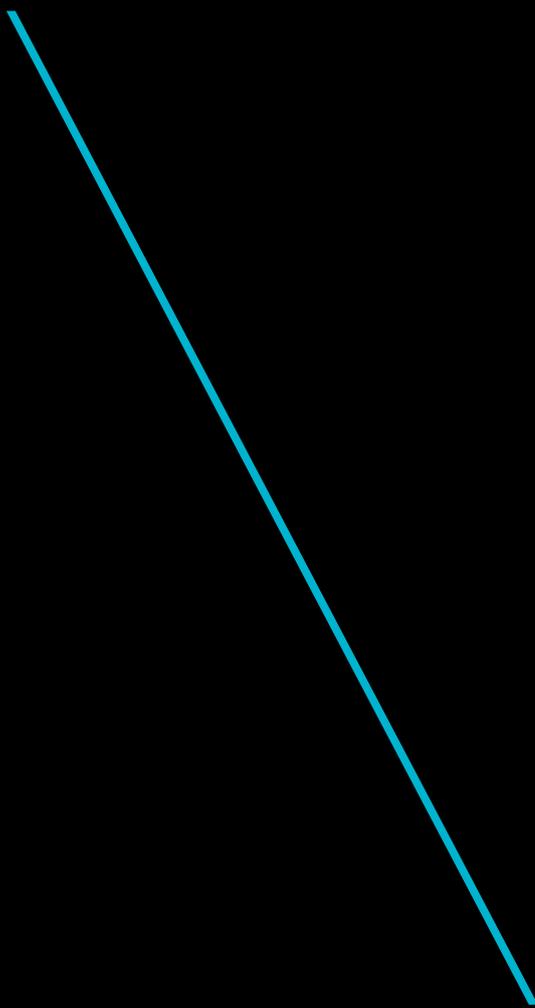


STANLIB

Unit Trust Tax-Free Savings Account



STANLIB

Unit Trust Tax-Free Savings Account

What is a Tax-Free Savings Account?

The South African government aims to promote savings through the National Savings Scheme. In line with this, STANLIB is offering a convenient investment vehicle through a tax-free savings account on the Unit Trust Platform. This is available to new and existing clients.

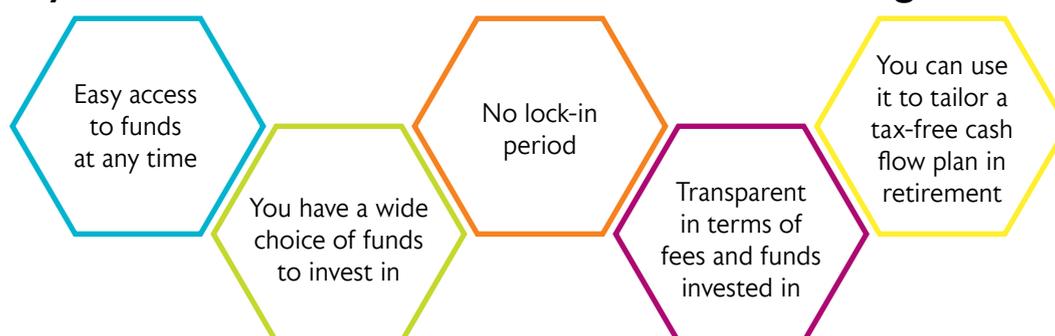
How does it work?

- This account is exempt from tax on all returns
- The account allows a maximum of R33 000 annual contribution and a maximum of R500 000 lifetime contribution
- A minimum lump sum of R5 000 is allowed with a minimum debit order of R500 or a maximum of R 2 750 per month
- Investors can withdraw from the account at any time. However, investments returned to the account will be subject to the annual contribution limits
- You can switch between different STANLIB funds in the account which will not impact you annual contribution limits

What are the benefits?

- No Capital Gains Tax (CGT) - on a switch within this account or on withdrawal
- No tax on dividends - your account will earn the gross dividend, which will be reinvested
- You will not pay tax on income - all interest and other income will be reinvested tax-free
- No performance fees or initial fees. However, advisers will be able to charge an initial adviser fee as agreed with the client
- Service fees - no additional fees will be charged except the annual service fee of the fund selected. This may include a trail fee to the adviser
- Even though the amount of contributions has a lifetime limit, there are no limits on the size that this account can grow to

Key features of the STANLIB Unit Trust Tax-Free Savings Account



Planning for the rest of your life with STANLIB's flexible Unit Trust Tax-Free Savings Account

Pre-Retirement

The traditional method of saving for retirement by investing in a retirement fund, provides you with income while you are in retirement, however this income is taxed.

