



## Tax Free Savings Account

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# Product Guide and Frequently Asked Questions

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## THE TAX FREE SAVINGS ACCOUNT

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### WHAT IS THE TAX FREE SAVINGS ACCOUNT?

The Tax Free Savings Account (TFSA) is a simple and transparent savings solution for your savings needs. All growth in the Savings Account is completely tax free. The Tax Free Savings Account puts you in control of your savings and rewards you for saving while still allowing you access to your money should the need arise.

The Tax Free Savings Account also allows for both lump sum and debit order investments.

### WHAT DOES ‘TAX FREE’ ACTUALLY MEAN?

It means no taxes apply to your investment growth or any withdrawals.

- There is no tax on capital gains made.
- There is no withholding tax on dividends received.
- There is no tax on interest earned.

### YOUR CONTRIBUTIONS

#### HOW DO I INVEST IN A TAX FREE SAVINGS ACCOUNT?

You can choose to invest ad hoc lump sums or make regular contributions via debit order monthly quarterly, half yearly or annually.

#### WHAT ARE THE MINIMUM INVESTMENT AMOUNTS?

The minimums are:

|                              |         |
|------------------------------|---------|
| Initial lump sum investment: | R10 000 |
| Ad hoc lump sum investment:  | R 5 000 |
| Regular debit order:         | R 500   |

**WHAT METHODS OF PAYMENT CAN I USE?**

Lump sums can be invested by Electronic Funds Transfer (EFT), direct deposit into our bank account (specified on the application form) or by once off debit order instruction.

For regular contributions we will arrange to debit your specified bank account on the 1st or 25th of the month and if this falls on a weekend or public holiday it will be effective on the next business day.

**WHAT ARE THE CONTRIBUTION LIMITS?**

The regulations limit you to investing a maximum of R33 000 per tax year and R500 000 over your lifetime in a Tax Free Savings Account.

These limits apply even if you have more than one Tax Free Savings Account and SARS will tax any excess contributions at a rate of 40%.

Please note that investment growth is not subject to the contribution limits.

**HOW LONG DO I NEED TO INVEST FOR?**

There is no specific timeframe required for a Tax Free Savings Account. You may choose how long you wish to remain invested.

**CAN I CHANGE THE AMOUNT OF MY REGULAR INVESTMENT?**

Yes, you can increase, decrease or stop your regular investments at any time. Any changes to debit order details must be communicated 5 business days before the debit day.

**YOUR INVESTMENT OPTIONS****WHERE IS MY MONEY INVESTED?**

You may invest in any of the underlying funds managed by your chosen Investment Manager, provided the fund complies with the regulations for Tax Free Savings Accounts.

Should you need advice in this regard, kindly contact your Financial Advisor or the Investment Manager directly.

*Please request the latest list of available investment fund options from our Client Services team and / or consult the application form.*

**CAN I INVEST IN MORE THAN ONE FUND?**

Yes, you can split your investment across several funds. Please note that the minimum investment amounts apply per fund.

**CAN I CHANGE MY INVESTMENT FUNDS?**

Yes, you can switch to another fund at any stage, at no charge.

**WHAT ABOUT INCOME DISTRIBUTIONS?**

Income will be distributed from your investment as normal and you have the option to have this paid out or to-reinvest it. The default will be that income is re-invested.

**FEES AND CHARGES****WHAT FEES AND CHARGES ARE APPLICABLE TO MY TAX FREE SAVINGS ACCOUNT?**

There are no administration fees applicable to the Tax Free Savings Account.

Asset management fees apply for your selected investment funds.

### **WHAT ABOUT FINANCIAL ADVISER FEES?**

Initial and ongoing Financial Adviser fees can be negotiated between you and your adviser and we will facilitate payment on your behalf.

- Initial fees will be applied to each contribution and deducted before the investment is made.
- Ongoing advisor fees are charged by way of unit reduction from the investment and paid to your Financial Adviser monthly in arrears.

You may adjust or cancel the Financial Adviser fees at any stage.

### **ACCESSING YOUR INVESTMENT**

#### **CAN I WITHDRAW MONEY FROM MY TAX FREE SAVINGS ACCOUNT?**

Yes, you can withdraw money from your Savings Account at any time.

Please bear in mind that any money withdrawn does not get deducted from your annual contribution limit. For example, if you have invested R30 000 in a tax year and withdraw R10 000, you will not be allowed to make further contributions until the following tax year.

#### **ARE THERE ANY CHARGES FOR WITHDRAWALS?**

No, there are no fees for redeeming your investment.

#### **HOW DO I REDEEM MY INVESTMENT?**

To make withdrawals from your Tax Free Savings Account, you will need to select the investment fund you want to redeem from and indicate the amount or percentage you want to withdraw. We will pay the amount to your bank account within 2-3 working days.

Please note that no third party payments are allowed.

#### **CAN I SCHEDULE A REGULAR WITHDRAWAL?**

You may schedule a regular withdrawal payment but IP must receive the instruction 5 business days before the scheduled withdrawal payment date for payment to be effective that day. If not, the first withdrawal payment will be scheduled to take place the following month.

Regular withdrawal payments are scheduled for the 25th of each month and if this falls on a weekend or public holiday it will be effective on the next business day.

The minimum regular withdrawal amount is R1000 per month per account / fund.

### **GENERAL QUESTIONS**

#### **WHAT HAPPENS TO MY TAX FREE SAVINGS ACCOUNT WHEN I DIE?**

Your Tax Free Savings Account will form part of your estate for the purposes of executor fees and estate duty.

#### **WHAT COMMUNICATION WILL I RECEIVE?**

Once we have processed your application, you will be sent a letter confirming your new account number and a transaction statement confirming the details of the investment into your selected fund/s.

In addition you will receive monthly or quarterly investment statements.

You can also view your investment information online via our secure website. Please enquire for further details.

## DISCLOSURE

The Tax Free Savings Account (TFSA) is administered by IP Management Company (RF) Pty Ltd (Reg no. 2007/017601/07) (IPMC) under the Regulations in terms of Section 12T(8) of the Income Tax Act, 1962. IPMC is an authorised Manager of a Collective Investment Scheme in Securities. IPMC is not an authorised Financial Services Provider under FAIS and does not render a financial service or provide advice, but is required to make appropriate disclosures in terms of the FAIS Act, under the TFSA regulations.

IPMC is owned by the following licensed Financial Services Providers: MiPlan (Pty) Ltd, FSP 9383, (37%), Flagship Asset Management (Pty) Ltd (FSP 577), 16%, MitonOptimal Holdings (Pty) Ltd, holding company for MitonOptimal Asset Management (Pty) Ltd (FSP 28160), FG Asset Management (Pty) Ltd (FSP 20987).

Fees levied in the TFSA may include Initial Charges, deducted from the consideration prior to investment, ongoing service fees levied within the relevant portfolio as well as initial and ongoing advisor fees, levied by the sale of participatory interests or included in the ongoing service fee. The fact sheet for the specific portfolio should be read in conjunction with the TFSA application for full fee disclosure and additional disclosures required by Cisca.

Complaints to be in writing and sent to [clientservices@ipmc.co.za](mailto:clientservices@ipmc.co.za) for attention of the Compliance Officer. IPMC holds Fidelity Insurance cover in the amount of R20 million.

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## CONTACT DETAILS

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If you have any questions about your investment, please email us on [clientservices@ipmc.co.za](mailto:clientservices@ipmc.co.za) or call 021 671 1650. Alternatively contact your Investment Manager or Financial Adviser

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