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Investing for a
world of change

Assistants' Masterclass 2023

Module 1: IP Products
4 May 2023



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Ninety One Investment Platform is an authorised financial services provider.



Assessments

Date	Module	Topic	Presenter
4 May	Module 1	Ninety One IP Products	Jocelyn Morgan
18 May	Module 2	Tax matters	Janine Langenhoven
1 June	Module 3	Web tips	Candice Wilson-Moore
15 June	Module 4	Offshore	Albert Coetzee
29 June	Module 5	Transfers made easy	Kenisha Chinsamy
13 July	Module 6	General Practice management	Jean Nasser

- One hour sessions, every second Thursday
- Assessments will be available till 2 weeks after the last module
- Pass rate = 80%; 91%+ will be a distinction

What if I have questions ?

- **Module specific questions can be typed in the Q&A section of the call**
- Dedicated mail support: masterclass@ninetyone.com
- Ask your Sales Manager



We are the only SA rooted global asset manager

258

Investment professionals globally

21

 offices

15

 across countries

R2,7

 trillion

Global AUM

Dual listed



World's largest 500 asset managers*

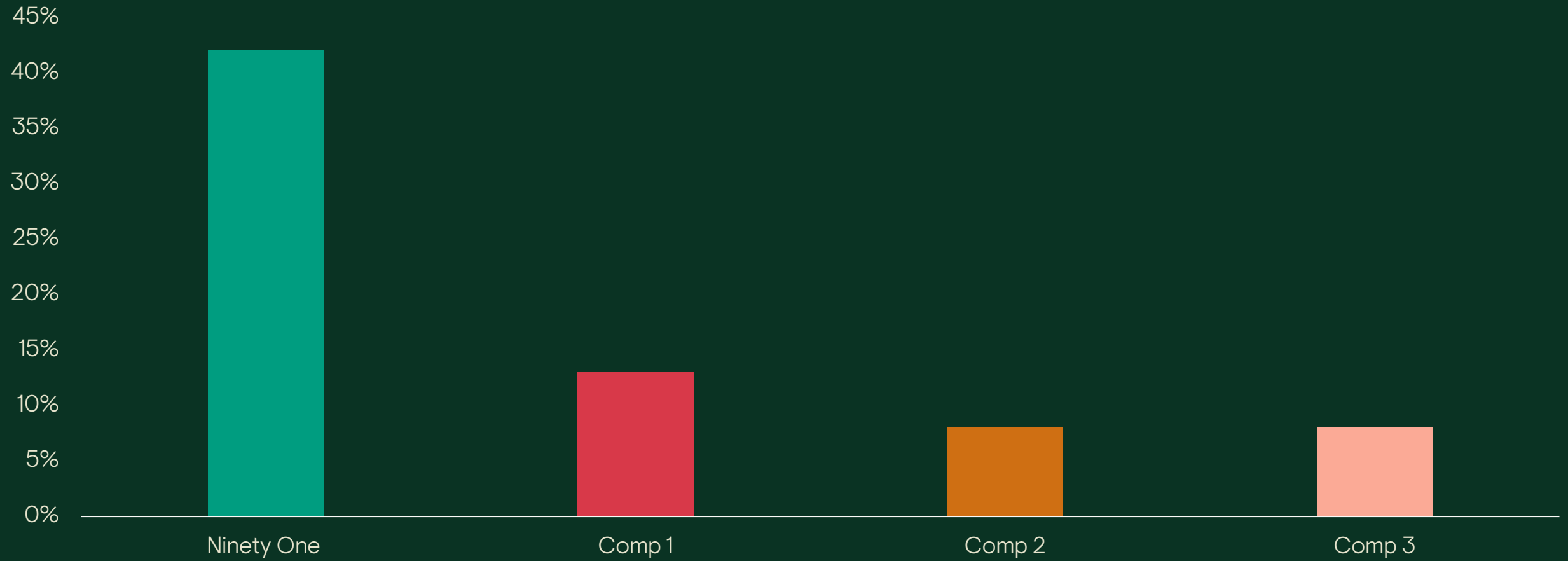
Rank	Company	AUM
128	Ninety One	\$192bn
210	Old Mutual	\$80bn
258	Allan Gray#	\$59bn
208	Sanlam	\$83bn
299	Coronation	\$42bn

Longevity, stability and globally integrated across the business

Source: All figures shown are as at 30 September 2022. Firm level AUM as at 31 December 2022.
*Source: Willis Towers Watson. Total discretionary assets under management as at 31 December 2022
#AUM is \$59bn (Total Allan Gray comprises: Orbis Investments \$35.7bn + \$23.6bn).