Retirement Annuity and/or Retirement Fund

Contributions are tax deductible. Limited to the lesser of R350 000 and 27.5% per annum of the higher remuneration or taxable income

Once this threshold is reached, further retirement savings can be made into a Tax-Free Savings Account to enhance retirement savings outcomes.

Post-Retirement

For example: Linked Life Annuity
Taxed monthly in the hands of the pensioner

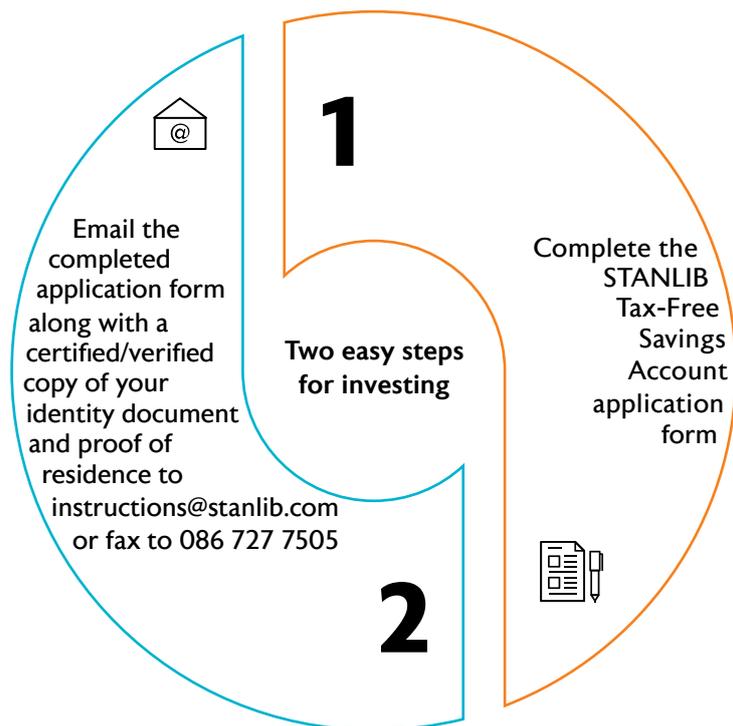
You manage your living annuity in retirement depending on your lifestyle needs

What if your retirement savings runs out while you are still in retirement? This risk can be reduced by having a tax-free savings account to add to your cash flow in retirement.

If the above retirement vehicle is combined with a STANLIB Tax-Free Savings Account, the investor will save in tax as the cash flow from the Tax-Free Account is tax-free.

The Tax-Free Savings Account will afford you the flexibility to save for retirement or access your funds before retirement if necessary. While your contributions in a Tax-Free Savings Account are not tax deductible, your returns are. Over the long-term, this tax saving can be substantial.

Your Tax-Free Savings Account can continue at retirement, therefore it can be used for discretionary savings post-retirement. You pay income tax on annuity payouts but your tax-free savings withdrawals are tax-free. Therefore, you can structure your monthly income from your annuity and tax-free pay outs to collectively reduce your income tax liability.



POST-RETIREMENT EXAMPLE:

Pension withdrawal from a linked life annuity ONLY:

Investor A withdraws a pension from a living annuity of R20 000 per month and is then taxed annually on R240 000.

Annual tax on R240 000 = **R47 209**

To calculate the net monthly income from the linked life annuity:

• Annual tax before rebate	R47 209
• Less: Primary rebate	(R 13 635)
• Less: Secondary rebate	(R 7 479)
• Annual tax after rebate	R26 095

(R26 095/12 months = R2 175 monthly tax amount)

Net payment from linked life annuity per month is (R20 000 - R2 175) R17 825

Pension withdrawal from a linked life annuity AND a Tax-Free Savings Account:

Investor B withdraws a living annuity of R15 000 per month and R5 000 per month from a tax-free savings account. He/she is then taxed annually on R180 000.

