



momentum

for your financial wellness



Tax-free products
for savings and investments



Momentum launches tax-free savings products

In order to encourage South Africans to save, the South African government has introduced a new savings vehicle in the form of a tax-free savings account. You can start investing in tax-free investment and savings products from 1 March 2015.

To date, the returns and proceeds from saving and investment products have been subject to tax. The benefit that you will now enjoy from investing or saving through tax-free products is that all returns and proceeds from such products will be completely tax free.

Momentum is excited to announce the introduction of our tax-free products through the Wealth Investment Series and My Savings Portfolio.

The Wealth Investment Series product is called the **Flexible Tax-Free Option**.

The tax-free products offered through My Savings Portfolio are the **Tax Free Education Savings, Tax Free Retirement Savings and Tax Free Dream Savings**.



What are the important things you need to know about the new legislation?

- You can contribute a lump sum or regular amounts to a tax-free product. According to legislation, your contributions are limited to:
 - R30 000 every year and
 - R500 000 in total over an individual's lifetime.
- You can withdraw the money from a tax-free investment at any time. However, if you want to re-invest the money that you withdrew, it will be seen as a new contribution, and you may be liable to incur tax-penalties if you over-contribute.

How do you benefit from investing in a tax-free investment product?

All the returns and proceeds from these products are completely tax free. This means that you will not pay any capital gains tax (CGT) as well as tax on interest and dividends earned.

This means that if you earned R1 000 interest from your investment in the past, you may have been liable to pay up to R400 in tax. With tax-free products you do not have to pay any tax.

Is a tax-free investment product suitable for you?

You should consider the following:

- How best can you take advantage of the tax incentives for saving?
- How does the time left to reach your investment goals influence the decision to invest into a tax-free investment product?
- How can an investment in a tax-free investment product complement your other investments?



What are the important things you need to know about Momentum's tax-free investment product offering?

	Wealth Investment Series	My Savings Portfolio
Products	Flexible Tax-free Option	Tax Free Education Savings Tax Free Retirement Savings Tax Free Dream Savings
Who can invest?	Only individuals with a valid RSA-ID (including minors).	Only individuals with a valid RSA-ID (excluding minors).
Investment amounts	The minimum investment amount is R15 000 for lump sum investments or R1 000 every month for regular investments.	The minimum regular contribution is R250 every month (with a portfolio minimum of R500 every month).
Additional (ad-hoc) contributions	A minimum of R5 000	A minimum of R250
Investment term	No restrictions	
Beneficiaries	When you die, you can nominate beneficiaries to receive the proceeds, but you can't transfer ownership of your tax-free investment to another party.	
Cessions	You can't cede this investment or use it as any form of security with another party.	



What happens if you contribute more than the limits allowed?

According to legislation, if you contribute more than the limits allowed, you will incur tax on the over-contribution amount at a rate of 40%. We will monitor your contributions to tax-free investment products with Momentum and will invest any over-contribution amount you have made in the contract that is linked to your tax-free investment product.

Please note: The legislated yearly and lifetime limits apply to tax-free investments with all financial services providers. Momentum can only protect you from over-contributing with us. You must please make sure that you don't exceed the legislated contribution limits of tax-free investment products that you may have with the other financial services providers.

For more information, please call our client contact centre on 0860 546 533 or speak to your financial adviser.



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Refer to the Momentum website for directors and company secretary details

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