

Different Investment Vehicles

MARCH 2021



UNIT TRUST INVESTMENT PLANS



TAX-FREE INVESTMENTS



ENDOWMENTS



RETIREMENT FUNDS



REAL ESTATE RESIDENTIAL PROPERTY

	1	2	3	4	5
	UNIT TRUST INVESTMENT PLANS	TAX-FREE INVESTMENTS	ENDOWMENTS	RETIREMENT FUNDS	REAL ESTATE RESIDENTIAL PROPERTY
Tax Deductibility	Not Tax Deductible	Not Tax Deductible (No Benefit) Maximum Contribution: R 36,000 per year; and R 500,000 over your lifetime	Not Tax Deductible	27.5% of the greater of your remuneration or taxable income is tax deductible. (R350,000 annual limit.)	Interest paid on bond can be deducted against property income. (Also, running costs of the property can be deducted.)
Tax on Income (Interest, Dividends & Rental Income)	Yes (It is smarter to have shares here than cash, bonds and/or property.)	No	Yes at 30%	No	Yes (Running costs and interest paid on the bond can be deducted against property income for tax purposes.)
Capital Gains Tax	Yes (Capital gains are taxable.)	No (All capital gains are tax-free.)	Yes (No annual R40,000 exclusion.) 12% effective rate applies.	No	Yes
Tax on Withdrawal	No	No	No	Yes (Please see special Income Tax Tables for withdrawals from a Retirement Fund.)	
Liquidity	Yes (Cash in your bank account within 3 to 5 business days.)	Yes (Cash in your bank account within 3 to 5 business days.)	After 5 years	No liquidity until age 55, then partly liquid.	Not instantly liquid.
Estate Duty	20% (Up to 3.99% Executor's Fees.)	20% (Up to 3.99% Executor's Fees; 0% on TFI at Allan Gray.)	20% (0% Executor's Fees if a beneficiary is appointed.)	0% Therefore, do not take all your income from this pool at retirement. (0% Executor's Fees.)	20% (Up to 3.99% Executor's Fees.)
Creditor Protection	No	No	No	Yes	No