12 month net flows



| #1 net flow taker



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Investing for a
world of change

Product Training

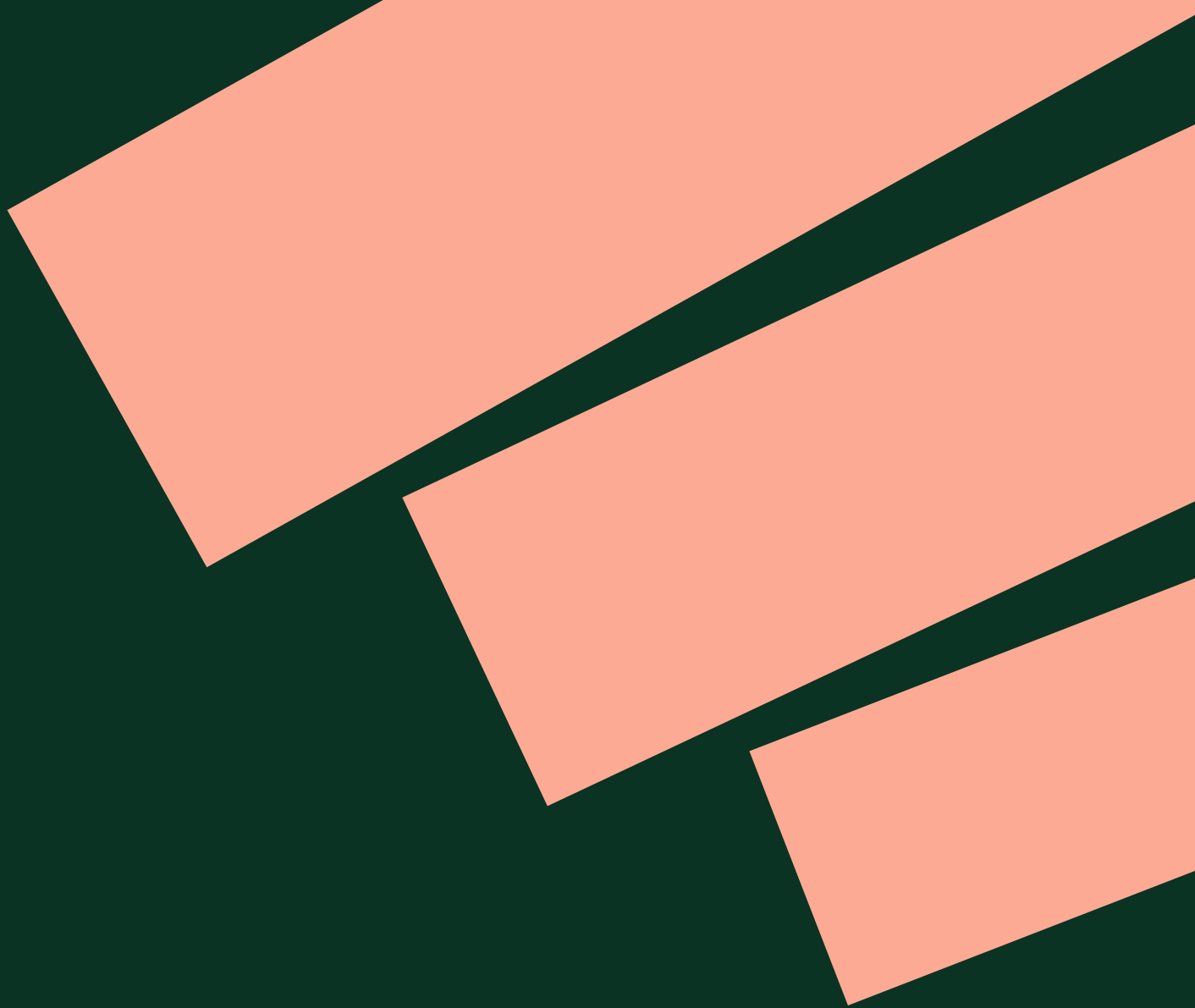
Jocelyn Morgan

Agenda

- 01 Platform Overview
- 02 Pre-Retirement Products
- 03 Post Retirement Products
- 04 Voluntary Products
- 05 Family Office

