

Tax-free Savings Accounts Reminder

January 2019

Dear Investor,

You have until 28th February 2019 to invest R33 000 into your Tax-free Savings Account. If you invested less than this, please top-up before the end of February. You can invest a further R33 000 on 1st March 2019 to take full advantage of the markets.

We charge an administration fee of 0.5% per annum on your portfolio, quarterly in arrears.

The Tax-free Savings Accounts (TFSA) was legislated in the 2015 Budget Speech to promote a savings culture.

The investment allows for a maximum annual contribution of R33 000 into the account, and all capital gains, interest and dividends(*) earned are exempt from any form of capital gains or income tax.

Over a lifetime the investor can contribute R500 000 into the account, which, if he contributes at a rate of R33 000 per annum, will take 16 years to reach the maximum allocation.

By when do I need to open my account?

As soon as possible! You can only contribute R33 000 per tax year, which ends on 28th February 2019. So if you open your account, you can immediately make your investment.

(*) – Foreign ETFs are subject to offshore dividend tax which is not recovered. The portfolio manager will also levy a management fee against the ETF. See www.ETFSA.co.za for the expense ratios and factsheets of the various ETFs.

Why must I have a TFSA?

The TFSA is the ideal savings initiative, especially when compared to investments that are subject to tax.

- ❖ As a long-term plan, the benefit of compounding as well as tax exemption will boost your savings

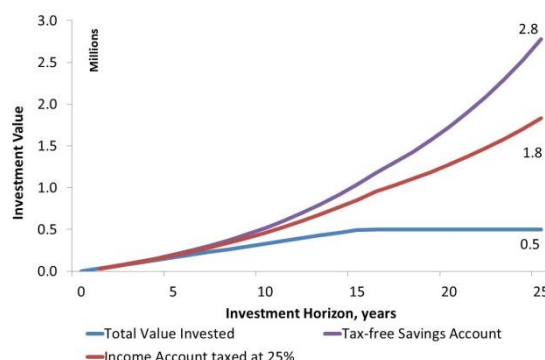


Figure 1 - Long-term and untaxed - what a winner!

The chart above highlights an annual R33 000 investment in the TFSA growing at 10% per annum. Assuming a 25% tax rate, the taxed investment of R500 000 will be worth R1.8m after 25 years. In TFSA, you will have an additional R1 000 000 in your pocket!

- ❖ Complement your Retirement Annuity (RA) and Unit Trust contributions
- ❖ Set up a savings account for your children's or grandchildren's education

Afrifocus Personal Wealth

The disclaimer is available on our website <http://www.afrifocus.co.za>