

# PAY LESS TAX

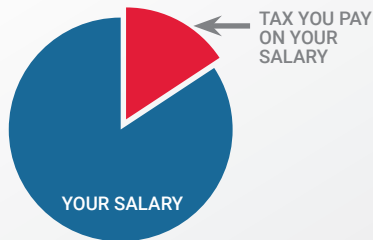
## by investing in your future

30 MARCH 2021  
RETIREMENT ANNUITIES &  
TAX-FREE INVESTMENTS

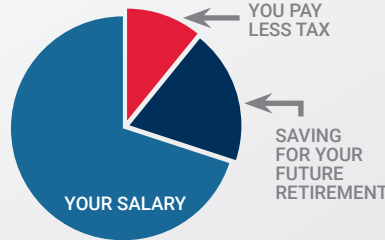
The South African Revenue Service (SARS) has put certain annual tax incentives in place to encourage South Africans to save for retirement, but also for other long-term goals. Make sure to take advantage of these opportunities to minimise your taxable income in order to maximise your tax savings.

### 1. Reduce your taxable income by contributing towards a Retirement Annuity (RA). This will provide benefits now and in the future. **Top up your RA before 22 February 2022.**

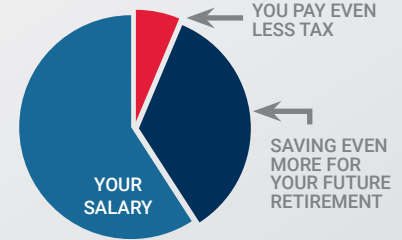
**ZERO CONTRIBUTION TO A RETIREMENT FUND**



**15% CONTRIBUTION TO A RETIREMENT FUND**



**27.5% CONTRIBUTION TO A RETIREMENT FUND**



#### CONTRIBUTIONS

As individual you may contribute **up to 27.5%** of the greater of your taxable income or remuneration (with an annual ceiling of R350,000) towards retirement funds, like an RA, and enjoy tax deductibility. This is the easiest way to reduce your taxable income, and ultimately pay less tax. By implication, SARS could pay up to 45% of your contributions to your retirement funds. Ensure that you understand the value of this.

#### TAX IMPLICATIONS

The underlying investments in a retirement annuity are **not subject to capital gains tax (CGT) or income tax on interest and dividends earned**. This is an advantage over other savings products like pure unit trusts, which are subject to both income tax and CGT, either in your hands or in the hands of the fund manager.

On death, a retirement annuity is **free from Donations Tax (20%), Estate Duty (20%), Capital Gains Tax** (Depends on marginal tax rate) and **Executors Fees (3.99%)**. In case of insolvency, the investment is protected from creditors. Beneficiaries can also be nominated to inherit the proceeds without having to pass through the individual's estate.

### 2. Enjoy the tax benefits of a Tax-Free Investment (TFI) account. No tax on interest, capital gains or dividends! **Top up your TFI before 22 February 2022.**

The long-term benefits of not paying tax on your returns are massive! The interest, capital gains and dividends earned in a TFI are completely tax free. You may contribute a **maximum of R36,000** per year to your TFI, capped at R500,000 over your lifetime.

### 3. The major differences between an RA and a TFI. A question of liquidity and access to funds with legal restrictions.

	RA	TFI
How much can one invest?	Any amount. Up to 27,5% for tax benefit.	Maximum of R36,000 per tax year. Capped at R500,000 over your lifetime across all TFI's.
Will investing decrease my taxable income?	Yes. Capped at R350,000 per tax year. Tax benefit on all amounts up to 27.5% of the greater of your taxable income or remuneration.	No. (This is after tax contributions/investing.)
When can I access money?	From age 55 onwards. (Exceptions exist.)	At any time, but you cannot re-contribute amounts you have withdrawn. Limits remain.
What happens to my money if I die prior to retirement?	Not part of estate. Beneficiary nomination apply.	Estate duty apply, but no executor's fees.

Speak to your OBIN financial advisor about maximising your tax savings by contributing towards or topping up your RA and/or TFI **before 22 February 2022.**