01

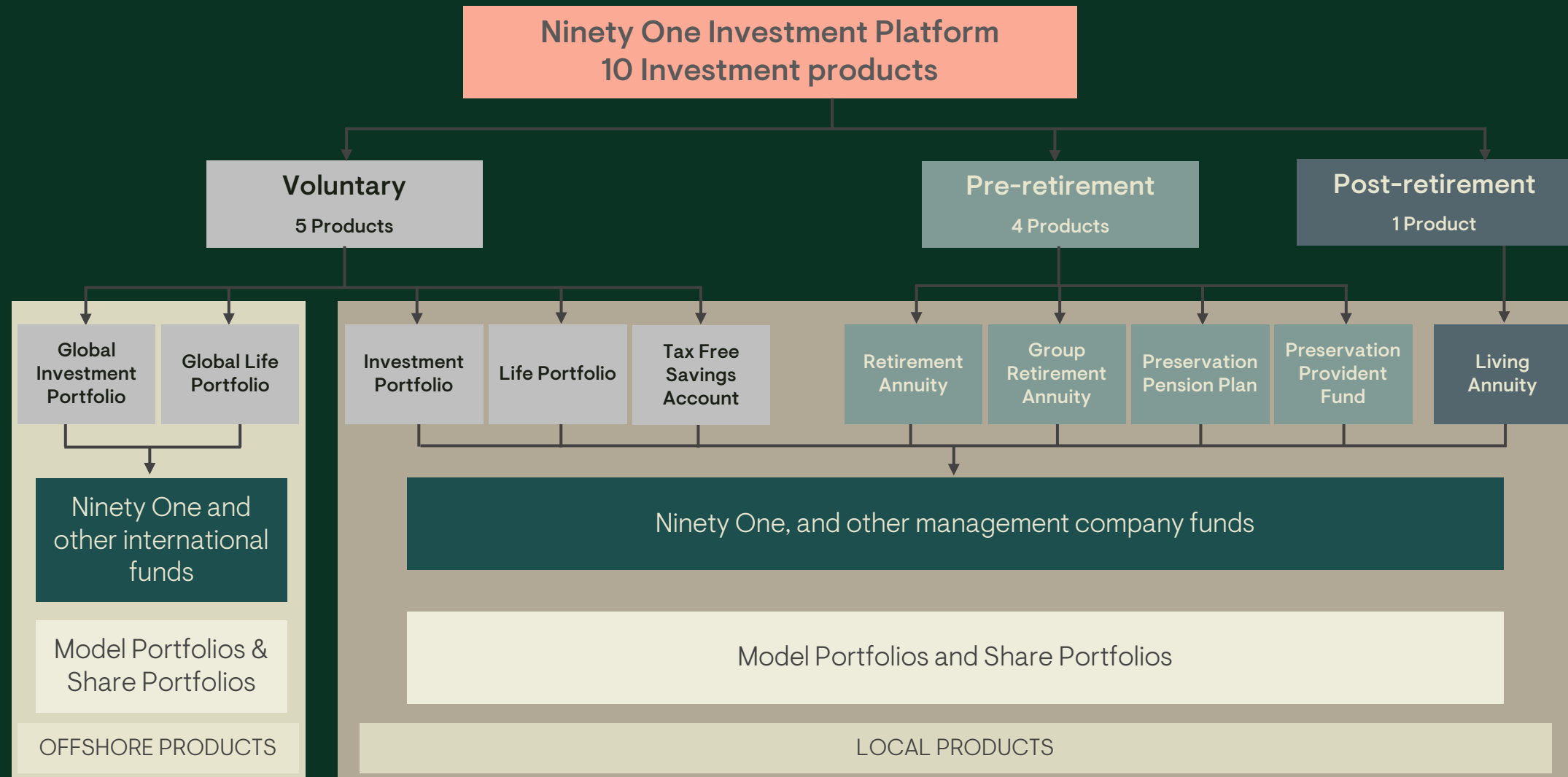
Platform Overview





Ninety One Investment Platform products

An introduction to the suite of 10 products





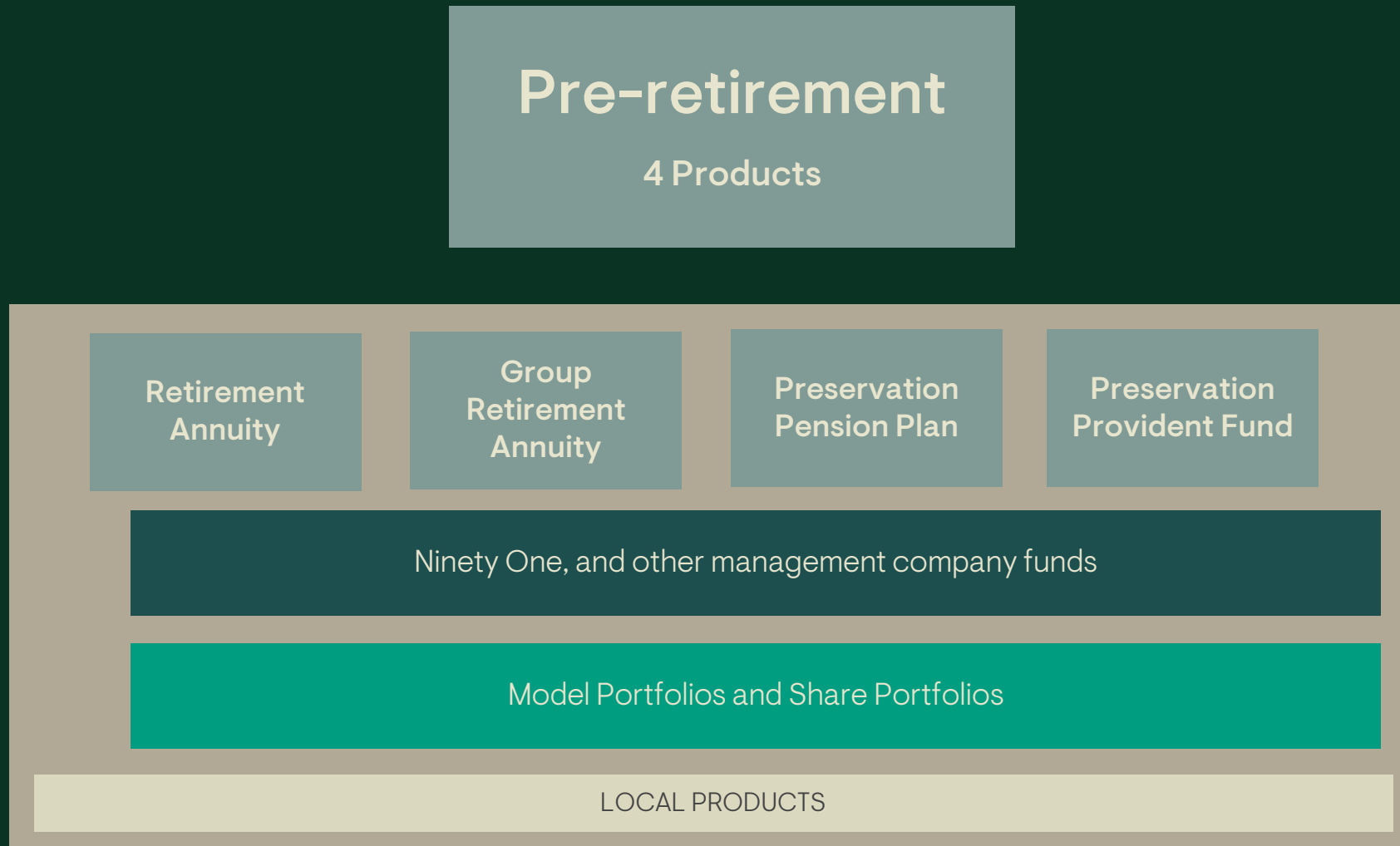
02

Pre-Retirement Products



Ninety One Pre-Retirement Products

An introduction to the suite of 10 products





Regulation 28 – applies to all Pre-Retirement funds

Mitigates concentration risk to member's savings and ensures protection by limiting extent to which retirement funds may invest in a particular asset class

Exposure Limits:

- 100% Cash
- 75% Equity
- 45% Offshore
- 25% Listed Property
- 15% Private Equity
- 10% Africa
- 10% Hedge
- 2.5% Other Assets

Managed at member / per contract level

Regulation 28 Breach Reports

Breach indicated online
Advisor notified every quarter
Ninety One will rectify the breach by means of a switch to MM after 9 months / 3 quarters



Contributions to Retirement Funds

27.5% of taxable income

Capped at R 350 000

Excess contributions carried forward

Can be used to access tax free income/
lumpsums from retirement funds at a later stage



Section 37C of the Pension Funds Act



Beneficiaries – Nominees vs Dependents



Trustees can override nominees in favor of dependents

Trustees can take up to 12 months to reach a determination



SARS Withdrawal Tax Table 2024

Taxable Income	Rate of Tax
1 – 27 500	0% taxable income
27 501 – 726 000	18% of taxable income above 27 500
726 001 – 1 089 000	125 730 + 27% of taxable income above 726 000
1 089 001 and above	223 740 + 36% of taxable income above 1 089 000



SARS Retirement Tax Table 2024

Retirement, Severance, and Death Benefits

Taxable Income	Rate of Tax
1 – 550 000	0% taxable income
550 001 – 770 000	18% of taxable income above 550 000
770 001 – 1 155 000	39 600 + 27% of taxable income above 770 000
1 155 001 and above	143 550 + 36% of taxable income above 1 155 000



Retirement Annuities

The basics

1

Voluntary
Contributions

2

Debit Orders
Lumpsums
(+Section 14s)

3

- 0% Tax on Income and Growth
- Annual Contribution Certificate for tax deduction



