

TAX TIPS FOR 2021

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As we approach the end of the tax season on 28 February 2021, it's important to maximise the tax benefits available on your retirement annuity (RA). The more you save towards retirement, the less tax you pay.

We share some insights and tax tips to help you better prepare for the upcoming tax filing season.

HERE'S AN EXAMPLE:

Let's say you earn R500,000 a year. If you contributed 10% of that (R50,000) to your RA, then at the current income tax rates, you'd qualify for a refund of R18,000. That's a pretty decent bonus. And, effectively, your R50,000 contribution only costs you R32,000.

If you contribute R75,000 instead of 50,000 (15% instead of 10%), your tax refund increases to R27,000.

1. REINVEST YOUR TAX REFUND

- What if you put the R18,000 refund (from the example above) back into your RA the next tax year?
- Add that to the R50,000 that you'll probably continue contributing and you've suddenly contributed R68,000.
- Now your tax refund is going to be R24,480.
- Reinvest that the following year and your refund will be R26,813.
- At the same time, you're contributing more to your RA. Those extra savings will grow and compound over time, massively boosting your income when you retire.

2. ADD WHAT YOU CAN BY THE END OF THE TAX YEAR - YOU HAVE A FEW WEEKS LEFT!

- The tax year ends on 28 February 2021.
- If you have a lump sum of money available to top up your RA before 28 February, you can increase your tax benefits for that year.

- Some people are able to make several lump sum contributions in the months leading up to the end of the tax year.
- Others choose to increase their monthly contributions, ideally through a debit order. That way the contribution happens automatically, and they aren't tempted to spend the money.

MORE TAX PERKS WHEN YOU INVEST TAX-FREE

If you've taken advantage of all the tax benefits available through retirement annuity contributions, consider a tax-free investment that can help you reap even more tax benefits and bolster retirement savings.

Offering an investment option with zero tax on investment income or growth and no Dividend Withholding Tax (DWT), you can invest up to R36 000 per tax year until you reach the lifetime limit of R500 000.

Both an RA and a tax-free investment are extremely tax-efficient vehicles to be considered in any retirement plan. Your financial adviser will be best placed to provide you with more information on how you can access the PPS Retirement Annuity and PPS Tax Free Investment Account, and provide guidance aligned to your unique circumstances and retirement plan.

GET PROFESSIONAL HELP

Filing your tax return can be a daunting task, especially if it is your first time or you have a complex return. Please speak to your financial adviser who will be able to connect you with a tax specialist at PPS Specialist Support Services to guide you through the process.

Contact your PPS accredited financial adviser for help with maximising your tax benefits on PPS products, or contact PPS Member Services on 0860 123 777 or email memberservices@pps.co.za.

Visit www.pps.co.za for more information.



YOU DESERVE A (TAX) BREAK

- IT'S THE GIFT THAT KEEPS ON GIVING!

In terms of investment solutions, you can do this through a **retirement annuity or tax-free investment account**, which both offer opportunity to maximise tax benefits.



THERE ARE WAYS TO SAVE ON TAX WITH PPS.

Did you know that:

- The pay-out from your PPS Profit-Share Account will be tax-free in your hands when vesting; and
- Proceeds from your long-term insurance policies, such as sickness, disability, critical illness and life cover, will be tax-free - whether it's paid to you, your spouse or nominated beneficiary



As a PPS Member when you invest with PPS Investments you can:

- earn profit-share on both investment solutions as well as underlying PPS Funds;
- by linking family members' investments
- continue earning profit-share on your Vested PPS Profit-Share Account.

You can invest tax-free towards your retirement. With unlimited withdrawals but it cannot be replenished. No Regulation 28 limits on asset classes. Offering even more opportunity to diversify.



Long-term insurance policy pay-outs

both monthly or lumpsum are not taxable income whether it's paid to you, your spouse, dependants or nominated beneficiary

Maxed out your RA? No problem!

Consider investing in a tax-free investment account For up to R36 000 per year until you reach the lifetime limit of R500 000.

Build your nest egg through the PPS Profit-Share Account at retirement when a tax-free lump sum is vested and you can reinvest this and gain further tax benefits.



What makes tax-free investing great?

There's zero tax on investment income or growth and no Dividend Withholding Tax (DWT). It's a no-brainer and easily accessible.



With an RA, the more you save towards retirement, the less tax you pay. Why? Because with an RA, you can claim back up to 27.5% of remuneration, or taxable income up to R350 000 in a tax year.

ABOUT PPS

PPS boasts in excess of 150 000 members who enjoy access to a comprehensive suite of financial and healthcare products that are specifically tailored to meet the needs of graduate professionals.

PPS is the largest South African company of its kind, exclusively for graduate professionals, that still embraces an ethos of mutuality, which means that it exists solely for the benefit of its members. Thus, PPS members with qualifying products from PPS Insurance, PPS Investments, Profmed and PPS Short Term Insurance share in the profits of PPS Insurance, PPS Investments, PPS Healthcare Administrators and PPS Short Term Insurance via annual allocations to the unique PPS Profit-Share Account.

PPS membership provides access to the following tried, tested and trusted products and services: PPS Life Insurance, PPS Short-Term Insurance, PPS Financial Advisory, PPS Investments and Profmed Medical Scheme. Visit www.pps.co.za for more information. PPS is a licensed insurer and financial services provider.

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Financial services may be provided by representative(s) rendering financial services under supervision.

The PPS Retirement Annuity Fund is a registered Funds under the Pension Funds Act: PPS Personal Pension Retirement Annuity - FSCA registration number 12/8/37739, SARS registration 18/20/4/041988

The PPS Profit-Share and Profit-Share Cross-holdings Booster are benefits available to PPS members only and are not financial services regulated by the FAIS Act.