

Liberty's new tax-free investment now open for children

Parents strive to give their children the best education, best healthcare and best upbringing that they can provide, to lay the foundations for their adult lives. Yet, what about providing a financial foundation?



Source: [Unsplash](#)

It all starts with setting a good example, ongoing education and expressing the importance of developing good saving habits.

Enter Stash For Kids - an add-on to the existing Stash app, which allows parents or guardians to open a tax-free Investment for their minor children, in the child's name. With Stash For Kids parents can stash up to R36 000 a year (and R500 000 over their child's lifetime) in a tax-free investment directly from their mobile phone.

There is no tax on growth or dividends, and no investment-management or platform fees, which, together with the benefit of time means that their children's saving maximises its potential for compound growth.

Since the onset of lockdown, 83% of households reported that they view savings as more important now than ever before (according to the 2021 Consumer Pulse SA report), putting the spotlight firmly on people's desire for increased security and commitment towards putting spare cash aside.

Parents saving more

"Users of the Stash by Liberty app increased by more than 180% since the onset of the Covid-19 lockdown in April last year. Along with this, the amount of money stashed per month has increased by over 350% when compared to the same time last year, meaning individuals are also saving more per month than they did pre-lockdown," says Glenn Grimley, Chief Specialist for Digital Proposition Management at Liberty.

“Over 135 000 people are currently using the app, and figures for user growth in 2021 are on track for another 100% increase year on year.” On the back of this, there has been a significant interest from Stash clients, specifically parents and guardians, he says, who wish to start investing for their children.

“Through research and customer feedback, our data has shown that three of the most popular features from the existing Stash app will remain exactly the same for Stash for Kids, namely Daily Stash where money is contributed daily, between R5 and R100 per day; Monthly Boost where money is contributed on the last day of each month, and Stash Tap where money is contributed manually, facilitated by the guardian via the tap of a button on their Stash app (between R10 and R500 per day),” adds Grimley.

How it works

Available for all South African minors (children under the age of 18), Liberty has added a section to customers’ existing policy terms and conditions, allowing for the tax-free investment policy to be issued in the name of the minor. This means that the annual and lifetime tax-free contribution limits apply to the minor in their own capacity.

A parent or guardian will be responsible for the onboarding, contracting, ongoing management and facilitation of contributions on behalf of the minor by means of their existing Stash app. To activate this policy successfully on behalf of a child, the parent or guardian must have a Stash investment account in his or her own name as well.

This is to ensure that the parent or guardian is familiar with the Stash proposition, the app and the terms and conditions. Stash For Kids contributions will come from the same connected bank card that is used for the parent or guardian.

“For those setting up a Stash account for the first time, the process is simple and requires no paperwork and most importantly, no fixed monthly financial commitment. Within no time, you will have a tax-free investment, for you and your children, at the tip of your fingers.

“We want this app to help keep children and parents engaged in their savings journeys, developing good savings habits and a culture of money consciousness,” says Grimley.

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