Retirement Annuities

Are about retirement



Retirement Age from 55

Values less than R 247 500?
Take full amount in cash
subject to SARS Retirement tax table

Maximum of 1/3rd in cash

Taxed according to
SARS Retirement tax table

2/3rd to an Annuity

Transferred Tax Neutral
Income from Annuity taxable



Retirement Annuities

Other instances of access

Early Access:-

- Less than R 15 000
- Non tax resident (ex SA for 3 years)
- Ill Health

Cash taxed in according to
SARS Withdrawal Tax Table
(except ill health = early retirement)

On Death:-

Section 37C applies

Beneficiaries can take cash, or
An annuity, or
A combination of cash and annuity

Cash taxed in hands of deceased
SARS Retirement Tax Table

Group Retirement Annuities

1

Minimum of
10 members at
R 1 000 p.m.

2

Employer submits
monthly schedule for
contribution
breakdown

3

- Deal 1 – employer contribution
- Deal 2 – own lumpsum and/or debit orders

4

Can remain invested
post employment



Preservation Funds



**Preserves / freezes
benefits for retirement**



Preservation Funds

1

- Lump sum from Employer Fund
- (+Section 14s)

2

Employer Fund =
accumulated
compulsory
contributions from
employment

3

Preserves / freezes
benefits for retirement

4

- 0% Tax on Income and Growth
- No tax certificates



Preservation Funds

Retirement

Preservation Pension

1/3rd in cash, 2/3^{rds} to an Annuity

OR

100% in cash if below R 247 500
(per fund)

Preservation Provident

Vested: 100% in cash

Non-Vested: 1/3rd in cash, 2/3^{rds} to an
Annuity

OR

100% in cash if below R 247 500
(per fund)



Preservation Provident Funds

Vested vs Non-Vested

Why? Uniformity across all pre-retirement funds in terms of contributions, and treatment on retirement

Pre 1 March 2021 = Vested

Value on 1 March 2021, plus future growth/return on this amount,
may still be taken as a full cash lumpsum on retirement

Post 1 March 2021 = Non-Vested

All contributions post 1 March, plus growth/return thereon,
subject to 1/3rd cash, and 2/3rd annuity rule on retirement



