

Safe, cost-effective solution for in-between capital

By Roenica Tyson, Investment Product Manager at Glacier by Sanlam

While a significant capital lump sum from winning the lottery only happens to a lucky few, many investors may have access to a sizeable cash amount at some point in their working careers. Whether from an inheritance, selling a business or property or gratuity at retirement, investors often don't have an immediate need to deploy this capital. Having a safe, cost-effective parking place for such capital becomes key – until the next investment opportunity or financial need arises.

Debunk the bank deposit rate

Turning to their trusted bank is often the preferred approach for many investors, where they opt for a flexible or fixed term deposit. The method of quoting rates on these options is not standardised, and investors need to look carefully to ensure they're comparing like with like.

In line with interest rate cuts of 2% this year, bank deposit rates have declined drastically in recent months. To lock-in similar rates to a year ago, investors need to commit to significantly longer fixed terms or consider lower grade debt. As an example, in May last year the rates (nominal and before tax) on offer from top local banks for a three-month deposit ranged between 6.6% and 6.8%. Today investors need to commit a deposit for at least three, or with some banks, even five years to achieve a similar result.

Flexible access at no cost

2020 has brought increased economic uncertainty to many, but current markets also present ample opportunities. Flexible access to investments may become a necessity to many and the Glacier Cash Option is an ideal solution. From R100 000 investors can access a limited range of income funds, offering them the opportunity to earn inflation-beating returns.

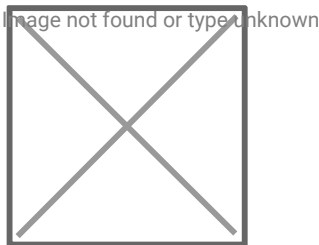
With lower expectations of returns from fixed interest instruments, investors should consider options that target a return in excess of cash, or that aim to do so in a tax-efficient way. Click [here](#) for more information on the Glacier Cash Option and the underlying investment options.

Speak to your Glacier representative for more information on how these solutions can add value to your clients' portfolios.

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Roenica joined Glacier in August 2014 as an Investment Product Manager. She holds a BCom degree from the University of Stellenbosch and is a Certified Financial Planner (CFP®) and CFA® charter holder. Roenica started her career in 2006 at Allan Gray and subsequently worked at Momentum and Boutique Investment Partners in various product and investment roles.

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