



FAQs

TAX FREE SAVINGS ACCOUNT

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A TAX FREE SAVINGS ACCOUNT (TFSA) IS A TAX-EFFICIENT WAY TO SAVE FOR A LONG-TERM SAVINGS GOAL.

WHAT IS A TAX FREE SAVINGS ACCOUNT?

A tax free savings account allows you to save your money without paying tax on the investment growth you earn. The maximum amount you can contribute each tax year to all your TFSAs is currently R36 000, with a lifetime maximum of R500 000. The limits are set in legislation and can change from time to time.

WHY DO YOU NEED A TAX FREE SAVINGS ACCOUNT?

A tax free saving account is suitable for clients who wish to save for a long-term goal and not pay tax on their investment returns. The product is a popular option for many different types of investors looking to utilise their annual tax-free savings allowance. It is not suitable for investors who require regular access to their money.

WHO CAN INVEST IN A TAX FREE SAVINGS ACCOUNT?

Individuals can invest in a tax free savings account. Legal entities and trusts may not invest.

HOW CAN I MAKE CONTRIBUTIONS TO A TAX FREE SAVINGS ACCOUNT?

You may invest in any of the following ways:

- an initial once-off lump sum investment;
- a regular monthly contribution;
- an additional lump sum investment; or
- a combination of the above.

WHAT IS THE MINIMUM CONTRIBUTION?

There is no minimum investment amount.

HOW LONG CAN I INVEST FOR?

There is no minimum or maximum investment period.

CAN I ADD MORE MONEY TO MY TAX FREE SAVINGS ACCOUNTS?

You have the option to invest a recurring contribution and/or make additional lump sum investments at any time. You can also increase your recurring contribution automatically every year by a chosen percentage, to ensure that your contributions keep up with inflation. Keep in mind that your contributions to all your tax free savings accounts across all providers are limited to R36 000 per year (i.e. R3 000 per month) and a lifetime contribution limit of R500 000.

Should your contributions exceed the annual contribution limit of R36 000 across all your TFSAs, you will be liable for a 40% penalty levied by the South African Revenue Service (SARS). It is your responsibility to monitor your contributions and ensure that you do not contribute more than the prescribed limits.

CAN THE INVESTMENT VALUE OF MY TAX FREE SAVINGS ACCOUNT EXCEED R500 000?

Yes, the limits only apply to your contributions: the total contributions into your tax free savings accounts may not exceed R500 000 over your life time. However, the investment value of your TFSA may exceed R500 000.

CAN I WITHDRAW FROM MY INVESTMENT?

You may withdraw from your tax free savings account whenever you wish. You must consider withdrawals carefully because any money you withdraw still counts towards your annual and lifetime limits. Withdrawals do not 'restore' your annual or lifetime allowances. For example, if you contribute R36 000 in June and withdraw it all the following January, you may not contribute any more for that tax year and your lifetime contribution limit will have been permanently reduced by R36 000. You will only be able to continue contributing into any of your TFSAs in the following tax year.

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.

WHICH INVESTMENT PORTFOLIOS CAN I INVEST IN?

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

WHAT FEES WILL I PAY?

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

WHAT TAX WILL I PAY?

With a tax free savings account there is no tax to be paid on your savings; it is exempted from capital gains tax, income tax on interest and dividends tax.

CAN I HAVE MORE THAN ONE TAX FREE SAVINGS ACCOUNT?

Yes, you can have more one tax free savings account; you must ensure that the sum of your annual contributions across all TFSA's doesn't exceed the annual contribution limit.

You are also allowed to open a TFSA in the name of your minor children. However, the amount you invest in a TFSA on behalf of your minor children will reduce their own annual and lifetime contribution allowances.

CAN I TRANSFER OWNERSHIP OF MY INVESTMENT?

No, you are not allowed to transfer ownership of your tax free savings account to another party.

CAN I CEDE A TAX FREE SAVINGS ACCOUNT AS SECURITY/COLLATERAL?

No, tax free savings accounts are based on individual limits and rules and cannot be ceded.

WHAT HAPPENS TO MY INVESTMENT WHEN I DIE?

Upon your death, your investment will form part of your estate and will be subject to estate duties and executor fees.

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 A TAX FREE SAVINGS ACCOUNT?

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.