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klop van jou geldsake
beat of your finance

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Dear client

We want to thank you, from the bottom of our hearts, for your continuous support during 2018.



It has been yet another very tough economic year, both in South Africa and globally. But with your loyalty and support we know that 2019 will be a great year.

In this newsletter I want to share a very informative article with you on why it is important to invest in a Retirement Annuity.

Most of you will soon leave on a well deserved break. Before you take on the long road to your destination, be sure to read through our holiday safety tips.

I hope you have a wonderful New Year and I would like to wish you a Merry Christmas.

Kind Regards,

Antonie de Ronde

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Ons spesialiseer in:

- Testamente en boedelbeplanning
- Aftredebeplanning (aftreeannuïteite en pensioenfondse)
- Na-aftrede beplanning (lyfrente en lewende-annuïteite)
- Beleggingbeplanning
- Langtermyn versekeringsdekking (lewensdekking, ongeskiktheidsdekking, traumadekking)
- Inkomstebeskerming
- Mediese fondse

Why invest in a Retirement Annuity?

OLD MUTUAL MULTI-MANAGERS

No matter what life stage you are in right now, being able to retire with an income that will sustain your lifestyle is a dream that all of us wish for.

The journey from savings to retirement starts with a simple step. Put together a financial plan, set savings goals and objectives and constantly review your plan and progress. Start today and ensure that you take the first step toward the retirement you deserve.

Once you've established how much you need to save, work towards your retirement with three simple steps:

START SAVING

Start by putting away as much as you can, as early as possible. It's best to start earlier so you can increase your premiums gradually.

Be aware of "the costs of delay". Starting to save too late or too little could mean a capital gap at retirement.

MAINTAIN YOUR SAVINGS

- Make sure you know where you are on your savings journey and whether you are on track to meet your goal.
- Keep up with inflation by setting up annual premium increases.
- Make voluntary premium increases whenever you get a promotion or salary increase.
- Make lump sum injections into your savings when you can.

Remember, your contributions are tax deductible – so as you contribute more, your tax refund increases.

EARN AN INCOME IN YOUR GOLDEN YEARS

At retirement, you have to invest at least two thirds of your retirement annuity in an income solution to earn an income. There are various types of income solutions to meet your specific needs at retirement.

These range from guaranteed annuities to living annuities and even a combination of both.

A RETIREMENT ANNUITY – THE IDEAL WAY TO SAVE FOR RETIREMENT

A retirement annuity (RA) is the perfect retirement savings vehicle for the self-employed or as a top-up to a pension or provident fund.

Changes to the Income Tax Act (effective 1 March 2016), allows potentially more generous tax deductions – encouraging you to save for your retirement.

Along with tax deductions, a retirement annuity has many other benefits.

HERE ARE A FEW REASONS TO SAVE IN A RETIREMENT ANNUITY:

Contributions are tax deductible – up to a maximum of R350 000 per year. There is no capital gains tax on retirement annuities.

On death, any benefits paid either as an income or a lump sum is free of estate duty. Only contributions (made after 1 March 2015) which exceeded the tax deductible limits need to be included for estate duty purposes.

The investment growth within the fund is not taxed. Your investment in a retirement annuity is protected against claims from creditors.



You have a wide range of underlying investment funds to choose from. If you change jobs and get a withdrawal benefit from your pension or provident fund, you can transfer it into a retirement annuity fund, tax free. With most other savings you are taxed on your investment growth (i.e. interest, dividends and capital appreciation).

These taxes do not apply to your retirement annuity, so you'll earn investment returns on money that would otherwise have gone to tax.

