

# Honey Endowment Plan Simply Put





An investment solution for individuals and trusts looking for a tax efficient way to save.

## Key features and benefits

- The Honey Endowment Plan is a tax efficient investment solution ideal for Investors that have a marginal tax rate of 30% and more.\*
- Within your Honey Endowment Plan policy you can choose to invest into a range of Unit Trust Funds from reputable asset managers. Hedge Funds and private share portfolios are also offered. You can change your selection at any point during the lifetime of the policy free of charge.\*\*
- The product is ideal for estate planning because:
  - › It is typically exempt from executor's fees if beneficiaries are nominated to receive the proceeds on death of the last surviving life assured.
  - › Death benefits are paid directly to nominated beneficiaries.
  - › The lives of additional persons can be assured on the policy, the effect of which is that death benefits will only be paid to beneficiaries on the death of the last surviving life assured. This can be a useful feature for a couple wanting to ensure a pay-out to their children in the event of them both passing away.
- You are permitted by law to only take one withdrawal from the policy during the first five years since its inception. Only after the 5 (five) year restricted period are withdrawals unlimited.
- To help give your investment a head start, no upfront administration fees are charged.

## Example of the Honey endowment plan tax advantage\*\*\*

R 1 000 000 – 5 year investment	
Scenario A	Scenario B
Direct investment (i.e. not via an endowment policy), at an admin charge of 0.50%	Honey Endowment with the following tax charges (12% CGT, 30% Income, 20% Dividends Tax), and an admin charge of 0.40%
	
<b>Policy Value if sold after 5 years:</b> <b>Individuals:</b> R1 461 420 <b>Trusts:</b> R1 405 829	<b>Policy Value if sold after 5 years: R1 478 003</b> <b>Individuals:</b> 1.12% Higher return vs Direct <b>Trusts:</b> 4.88% Higher return vs Direct

\* The Honey Endowment Plan is subject to taxation according to the "Five Funds" tax method applicable to South African Long Term insurers, according to section 29A of the Income Tax Act of 1962. This advertisement does not constitute tax, legal or accounting advice. Potential investors should seek their own legal and tax advice where required.

\*\* The returns of the policy are market linked and are not guaranteed. The market value of the policy will therefore fluctuate, and past performance is not necessarily a guide to future performance.

\*\*\* Invested by an Individual investor or a Trust with a 45% marginal tax rate into the same balanced portfolio over a 5 year period with a 0.0% initial fee. No financial advisor fees have been included. The diagram is intended to illustrate the advantage of holding investments within the Honey Endowment Plan and is provided for illustrative purposes only. Any tax exemptions that may be enjoyed by an investor have not been taken into account.



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## How do I invest?

- The minimum investment amount is R100 000 per policy.
- Any individual or trust with natural person beneficiaries may invest.
- Please note that legislation limits additional contributions into an existing policy as follows:
  - › During the first year after the initial investment takes place there is no limitation on the amount which may be contributed.
  - › In subsequent years, a maximum of 120% of the larger of the contributions made during either of the two preceding years may be invested. Should the additional contribution exceed this amount, the policyholder will be required to open a new policy for which the five year restriction period will apply.
- Download an application form and investment portfolio list from the Honey website [www.honeyinvestments.co.za](http://www.honeyinvestments.co.za), or ask your Financial Advisor.

## How much does it cost?

- A weighted average fee is charged on the value of all your investment accounts held on the platform (Ts&Cs apply).
- A minimum annual administration fee of R110.00 applies per investment account.

Investment Value	Annual Admin Fee - Weighted Fee (excl. VAT)
From R0.0 to R1.5 million	0.40%
Next R4 500 000	0.20%
Above R6 000 000	0.10%

- An Income Tax Recovery Charge of 30% and a Capital Gains Tax Recovery Charge of 12% applies. Dividends Withholding Tax (DWT) of 20% applies to a local dividend earned in an Investment Portfolio.
- Any investment in a Share Portfolio (SP) will be charged an annual fee of 0.20% of the value of the SP.
- Your Financial Advisor may charge you an initial and ongoing fee. These fees are negotiable between yourself and your Advisor. A maximum of 3% excluding VAT applies for financial advisor initial fees, and a maximum of 1% per annum excluding VAT applies for financial advisor ongoing fees.
- Should you choose to invest via a model portfolio, a portfolio management fee will apply.
- If you invest in a Rand denominated foreign fund, a fee 0.45% will be charged on the offshore component of the portfolio for the use of Hollard's Foreign Investment allowance.
- The manager of the Unit Trust funds or other investment options you have selected charges an annual management fee, which will vary per investment option and is incorporated into the investment option unit price.

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