



# FAQs

## ENDOWMENT

INN8

## AN ENDOWMENT POLICY HELPS SAVE IN A TAX-EFFICIENT WAY FOR A MEDIUM- TO LONG-TERM GOAL.

### WHAT IS AN ENDOWMENT POLICY?

An endowment is a long-term policy of insurance which allows you to save in a tax-efficient way for a medium- to long-term goal. Our endowment policy is underwritten by Liberty and distributed under the INN8 brand.

The policy allows you to appoint one or more life assureds. The policy will end on the death of the last surviving life assured and the value of the policy will be payable as a death benefit to the nominated beneficiaries (if appointed) or to your estate.

### WHY SHOULD I GET AN ENDOWMENT POLICY?

You may wish to invest in an endowment policy because:

- it is useful for estate planning purposes as your nominated beneficiaries are able to receive the money from your investment immediately when the last life assured passes away, and there are no executors' fees payable;
- it can be an effective savings vehicle for taxpayers with marginal tax rates in excess of 30%, since the tax payable in an endowment is at a flat rate of 30% for individuals and trusts with individual beneficiaries; and
- the tax is taken care of in the product and you don't have to worry about additional tax submissions.

This product is not suitable for you if:

- tax is the main driver for making the investment and your income is taxed at less than 30%, you will be taxed more in an endowment; or
- you need to make withdrawals from your investment more than once during the first five years.

### WHO CAN INVEST IN AN ENDOWMENT?

Individuals, trusts and other legal entities.

## HOW CAN I MAKE CONTRIBUTIONS INTO AN ENDOWMENT?

You may invest in any of the following ways:

- Lump sum investments, and/or
- Regular monthly contributions

## WHAT IS THE MINIMUM INVESTMENT AMOUNT?

There is no minimum contribution amount.

## HOW LONG CAN I INVEST FOR?

Your endowment policy has a minimum term of five years. The first five years are known as the restriction period.

## CAN I ADD MORE MONEY TO MY ENDOWMENT POLICY?

You have the option to invest regular monthly contributions and make additional lump sum contributions at any time. Contributions are subject to a maximum amount, as follows:

- your contributions in the second year of your policy may not exceed 120% of the total contributions made in the first year of your policy; and
- your contributions in any subsequent year of your policy may not be more than 120% of the higher of the previous two policy years' contributions.

## CAN I WITHDRAW FROM MY INVESTMENT?

You have limited access to your money during the five-year restriction period of the policy. You are permitted to take one withdrawal in the first five years of the policy, which may not exceed the contributions made to the policy plus 5% interest. Withdrawals will be subject to capital gains tax (CGT), at the rate specified for the policy.

## CAN I CHANGE MY INVESTMENT CHOICES?

You have the freedom to change the investment portfolios you are invested in. Changing investment portfolios is free of charge and there is no limit to the number of times you may do so. Switching from one portfolio to another will be subject to CGT, at the rate specified for the policy

## WHICH INVESTMENT PORTFOLIOS CAN I INVEST IN?

A broad range of portfolios is available, in addition to our [core funds range](#).

## WHAT FEES WILL I PAY?

Please [click here](#) to access our pricing guide.

## WHAT TAX WILL I PAY?

This endowment policy is underwritten by Liberty and subject to the tax legislation applicable to long-term insurers. We will calculate and pay tax on any returns arising from the underlying assets of this policy, at a tax rate that is dependent on the policyholder's classification for tax purposes. Benefits payable from the policy will generally be regarded as capital in nature and will generally be excluded from capital gains tax in the policyholder's and beneficiary's hands.

## WHAT HAPPENS TO MY ENDOWMENT POLICY WHEN I DIE?

You may appoint beneficiaries on this policy to receive any death benefits from the policy. This policy will end on the death of the last surviving life assured and a death benefit will be payable to the nominated beneficiaries (if appointed). If you did not appoint any beneficiaries, the death benefit will be paid to your estate.

## WHAT HAPPENS TO MY ENDOWMENT POLICY WHEN I GET DIVORCED?

The court may instruct us to withdraw a portion of the policy to pay to your ex-spouse.

## WHAT HAPPENS TO MY ENDOWMENT POLICY IF I AM REQUIRED TO PAY MAINTENANCE?

If you are required to pay maintenance, the court will instruct us to withdraw a portion from the investment value in the policy and pay it to the Maintenance Court.

## HOW CAN I MONITOR MY INVESTMENT?

We strive to offer you a fully digital service which is simple to use. You will be able to access all of your documents, valuation statements, transaction confirmations and tax certificates through our easy-to-use secure website at all times.

## HOW DO I APPLY FOR AN ENDOWMENT POLICY?

Speak to your financial adviser.

If you are looking for financial advice and are currently not in contact with a financial adviser, contact us on 0860 00 4668 (INN8) or email us at [hello@INN8.co.za](mailto:hello@INN8.co.za).