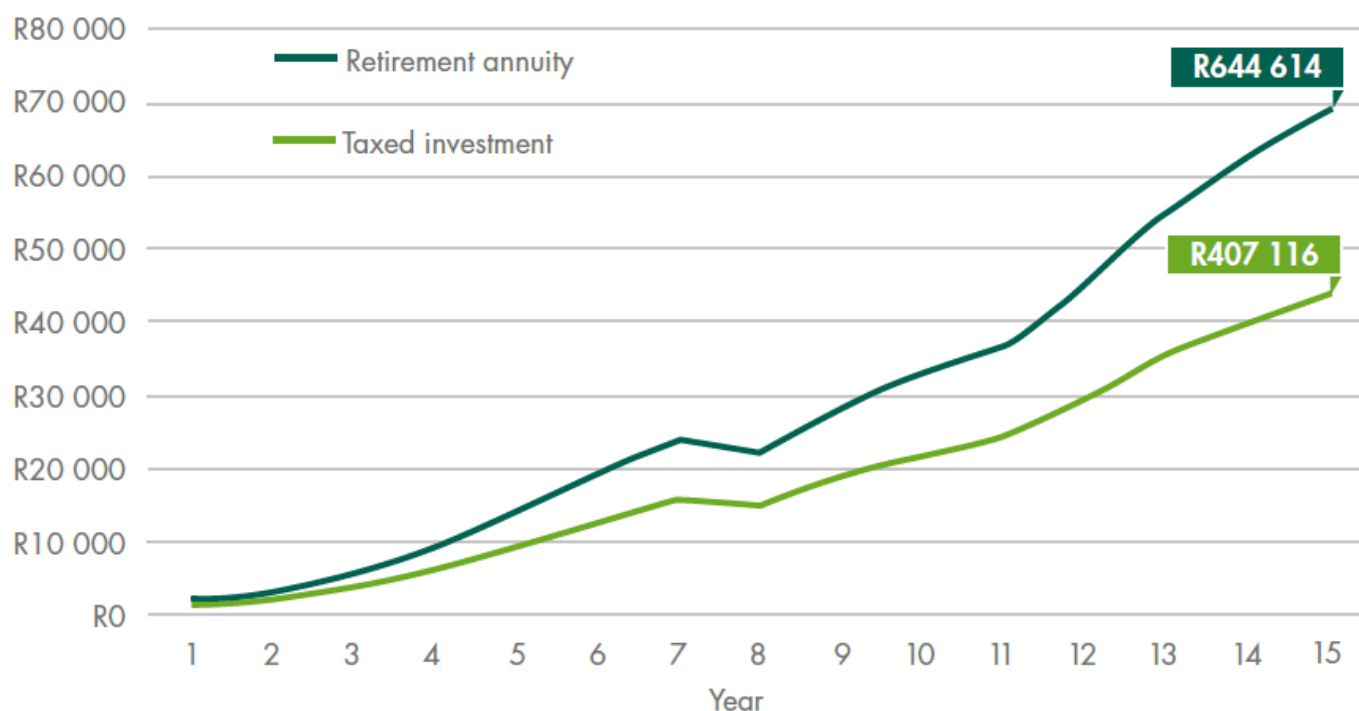
The graph below illustrates R1000 per month invested in a retirement annuity and a taxed investment for 15 years. When investing in a retirement annuity, your contributions are tax deductible which means you will receive a refund from SARS every tax year.

By reinvesting this refund into your retirement annuity, you receive tax-free growth on your initial contribution and on the reinvested refund.

In the above example, investing in a retirement annuity resulted in an investment value of R644 614 compared to the taxed investment which had an investment value of R407 116. That's R237 498 more!

The graph is for illustration purposes only. It includes fees and charges and assumes that the contributions are invested in a Balanced Fund. The returns are based on historical Balanced Fund returns from January 2000 to December 2015. Past performance is not a prediction of future returns.

RETIREMENT ANNUITY: THE EFFECT OF TAX-FREE GROWTH AND REINVESTING THE SAVING FROM TAX-DEDUCTIBLE CONTRIBUTIONS



Ons beskik oor ons eie Facebook-blad, volg ons gerus en lees lekker saam.

