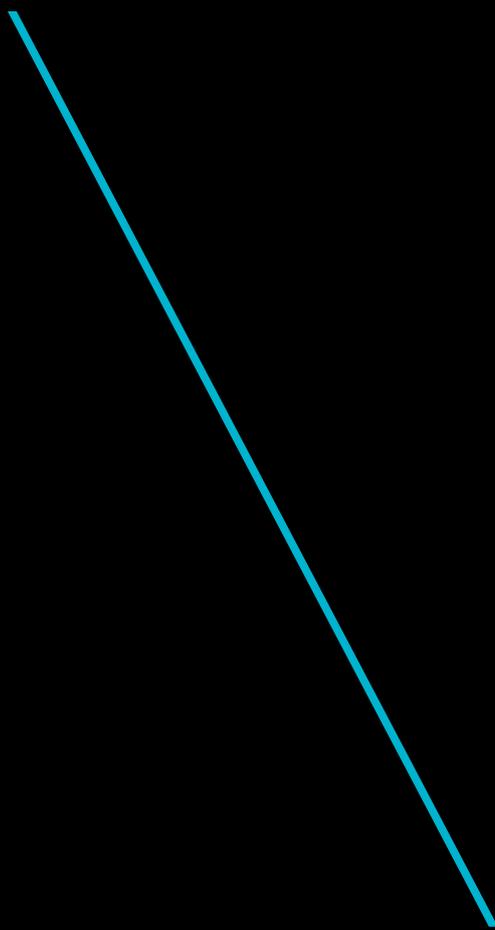


STANLIB

Tax-Free Savings Account Frequently Asked Questions

1 March 2017



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Investors may be aware of National Treasury's drive to reform non-retirement savings in South Africa via tax-free savings accounts. The idea was first introduced in the 2012 Budget Review as a measure to encourage household savings and was again brought to the fore in the 2014 Budget Speech. The Tax-Free Savings Account was launched on 2 March 2015 and was amended effective 1 March 2017.

1. What is the National Tax- Free Savings Product about?

The primary aim of introducing the Tax-Free Savings product is to encourage individuals to save. The secondary aim is to increase the overall level of savings in the economy. We believe the Tax-Free Savings Account is an efficient and powerful way to build up one's savings pool over the long-term. It is especially potent when combined with a Retirement Annuity, which also gives investors significant tax shelter when saving for retirement.

2. Who may invest in the National Tax-Free Savings Account?

A natural person who has the following:

- South African residential address
- South African ID number or a passport number in the case of non-South African Citizens residing in South Africa
- Tax number for any persons over the age of 18
- Bank account for persons under the age of 18

3. May I invest for my children under the age of 18?

Yes, provided that the minor has an ID / passport number, a bank account and the investment is made in the minor's name. Please note that any withdrawals made from the minor's investment can only be transferred into the minor's bank account.

4. What are the investment restrictions?

The product allows a person to invest a maximum of **R33 000 (previously R30 000) per tax year with effect on 1 March 2017**, with a **maximum lifetime contribution of R500 000**. These numbers may be adjusted for inflation. Although investing R33 000 a year may not sound like a substantial amount, the compounding effect - together with the fact that all the income is tax-free, proves significant over time.

5. What happens if I withdraw?

Amounts within the account(s) may be withdrawn at any time, like our normal unit trust withdrawals which take 48 hours. All returns from such products will be tax-free in the hands of the individual who owns them.

Please note, any money withdrawn from this account will still be regarded in the annual and lifetime contributions limits, as the investment limit is not based on net contributions, but gross contributions for both annual and life time limits.

6. May I add this product to my existing portfolio?

No, according to the regulations from National Treasury, these funds need to be kept separate from existing portfolio's to ensure the tax benefit is correctly managed.

7. May I convert my current investment into a tax free investment?

As National Treasury's drive is to encourage new savings in South Africa via Tax-Free Savings Accounts, existing investments may not be converted into tax free investment accounts. This means that all tax-free investment accounts must be originated with new contributions from an investor.

8. May I transfer my tax free investment to a relative/spouse/friend's Tax-Free Savings Account?

Transfers of Tax-Free Savings Accounts between investors are not allowed.

9. May I transfer my tax free investment to another provider?

To enable a smooth introduction of Tax-Free Savings, transfers of Tax-Free Savings Accounts will initially not be allowed, until a date and regulations have been confirmed by regulators. The new proposed date to allow this, is currently 1 March 2018.

10. Can I use a debit order to facilitate deposits into my STANLIB Tax-Free Savings Account?

Yes, however, a maximum month debit order value of R2 750 pm is recommended to ensure the annual threshold of R33 000 per annum is not exceeded.

