

# TAX-FREE SAVINGS



Capital security meets high growth  
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**FEDGROUP**

Fedgroup is an Authorised Financial Services Provider

**30**  
YEARS

# ARE YOU GETTING THE FULL TAX BENEFIT?

By adopting a holistic investment approach, you can benefit from all the tax breaks available to you. Therefore, Fedgroup's Tax-Free Savings represents a vital component of your overall investment strategy.

## What is Tax-Free Savings?

Legislation introduced by government in 2015 allows you to save R36 000 per year in a tax-free investment product, up to a lifetime total of R500 000. These numbers apply only to the money invested and not the interest that you earn on your investment. Any interest earned on this investment will not be taxed when it is withdrawn. However, when you withdraw money from this account, that amount still counts towards your annual and lifetime limits. It is therefore an investment that benefits from a long-term savings goal such as retirement or your children's education. Parents are able to invest in the names of their children, with each such investment coming with its own individual limit of R36 000 per year and R500 000 in total.

## How much do I earn?

Fedgroup's Tax-Free Savings offers a lucrative interest rate, which fluctuates with the Reserve Bank's repo rate.

## How do I invest?

You can make one or more lump-sum contributions per year. You also have the option of paying a monthly premium of R500 or more. With both of these options the total amount that you invest has to be less than the annual limit of R36 000.

## Is the highest-yielding asset always the best choice for my tax-free investment?

When choosing the correct product for your tax-free investment, it is best to consider your entire investment portfolio, and not just a portion. For instance, the interest-bearing portion of your portfolio might attract a high marginal tax rate. Since interest returns can attract high marginal tax rates, these investments might be ideally suited to a tax-free investment. As always, it is best to consult with your financial advisor before making a decision.

## What do I need to keep in mind?

If you have more than one tax-free investment, you have to keep track of your investments carefully to ensure that you do not invest more than the annual limit of R36 000. Any amount that you invest above this limit will be subject to a tax penalty.

Start investing today and see real returns. Simply complete the three easy steps detailed above and start enjoying the benefit of consistent returns and capital security today.

Call us at **0860 065 065** or email **SIcontact@fedgroup.co.za** if you have any further questions.