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CORE PHILOSOPHY

*"To **educate** our clients about the risks that affect their daily life, to provide **meaningful & relevant** Advice, Solutions and Services that fit their specific needs"*

Dear Valued Partner

Retirement Annuities: Annual Allowable Deductions

Well we are now well into the "swing of things" in 2023. I'm sure by now parents are all settled with the new school schedules, the first few weeks of which generally require much higher levels of patience & tolerance.

It is February - a time to consider all things pre-retirement. It is now where we look to make our annual contributions towards our retirements to get those much needed rebates come tax season in July this year.

A quick recap - maximum you may contribute:

The lesser of R350 000, or 27,5% of your taxable income (calculations required to be done).

If you still have an allowable deduction available you may make up the contributions as a lump sum into your Retirement Annuity.

The ad-hoc contributions must be invested by 28th of February 2023. So contributions must be made well in advance (5 workings days).

Clients who generally take advantage of this during February will be contacted - However please do not wait... call or email us for assistance to avoid delays.

Tax-Free Savings Account

TFSA investment accounts are a government initiative which seek to promote savings amongst South Africans.

The attraction - you pay no local tax on any growth in the investment (interest, dividends, CGT).

Providing a decent boost to your investment...

Annual allowance:

- Annual contribution limits accumulative across all TFSA accounts is R36 000 p.a.

Lifetime contribution

- limit is R500 000

It is essential to seek advice prior if you are unsure as the penalty for contributing above the annual limits is hefty...

40% of the amount above the annual limit - so if you made contributions of R40 000 in the tax year:

$$R40\ 000 - R36\ 000 = R4\ 000 \times 40\% = \mathbf{R1\ 600}$$

Please contact our offices for further advice.

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VIRTUAL CONSULTS AVAILABLE ON REQUEST*

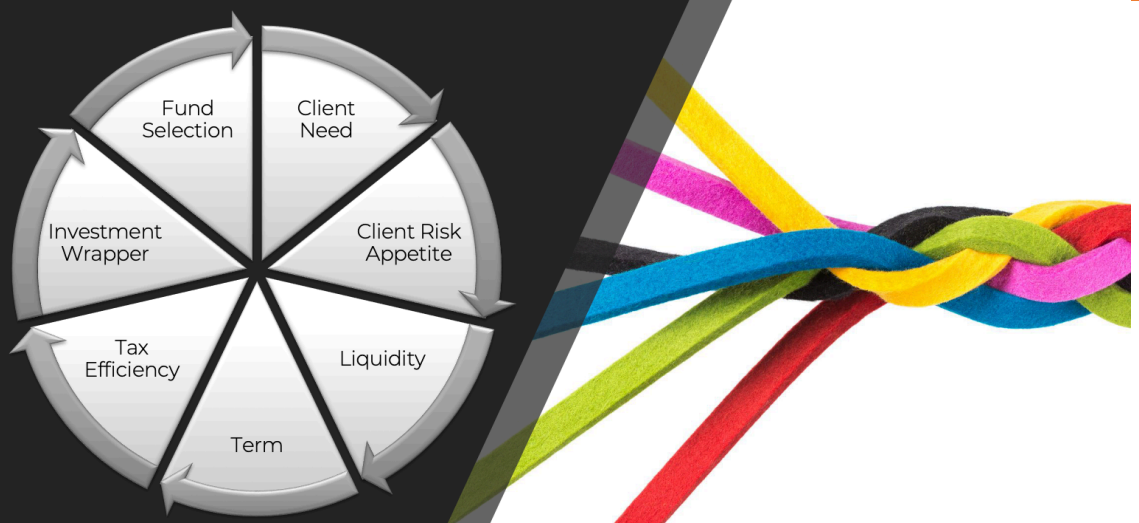
ZOOM

MICROSOFT TEAMS

SKYPE

WHATSAPP VIDEO

- Kindly contact your Financial Planner to setup an online consultation
- Alternatively send us a WhatsApp and we will assist accordingly



My personal considerations...

Retirement annuities are an amazing vehicle for retirement savings, the benefits of which should be maximised to your full ability.

Time is everything (not timing!) – more time & capital invested for longer ensures you ride out market volatility in short term and help you avoid too much market risk later. Chasing fund performance with fewer available years exposes your money to greater possible loss, with the hope of better returns.

TFSA investments have great benefits – you are able to participate in some great funds, with exceptional track records, which are available to endowments or unit trusts. The difference being that you pay now tax on the growth.

What you may not be aware of is that both RA's and TFSA's can be put in place for your children & young adults ... these savings plans are readily available and with premiums usually as low as R200 or R250 per month, for kids as young 1 year-old.

Remember above? TIME IS EVERYTHING... the younger you start, the longer you remain invested, the better the outcomes. (Conversations around good saving habits start at the dinner table)



Please reach out and let me know if the information has been useful or if you require more guidance on the above.

Warm regards,

Keegan Pillay