

Invest in a Tax-Free Savings Account and enjoy tax-free returns on your investment

Tax-Free Savings Account

Introduction

The Tax-Free Savings Account (TFSA) provides you with tax-free returns on any growth in your investment. This is an effective way to save, as you don't pay tax on the growth of your investment, improving your long-term investment returns.

Benefits

- An effective way to save. Any interest, dividends or capital gains from your tax-free investment are tax-free. This means that you don't pay tax on the growth of your investment, thus improving your long-term investment returns.
- The ability to deposit funds into and withdraw funds from the account as and when you like. There is no tax or penalties for withdrawing funds.
- The opportunity to open and invest in a TFSA for your children. The investment must be in the name of the child and the R33 000 annual limit and R500 000 lifetime limit will apply per child.

Terms

- The total annual contribution in one tax year to your TFSA may not exceed the annual contribution limit of R33 000. The total lifetime contribution may not exceed R500 000. Any amount deposited that exceeds the annual limit of R33 000 or the lifetime limit of R500 000 will be taxed at 40%.
- Any profits, dividends or interest that take you over the annual or lifetime limits may be reinvested provided they are not withdrawn. Any capitalised income will not be considered as an investment for limit purposes.

- Withdrawing funds from your TFSA will use up part of your lifetime limit for tax-free savings. For example, if you deposit R30 000, you will then have a limit of R470 000 remaining in your lifetime. If you decide to withdraw these funds, your limit will remain at R470 000 and will not go back up to the original lifetime limit of R500 000.

Eligibility

- Natural persons (no trusts or companies)
- South African Residents

Documentation

- Simply complete our mandate, selecting the TFSA account option, and return the form to your Portfolio Manager.

