



**What is it?**

A TFSA is an investment structure that allows you to save for both short- and long-term goals without paying taxes on any of the growth or income you earn. In addition, you are not taxed on withdrawal or termination of the account, and you have instant access to your money whenever you need it.

**Who is it for?**

- ◆ Individuals who wish to save their money in a flexible and tax-efficient manner
- ◆ Individuals who wish to supplement their existing retirement savings
- ◆ Individuals who wish to save on behalf of their kids and grand kids

**Key features:**



No taxes on capital growth or income (rental income, dividends, interest)



Instant liquidity - withdraw your investment at any time at no cost



Wide investment choice - Customise your investment portfolio according to your needs

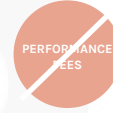
**Restrictions:**



Limited investment allowance per individual of:  
- R33 000 per annum  
- R500 000 lifetime limit



Any portion of your unused annual limit may not be carried forward to the next tax year



Not possible to invest into unit trust funds that charge performance fees

**Investment choice:**



**Asset classes**  
(equities, property, fixed income, cash)



**Geographies**  
(local, offshore developed & emerging markets)



**Investment styles**  
(passively managed ETF's, actively managed unit trusts or custom made portfolios)

**Invest Across**

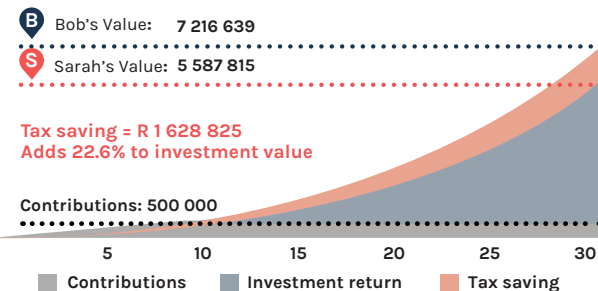


Check out Sterling Invest (our in-house investment manager) for more information regarding these model portfolios - [www.sterling.za.com](http://www.sterling.za.com)

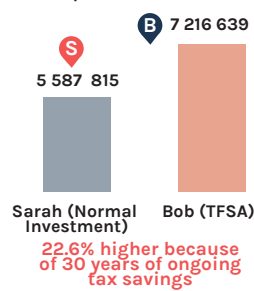
**Example:**

Bob invests R 33 000 per annum over the next 15 years (using up his R 500 000 lifetime allowance limit) into a diversified investment portfolio within a TFSA that generates an annualised return of 12% per annum. Sarah invests the exact same amount, over the same time period into the exact same diversified portfolio but in a normal discretionary investment. They both hold onto their investment for 30 years.

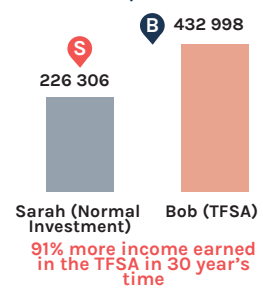
TFSA investment value progression over 30 years



Investment value difference in 30 years time



Annual income return difference in 30 years time



**Assumptions:**

12% annualised return = 6% capital growth + 3% property/interest income + 3% dividend income  
Tax rates = effective CGT rate (18%), dividend withholding tax rate (20%), marginal income tax rate (45%)

**Disclaimer:**

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