Tik @mymakelaars in die soekenjin op jou Facebook-blad en gaan *like* ons blad!

HOW THE NEW TAX LAWS BENEFIT YOU

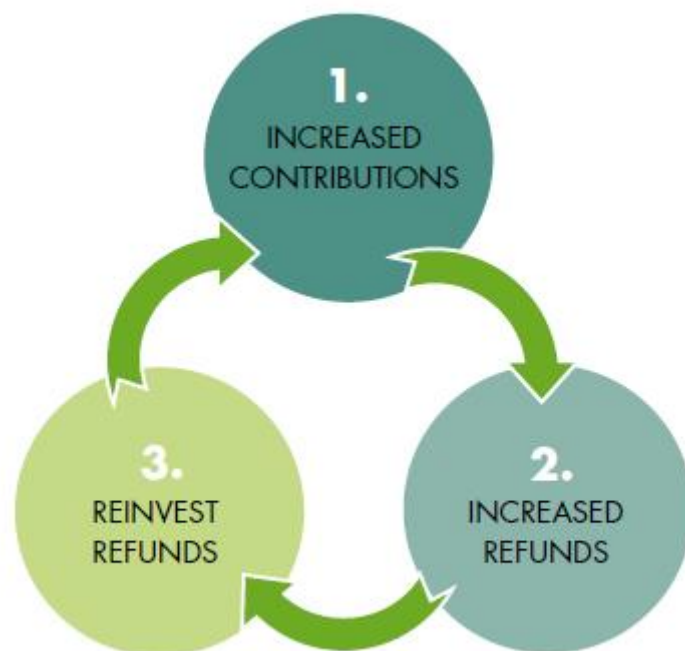
From 1 March 2016, all members who contribute towards a retirement fund (pension, provident fund or retirement annuity), will qualify for a tax deduction on contributions up to 27.5% of the greater of remuneration or taxable income.

This rate will apply to the combination of contributions made to a member's pension, provident and retirement annuity funds (employer and employee contributions) and is capped at R350 000 per year.

GET THESE CHANGES TO WORK FOR YOU

Speak to your adviser and understand how you can use these new tax laws to make the most of your retirement savings:

1. Increase your current retirement fund contributions.
2. By contributing more to your retirement fund(s), your tax refund will increase. Re-invest this refund to enhance your retirement savings.
3. As you reinvest your refunds, it means you're contributing more to your retirement annuity. The more you contribute, the bigger your refund will be at the end of that tax year, and the cycle continues.



FESTIVE SEASON SAFETY TIPS

Although the end of year holiday season is synonymous with happy family times, it is also a time when crime increases dramatically in South Africa.

There are a few precautionary measures everyone should take to ensure your home and family is safe during this time of the year.

Check alarm system

Ensure you check and test your alarm system before you leave for your holiday.

Take into account wear and tear as well as summer weather conditions like heat, wind, lightening and thunderstorms. Trim plants around beams, replace any batteries for alarm sensors and make sure that your armed response is receiving the signal.

General visibility

Make sure there are no obvious signs that you are away. Arrange for a friend or neighbour to check in regularly and to collect mail or newspaper deliveries. Visibility is one of the best assurances against criminal activity.

Electronic devices

Unplug your electronic equipment, switch off the geyser and water supply. Not only will you save money, but you'll be protected against electric surges.

Travel insurance

Travel insurance is always useful when you are away, but make sure your insurance includes a call-out service for home emergencies. Take care that your car trailer, boat or any other equipment you take with you on holiday is adequately insured.

Insure all your valuable belongings like cameras and phones. Pack away all expensive items from view like entertainment systems, jewellery and art.

Don't leave garden equipment lying outside. Leave a light on inside the house and cancel your daily newspaper delivery. Make sure your insurance is up to date – add any major purchases that you have made during the year.

There is no guarantee against crime, but investing in home insurance, rental insurance and car insurance will give you some peace of mind in the event of criminal activity.