a particular goal in mind but have time... then a good place to start is knowing how much risk you're comfortable taking (also referred to as your risk profile) and how long you're wanting to invest for (also referred to as your investment time horizon). It's generally the case that the more risk you're able to take and the longer your investment time horizon, the greater the level of growth assets (equities) you should have in your investment. Conversely, the lower your risk profile and the shorter your investment time horizon, the higher proportion of fixed-income assets (bonds and cash) you should have in your investment. The great thing about unit trusts is that you can have a combination of both, with different weightings to either asset class, as in the case of the [Prudential Balanced Fund](#) and [Prudential Inflation Plus Fund](#).

Knowing which option is right for you shouldn't be too difficult. Fortunately, our investment [Goal Calculator](#) and [Fund Selector](#) tools should be able to point you in the right direction. Alternatively, speaking to your financial adviser is always a good idea.

Starting an investment is quick and easy and far more rewarding than having your money simply sit in the bank and do nothing. You've worked hard for your money, now's the time to have your money work for you.

For more information, please feel free to contact our Client Services Team on 0860 105 775 or email us at query@prudential.co.za.