**Good investments for an average household**

Do research and write a paragraph on each of the following (five paragraphs in total):

a) Investing in property (buying a home) [4 marks]
b) Investing in retirement annuities [4 marks]
c) Investing in unit trusts [4 marks]
d) Investing in education [4 marks]
e) Explain how the investments in a) to d) can contribute to economic prosperity and growth. [8 marks]

[Total: 24 marks]
# Suggested Solutions

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| 1               | 24             | Possible facts to include in the paragraphs:  
|                 |                | a) Investing in property is a good investment for the average family to make. It provides a home to the family✓, while contributing to their wealth creation✓. House prices increase✓, so when you buy a house today you should be able to sell it in a few years’ time at a profit✓. You can also buy property to rent out so that it provides you with a monthly income✓. This is a good income-earning idea for someone who is retired✓. (any four facts) [4 marks]  
|                 |                | b) Investing in retirement annuities is a good way for a household to make provision for their retirement✓. An annuity is a long-term investment, not a way of saving in the short term✓. A pension fund differs from an annuity fund. When contributing to a pension fund you can claim the money you paid into the fund when you stop working for the employer, even if you are not going on pension✓. When you contribute to an annuity fund, the soonest you can claim your money is when you reach 55 years of age✓. The money invested in an annuity is pooled with money from other investors and that money is used to invest in share portfolios, which can earn profits✓. These earnings make the annuity grow so that by the time it matures (is paid out), you get much more than you initially invested✓. Money contributed to a retirement annuity is tax deductible✓, so you can also save on the taxes the household has to pay. (any four facts) [4 marks]  
|                 |                | c) When a household wants to make an investment with a low to medium risk✓, they can invest in unit trusts. In unit trusts, you invest money at a company that manages the trust✓. Your money is put in the trust together with the money invested by many other people✓ and managed by a unit manager who invests the money in shares on the stock exchange✓. The people who invest in unit trusts will be paid their part of the profit on the lump sum investment according to the units in which they have invested✓. A household can invest as little as R20 to R50 per month✓, and you can have access to the money within three to five days✓. (any four facts) [4 marks]  
|                 |                | d) Investing in education is investing in human capital✓. When employers invest in someone’s education, they will be able to make use of their skills and abilities in the future✓. Their skills can also be transferred to others✓. Investing in education increases people’s opportunities of making a good living✓, which contributes to an improvement in living |
### Grade 9 EMS Worksheet

- Skilled people can earn more money and get better jobs. (any four facts) [4 marks]

| e) | By making sound investments, a household can contribute to creating economic prosperity and wealth for themselves and their community. Investment in a property such as a home improves their chances of increasing their wealth and making more money in future when they sell the property. They also contribute to the economy by satisfying a demand when they sell the house. Investing in annuities allows people to be financially independent when they retire. This frees up more money in the economy, because the retired people will then not be relying on Government grants. They will still be able to contribute to the economy. Investing in unit trusts enables people to accumulate money that they can use for medium-term goals. This could prevent them from having to go into debt and getting in trouble if they cannot pay their debts. This helps keep inflation in check. Investing in education ensures that in future there will be a skilled workforce who can contribute productively to the economy. They will be able to ensure their own prosperity because they could become high-income earners. (any eight facts) [8 marks] |

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