Preservation Funds

Other instances of access

Early Access:-

Once off pre-retirement withdrawal
up to 100% (limited to 1/3rd if GEPF)

Non tax resident (ex SA for 3 years)

Cash taxed in according to
SARS Withdrawal Tax Table

On Death:-

Section 37C applies

Beneficiaries can take cash, or
An annuity, or
A combination of cash and annuity

Cash taxed in hands of deceased
SARS Retirement Tax Table

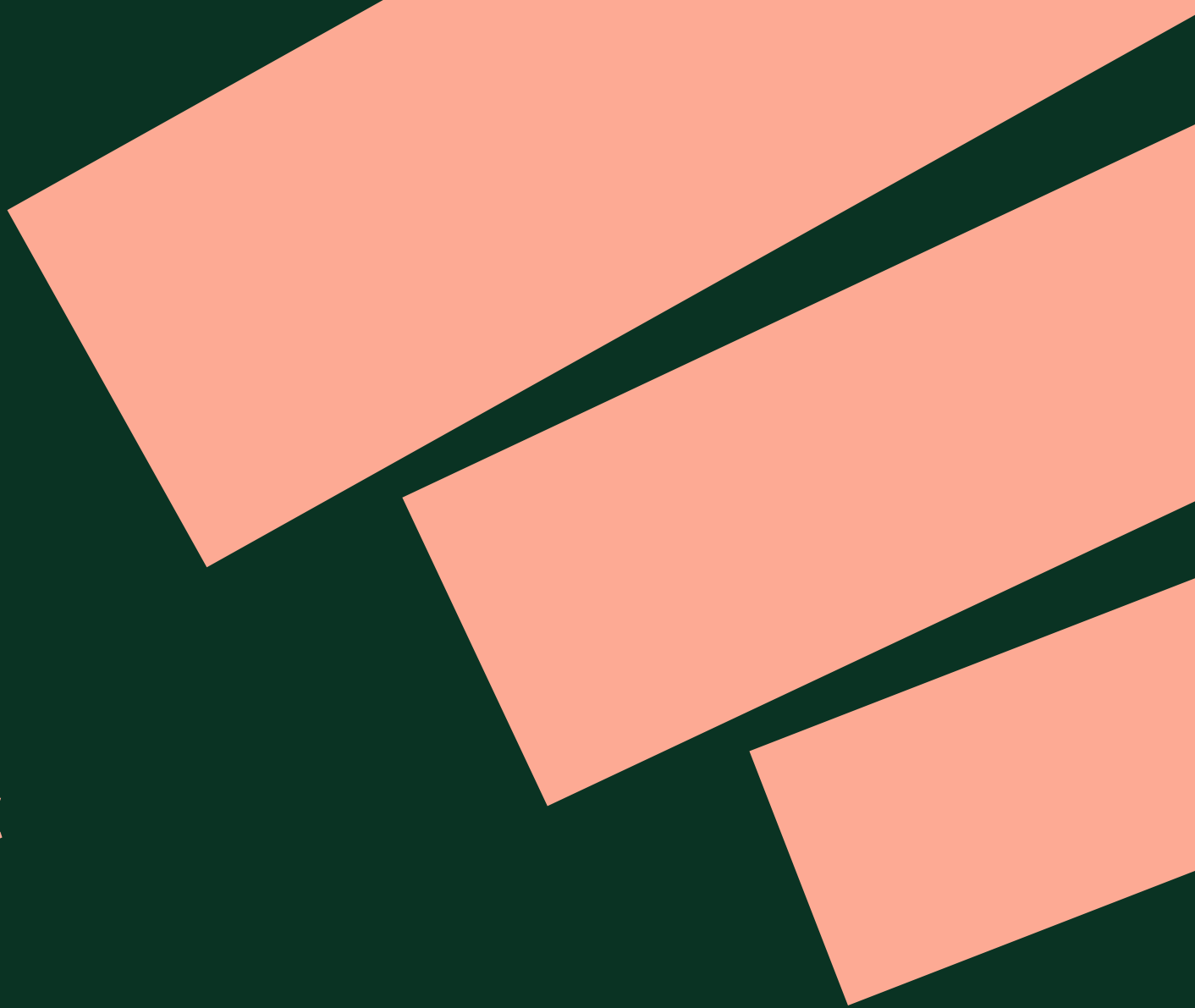


2 pot system

- Proposed amendment to rules in terms of access pre-retirement
- Janine to cover

03

Post-Retirement Product





Living Annuities

1

Funded from a
Pre-retirement product

(+Section 37(2) / 50)

2

Income withdrawals
2.5% and 17.5%

3

– 0% Tax on Income
and Growth

– IRP5 i.r.o. Income



Living Annuities

The Income

Percentage %

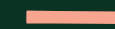
Market Value on
Anniversary Date
each year



Elected % of Income



Frequency of payment



Gross Rand amount
of income paid (re-
calculated each year)

OR

Rand Amount R

Elected Gross Rands and
frequency chosen



(stays static year after year provided it remains between
2.5% and 17.5% of market value on anniversary date)



Living Annuities

Tax on Income

PAYE Tables is the default

We sum the income from all living annuities held with Ninety One, and treat it as if it is the investor's only source of income according to the PAYE tables, and taking the rebate into account.