Annual tax on R180 000 = **R32 400**

To calculate the net monthly income from the linked life annuity:

• Annual tax before rebate	R32 400
• Less: Primary rebate	(R 13 635)
• Less: Secondary rebate	(R 7 479)
• Annual tax after rebate	R11 286

(R11 286/12 months = R940 monthly tax amount)

Net payment from linked life annuity per month is (15 000 - R940) = R14 060

Net payment from linked life annuity and tax-free investment is (R14 060 + R5 000) = R19 060

THEREFORE THE TOTAL TAX SAVINGS PER MONTH, IF AN INVESTOR SUPPLEMENTS THEIR RETIREMENT ANNUITY WITH A TAX-FREE SAVINGS VEHICLE IS (R19 060 - R17 825) R1 234 PER MONTH OR R14 809 PER ANNUM.

Assumptions:

This calculation is based on a pension of R20 000 per month / R15 000 per month from a living annuity at the applicable tax rate for a pensioner over the age of 65 but under the age of 75 at the 2016 tax tables rates. This calculation does not take into account any allowable deductions. The withdrawal from the tax-free savings account is on the assumption that the pensioner has accumulated enough funds in the tax-free savings account to support a monthly withdrawal of R5 000.

Please note: The limit of R33 000 per annum contributions applies to ALL your Tax-Free Saving plans in total, with STANLIB and other providers. If investors exceed this limit, this will be considered a contravention of the law, which SARS will be monitoring on an annual basis. Any amounts exceeding the R33 000 per annum limit will be taxed at a rate of 40%.

Disclaimer

Collective investment schemes in securities are generally medium to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. An investment in the participations of a collective investment scheme in securities is not the same as a deposit with a banking institution. Participatory interest prices are calculated on a net asset value basis, which is the total value of all assets in the Fund including any income accrual and less any permissible deductions from the Fund divided by the number of participatory interests in issue. Permissible deductions include brokerage, UST, auditor's fees, bank charges, trustee/custodian fees and the service charge levied by STANLIB Collective Investments (Pty) Ltd ("the Manager"). Where exit fees are applicable, participatory interests are redeemed at the net asset value where after the exit fee is deducted and the balance is paid to the investor. A portfolio of a collective investment scheme in securities may borrow up to 10% of the market value of the Fund to bridge insufficient liquidity as a result of the redemption of participatory interests, and may also engage in scrip lending.

Where different classes of participatory interests apply to certain Portfolios, they would be subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the Manager. Commission and incentives may be paid and if so, would be included in the overall costs. The exposure limit to a single security in this Portfolio can be greater than is permitted for other Portfolios in terms of the Collective Investment Schemes Control Act, 2002 ("the Act"). Details are available from the Manager. A Fund of Funds Portfolio only invests in other collective investment schemes, which levy their own charges, which could result in a higher fee structure for these portfolios. A Feeder Fund Portfolio only invests in the participatory interests of a single Portfolio of a collective investment scheme apart from assets in liquid form. The Manager reserves the right to close certain Portfolios from time to time in order to manage them more efficiently. More details are available from the Manager. Forward pricing is used.

Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. The Manager undertakes to repurchase participatory interests at the price calculated according to the requirements of the Collective Investment Schemes Control Act, 2002, and on the terms and conditions of the relevant Deeds. Payment will be made within 14 days of receipt of a valid repurchase form. Any capital gain realized on the disposal of a participatory interest in a collective investment scheme is subject to Capital Gains Tax (CGT). All portfolios are valued on a daily basis at 15h00 except for Fund of Funds which are valued at 24h00. For Non-Money Market funds, investments and repurchases will receive the price of the same day if a complete instruction is received prior to 15h00. The Fund Charges document (including the Performance Fee Frequently Asked Questions) is available on www.stanlib.com ("Investment for Individuals" section).

Liberty is a member of the Association of Savings and Investment of South Africa. The Manager is a member of the Liberty group of companies. Contact details of Trustees: Standard Chartered Bank, 4 Sandown Valley Crescent, Sandton, 2196. Telephone 011 291 8042. STANLIB Collective Investments (Pty) Ltd (Reg. No. 1969/003468/07)

Compliance Number: HX2635

stanlib.com STANLIB is an authorised financial service provider.