



What is it?

Debit order investing is the process of setting up scheduled transfers of funds, usually monthly, from your bank account directly into your investments like TFSA's and RA's

Who is it for?

- Parents who wish to diligently save on behalf of their kids into TFSA's
- Young professionals saving over the long term into RA's
- An established professional or businessman putting away excess cash earned into a cash management account for a rainy day

Key features:



Debit order investing is an automated, systematic, disciplined and consistent way to save over the long term



It costs you nothing to start or stop debit orders - the banks don't charge for it, neither do we nor our investment service providers



Start investing early and consistently to harness **the power of compounding returns** over the long term (see example 1 below)



Invest through the highs and the lows to achieve optimum **cost price averaging** (see example 2 below)

Behavioural impact:



- No excuses or "I forgot" from the human allowed anymore!
- Once set up, human inertia results in the debit orders sticking over time
- Investors mentally frame the scheduled outflow as just another expense
- Debit orders save you from yourself

Smart investing:



- Makes investing easy and for everyone - anyone with small monthly contributions can start investing
- Each debit order can be invested broadly via unit trusts or ETF's (diversification)
- Invest into tax-efficient structures like TFSA's and RA's

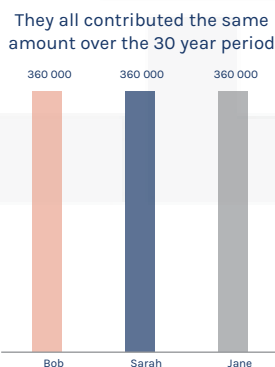
THE POWER OF COMPOUNDING RETURNS

Example 1:

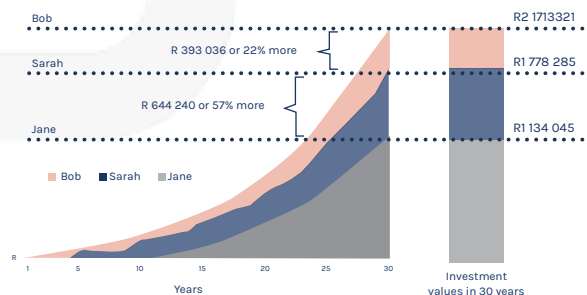
- Bob invests R1 000 per month via debit order (R12 000 per annum) continuously over 30 years
- Sarah invests a lumpsum of R 60 000 every 5 years over 30 years
- Jane invests R1 500 per month via debit order (R18 000 per annum) for 20 years, but only starts investing in 10 year's time.

Assumptions:

- They all invest into the exact same portfolio (albeit at different times) which generates the exact same 10% per annum return.



But their investment values differ substantially after 30 years, it pays to start investing early and consistently



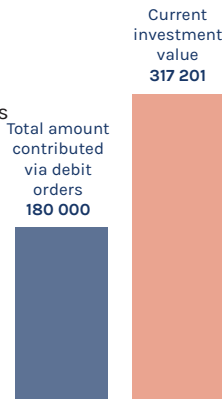
COST PRICE AVERAGING

Example 2:

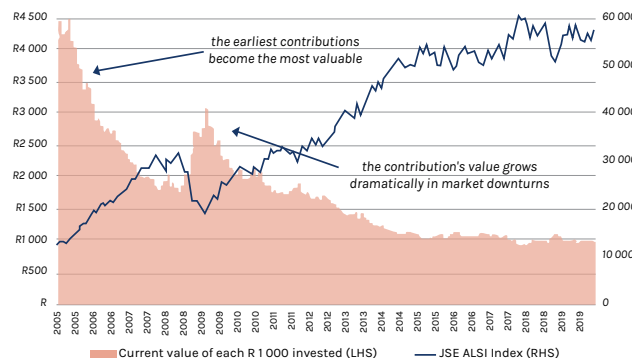
- Bob invests R 1 000 per month via debit order into the JSE for 15 years.
- In total, he invests R 180 000 over 180 months (R 12 000 per annum x 15 years)
- These graphs depict the performance of his investment at the end of 15 years

Assumptions:

- The investment tracks the performance of the JSE All Share Index and covers the period January 2005 to December 2019
- Dividends earned are reinvested
- Bob invests R 1000 at the end of each month



Current value of each R 1 000 contributed per month into the JSE invested over the past 15 years



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