Selected Rate

This is a specific rate requested by the investor. It is at the investor's discretion if it is higher than the PAYE rate and/or Para 2(2B) rate. It can also be lower but only upon presentation of a tax directive from SARS by the investor.

Para 2(2B) Rate

This is a rate that is given to us from SARS taking into account all of an investor's income from all sources. It should only ever be higher than an investor's PAYE rate. This is a voluntary rate / an investor can opt out of it.



Living Annuities

Other instances of access

Early Access:-

- Annual Income Only
- No lumpsum access until value
- below R 125 000

Income taxed as 'Salary'
Lumpsum at SARS Retirement Tax Tables

On Death:-

- Beneficiaries can take cash, or
- An annuity, or
- A combination of cash and annuity

Cash taxed in hands of deceased
SARS Retirement Tax Table



Living Annuities

Beneficiaries

One owner



Section 37C does not apply

Primary beneficiaries



Trusts can be beneficiaries
AND OWN Living Annuities

Surviving primaries receive **ALL** of the benefit

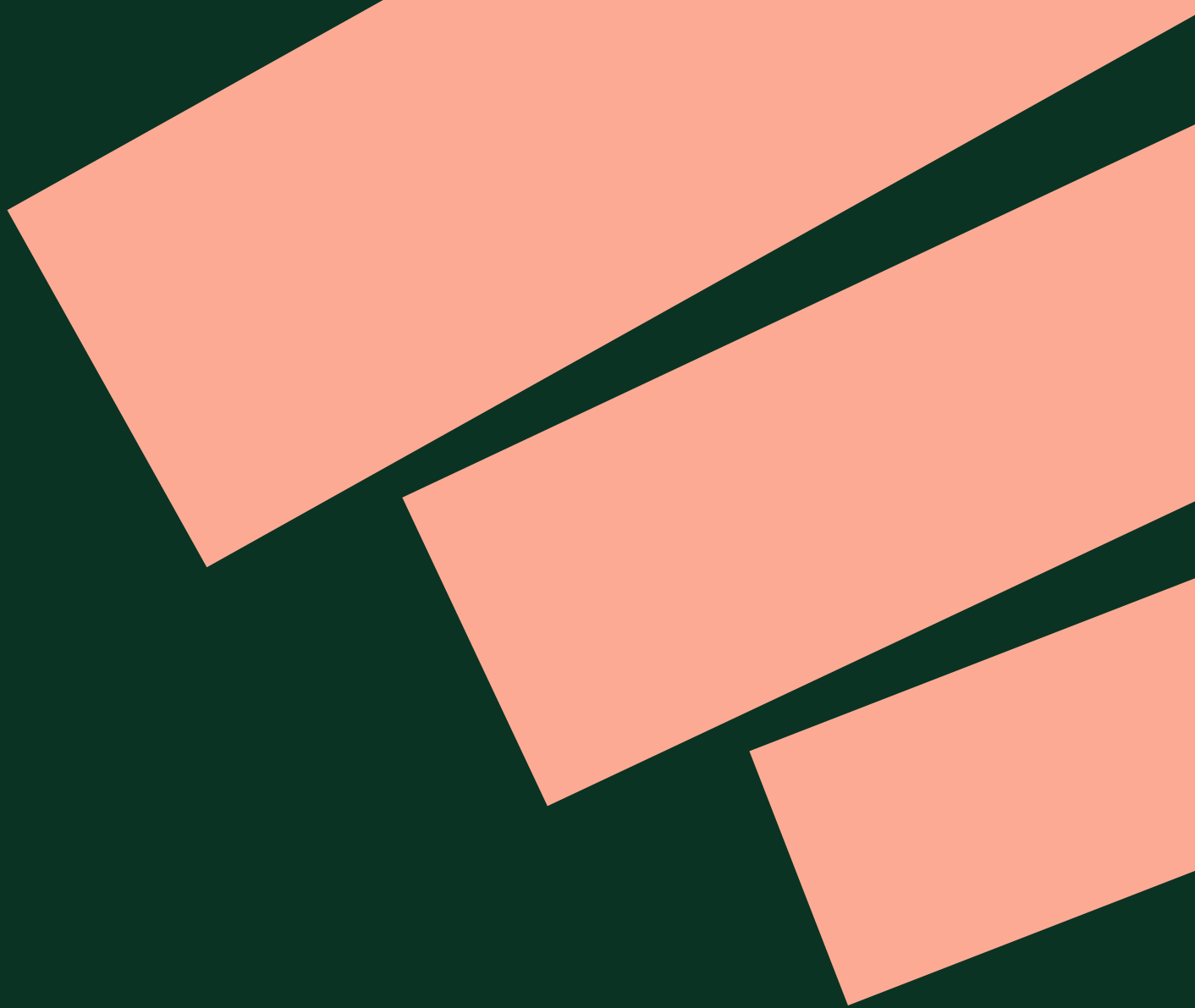
Alternative beneficiaries



Alternatives **ONLY** receive if all primaries
deceased

04

Voluntary Products

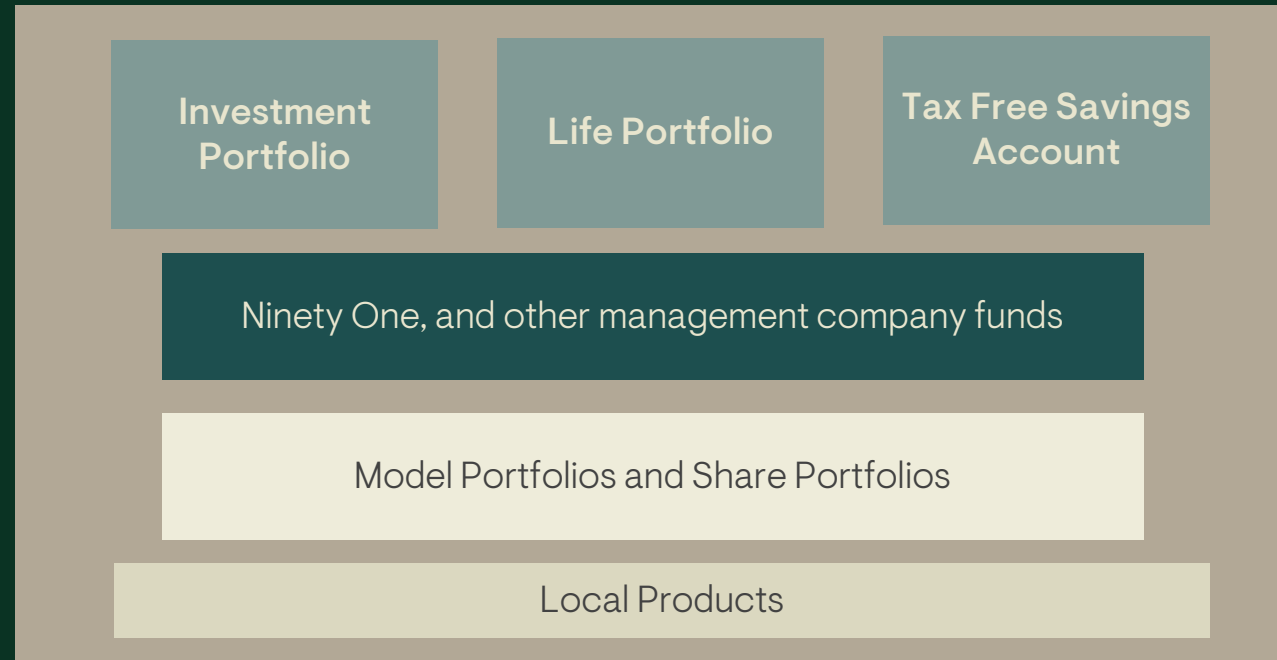
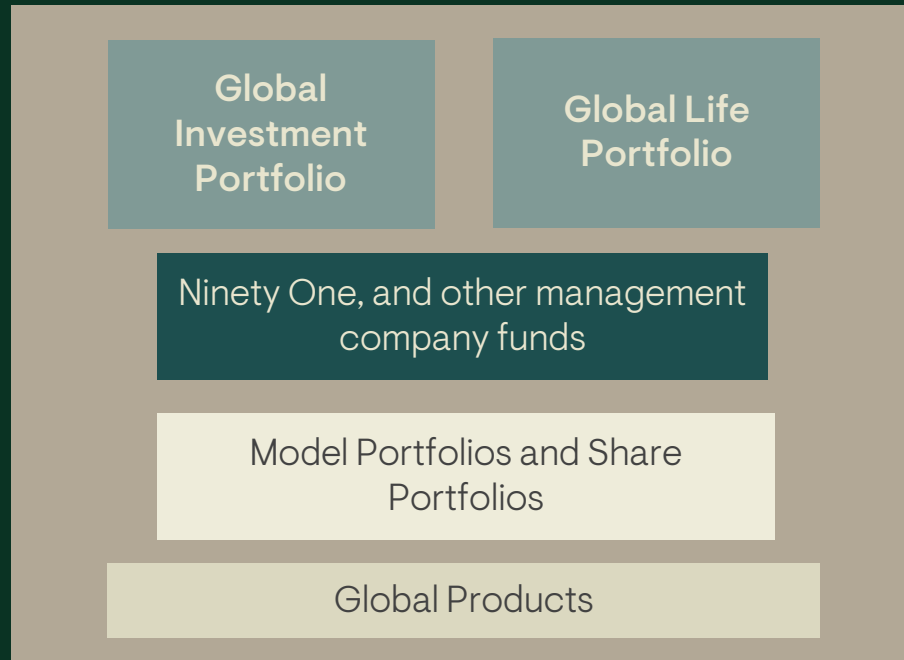




Ninety One Investment Platform products

An introduction to the suite of 10 products

Voluntary
5 Products



Tax Free Savings Account

1

Voluntary
Contributions
R 36 000 p.a.
R 500 000 lifetime

2

Debit Orders and
Lumpsums
(+ Transfers)

3

-
- 0% Tax on Income and Growth
 - Annual Contribution Certificate

4

Withdrawals do not
'add back' to
contribution
allowance



Tax Free Savings Account

Some Extra Info

Not on our life license
= unlimited offshore exposure

Family members want to contribute?

