



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

---

## PRESS STATEMENT

---

The South African economy has enjoyed rapid growth over the past five years and is set to grow further, albeit at a slightly slower pace over the next three years. One of the factors that contribute toward higher growth and development on a sustainable basis is the savings level of a country. At present, the level of savings in the country stands at just under 14 per cent of GDP with households contributing very little towards that savings rate.

To encourage the public to save, the National Treasury introduced a set of savings instruments known as RSA Retail Savings Bonds in 2004. These bonds are intended to create awareness of the importance to save, as well as to target a different source of funding for government. Furthermore, they diversify the financial instruments on offer to individuals. RSA Retail Savings Bonds are secure and risk free and deliver solid and guaranteed returns. These bonds can be bought for as little as R1 000, 00 and carry no commission, agency or service fees. They offer competitive rates and allow investors to take control of their own savings portfolio instead of investing through a third party.

The two types of bonds on offer are fixed and inflation linked savings instruments. The Fixed Retail Savings Bonds earn a market related fixed interest rate with maturities of 2, 3 and 5 years while the new Inflation-Linked Retail Savings Bonds have maturities of 3, 5 or 10 years and are inflation protected. Capital amounts invested in inflation-linked retail savings bonds are inflation adjusted over the term and interest is calculated every six months on the inflation adjusted capital. The interest rate payable is called a real interest payment rate, and it is linked to Government's Inflation-Linked Bonds yield curve.

Since its introduction in 2004, more than 18 400 people have invested R2.3 billion, with an average investment of R54 000. Bonds can be purchased for amounts ranging from R1 000 to R1 million.

The following illustrates an investment of R1 000 over 2, 3 and 5 years.

- |                     |            |
|---------------------|------------|
| ○ 2 years at 9.5%   | R1 203.97  |
| ○ 3 years at 9.75%  | R1 330.55  |
| ○ 5 years at 10.25% | R1 648.39. |

Furthermore, the introduction of these bonds prompted a response by the banks to raise their deposit rates, further encouraging South Africans to save. The retail landscape has also grown as an increasing number of financial institutions are now issuing retail structured instruments, which have the same features as those issued by Government.

The bonds are available to South African citizens or permanent residents, no age restriction applies. To make these bonds more accessible, we have added Pick 'n Pay to our list of distributors. RSA Retail Savings Bonds can also be purchased at the Post Office as well as from the National Treasury. For more information call

012 315 5888 or visit the website [www.treasury.gov.za](http://www.treasury.gov.za). To be able to invest at Pick 'n Pay stores, investors have to register first at the National Treasury offices or on the Treasury website.

For more information contact: 012 315 5888

**Issued by National Treasury**  
**15 April 2008**