11. What fees are associated with this?

The following fees will not be charged:

- Performance fees
- No termination fees

The following ongoing fees may be charged:

- Service fee of the fund selected (0.5% – 1% pa)
- Financial Adviser Service Charge (where an adviser is used)
- Platform Service Charge (in the case of linked service provider account)
- An initial advice fee may be charged at the discretion of the investor and broker; brokers may negotiate Initial fees with an investor up to a max of 3 % and a trail fee of up to 0.5% depending on the fund selected

In summary, the STANLIB Unit Trust Tax-Free Savings Account will not charge any additional fees will be charged besides the normal annual service fee applicable to the funds selected.

12. What are the tax benefits?

The STANLIB Tax-Free Savings Account will be exempt from the following taxes as long as the invested amount remains in the account:

- No withholding tax on interest
- No withholding tax on dividends
- No tax on Interest
- No Capital Gains Tax (when you switch or make a withdrawal)

13. When was the STANLIB Tax-Free Savings Account launched?

It was launched on 2 March 2015.

14. How do I go about investing in STANLIB's Tax-Free Savings Account?

We have a specific unit trust application form called STANLIB Unit Trust Tax Free Savings Account indicating what details are required to open a tax-free investment account. The application form is available on our website at www.stanlib.com. A certified copy of the investor's identity / passport document and proof of residential address is required for FICA purposes. The completed application form and supporting documents can be emailed to STANLIB at instructions@STANLIB.com or faxed to 0867 277 501 or 011 448 6666 or talk to your accredited financial adviser about STANLIB's Tax-Free Savings Account.

15. Are there any penalties for exceeding the limits?

Warning – Potential Penalties: Investor must not invest more than R33 000 per annum into any number of Tax Free Savings Account with STANLIB or any other service provider. SARS will on an annual basis monitor your contributions and levy a penalty of 40% on all amounts exceeding the R33 000 limit.

16. What will the income distribution method be?

All income will be reinvested automatically and will not form part of the R33 000 per annum contribution limit. This is the only way that you can save more than R33 000 and avoid any penalties.

17. Clients will be required to sign the following declaration which is included in the application form

CLIENT DECLARATION - TAX-FREE SAVINGS ACCOUNT

I acknowledge that I have decided to invest in Collective Investment Scheme portfolios qualifying as a Tax-Free Savings Account managed in accordance with the Regulations in terms of section 12T of the Income Tax Act of 1962, on the requirements for tax free investments.

I acknowledge that I am a South African resident and that I am aware of the maximum total of annual and lifetime contribution(s) as detailed below:

Annual maximum: An individual can contribute a total of R33 000 annually. Annual contributions align with an individual's tax year, i.e. the 12 months from 1 March to the last day in February the following year. Should an investor decide to invest in more than one Tax-Free Savings Account, the maximum annual aggregate capital amount that can be invested remains R33 000. Any interest, dividends and capital gains that are reinvested shall not be taken into account in determining the maximum annual contribution.

Lifetime maximum: An individual can contribute a total of R500 000 over his/her lifetime. This maximum applies to the total capital contributions only. All interest, dividends and capital gains earned in this may be automatically re-invested tax-free to accrue further interest and dividends.

Any capital contribution amount that is withdrawn will still form part of the annual and lifetime contribution maximum. I further acknowledge that I am aware that I will incur a tax penalty of 40% for any contributions that exceed the annual and lifetime limits and that I will not hold STANLIB responsible for any penalties incurred by me as a result hereof. STANLIB Collective Investments is not permitted to accept investment amounts in excess of the above annual limit and any amounts greater than R33 000 will be returned to the client for review and re-submission.

I further acknowledge that it remains my responsibility as an investor to adhere to the annual and lifetime contribution limits, either individually or in aggregate, and that any contributions in excess of these limits will incur a 40% tax penalty in accordance with section 12T of the Income Tax Act of 1962.

I hereby indemnify STANLIB Collective Investments against any losses suffered by not complying with the above prescribed limits. STANLIB Collective Investments is not permitted to accept investment amounts in excess of the above annual limit and any amounts greater than R33 000 will be returned to the client for review and re-submission.

I acknowledge that I am aware that transfers of Tax-Free Savings Accounts will not be allowed until a date and regulations have been confirmed by regulators. This includes both transfers from one institution or product provider to another, or between products of the same product provider.

I acknowledge that I have decided to invest in Collective Investment Scheme portfolios qualifying as a Tax-Free Savings Account managed in accordance with the Regulations in terms of section 12T of the Income Tax Act of 1962, on the requirements for tax free investments.