

## Have the 4 key investment accounts for your family



What kind of investment account do you need? There's a wide range of different account types depending on people's goals that they pursue when they invest—from a home down payment to building a retirement fund or saving for university education. Here are 4 accounts that we believe every family must have to achieve different family goals.

### Emergency account

**What it is:** Your emergency account is the money set aside to take care of unforeseen large expenses such as the breakdown of a major appliance, car accidents, job loss, or medical emergencies. An emergency account should have at least 6 months' worth of your living expenses.

**How to build it:** Build it methodically until you hit your target. Do not overfill it and use it for true emergencies, not every new purchase you want to make.

**Why it matters:** Emergencies or adversities can happen at any time and instead of waiting for it to catch your family unawares, you should rather prepare for it. Save your family from borrowing each time something unexpected happens when you can fall back on your emergency fund and make your family debt-free.

### Retirement Account

**What is it:** Everyone will retire one day no matter the work you do. Unfortunately, for most workers, with a reduction in income comes with a reduction in the quality of life as well. Your retirement fund is to make up for reduced income levels by giving you an extra source of income in addition to Social Security or pension benefits when you retire.

**How to build it:** Know your Retirement Number – the amount you need to invest every month to be able to reach your retirement goal. This means you must have a target, or idea, of how you would like to spend your retirement (a new business, globetrotting, philanthropy, etc.). You can now use a calculator, like the [Databank Retirement Number Calculator](#), to calculate your Retirement Number. Try to commit to investing this amount every month.

**Why it matters:** According to a survey by the National Pensions Regulatory Authority in Ghana, out of every 100 Ghanaians who turn 60, only 2 will have a comfortable retirement. The remaining 98 would have to depend on family, friends or SSNIT (75%) or continue working (23%). Living on less than 60% of your salary (as is the case with social security) is more difficult than many people imagine and a lack of preparation forces them to live under undesirable conditions. Your retirement fund is your sure bet to enjoy retirement on your terms.

### Education account

**What it is:** The quality of your life is often strongly linked to the quality of your education. But education can be expensive, especially as you progress. An education account is built to cater to the educational

needs of the members of the family. Children, especially, can greatly benefit from having funds saved for them to ensure they have access to quality, uninterrupted education.

**How to build it:** It is also advisable to build your education account with a target in mind. You could research the fees for the schools you or your children would like to attend and work towards it. But remember that fees are likely to keep increasing so you also need to increase the amount you put away every month.

**Why it matters:** A [report by Forbes](#) shows the cost of education to have risen by over 180% since the 1980s compared to a 19% increase in salaries. This means education may cost you more in the future though your income may not rise at the same pace and so investing now is critical. Leaving the education of your children, and other family members, to chance could jeopardize the future of your entire family. Set them up for a better future today by building your family education account.

## Project Account

**What it is:** Certainly, your family is not only about emergencies, retirement, or education. There are dreams and goals you want to achieve. Maybe you would like to start a family business, travel together, or just build a legacy of some sort for yourselves. This is where your project account comes in. We sometimes call it 'Investing for the sunny days'. Set money aside for the things you would like to enjoy as a family with your project account today.

**How to build it:** Be clear with your goals: trip, business, house, etc. Then decide on how much you think you would need. Some investment types are already targeted at some of these goals (such as the Databank Housing Account for a home) and you could use them to invest for your goal. You may need to make some sacrifices today to be able to get some money to invest for the future.

**Why it matters:** Achieving your goals can offer a great sense of fulfilment to individual members and a family as a whole. But many goals need money before they can be realized. You don't want to borrow for every business venture or every time you want to travel with the family. These only put undue financial stress on you. Instead, start preparing now for the future your family has always dreamed of.

## Working together towards your family goals

Your family could decide to invest towards other goals, which may not be part of this list. What matters is for everyone to be on the same page so that you can achieve the goals together. Every family member must also understand that investing is largely delayed gratification – making sacrifices today so that we can enjoy tomorrow together.

If you need any help to help with your family investments, do not hesitate to get in touch with Databank.

Call us on **0302 610610** or WhatsApp us on **0577 289133** or visit [www.databankgroup.com](http://www.databankgroup.com).

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