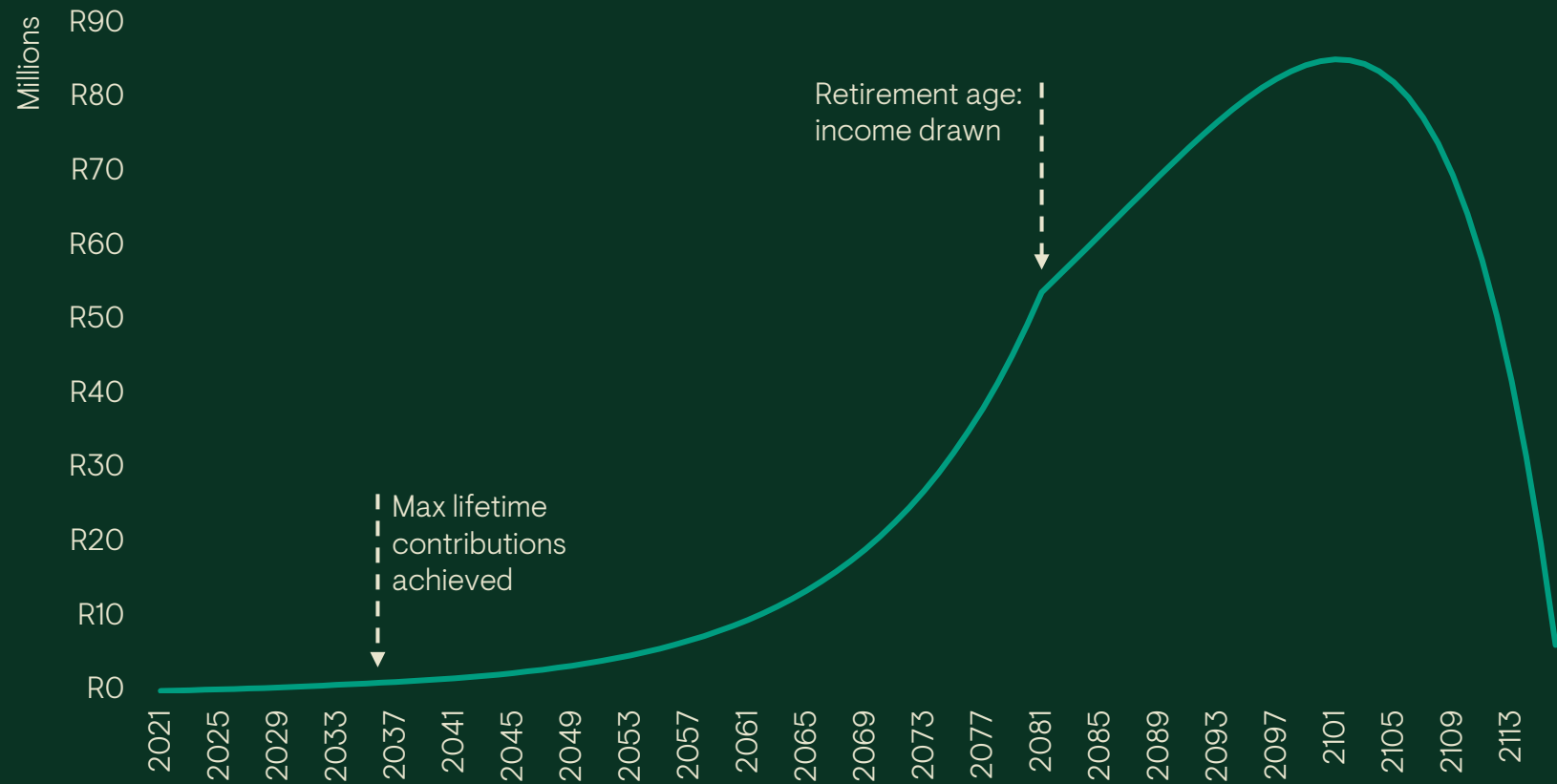
Withdrawal payments to investor's ONLY

We don't have an unabridged birth certificate?



But also a great way of giving a loved one a head start...

Either in life... or in retirement



- Contributions from age 5
- Tax free growth
- Can produce value of R3m in today's terms at retirement age
- Providing an income of R 152k in today's terms until age 100!!

Or... drawing first 10 years of income from TFSA and leaving pension untouched could allow pension value to double

Source: Ninety One. Contributions of R36,000 p.a. made until maximum lifetime contribution of R500k achieved. Growth assumed to be 9% throughout illustration. Income drawn after 60 years starting at 5% of capital value with ZAR value Escalating by 5% p.a.



Ninety One Life & Global Life Portfolio

Sinking Fund as defined in the Long Term Insurance Act

Sinking Fund = Endowment with NO life assured



— Terms falls away on death (policy does not have to payout)

— NO CGT trigger on death (policy does not have to payout)



Ninety One Life & Global Life Portfolio

Product Rules

1

One owner

2

5 years initial term
(open ended
thereafter
OR on death)

3

Debit Orders
and
Lumpsums

4

One LOAN and
One Surrender
(limited to initial
+5% growth + R 10
000 / USD
equivalent)

5

120% Rule for
Additions



Ninety One Life & Global Life Portfolio

120% Rule



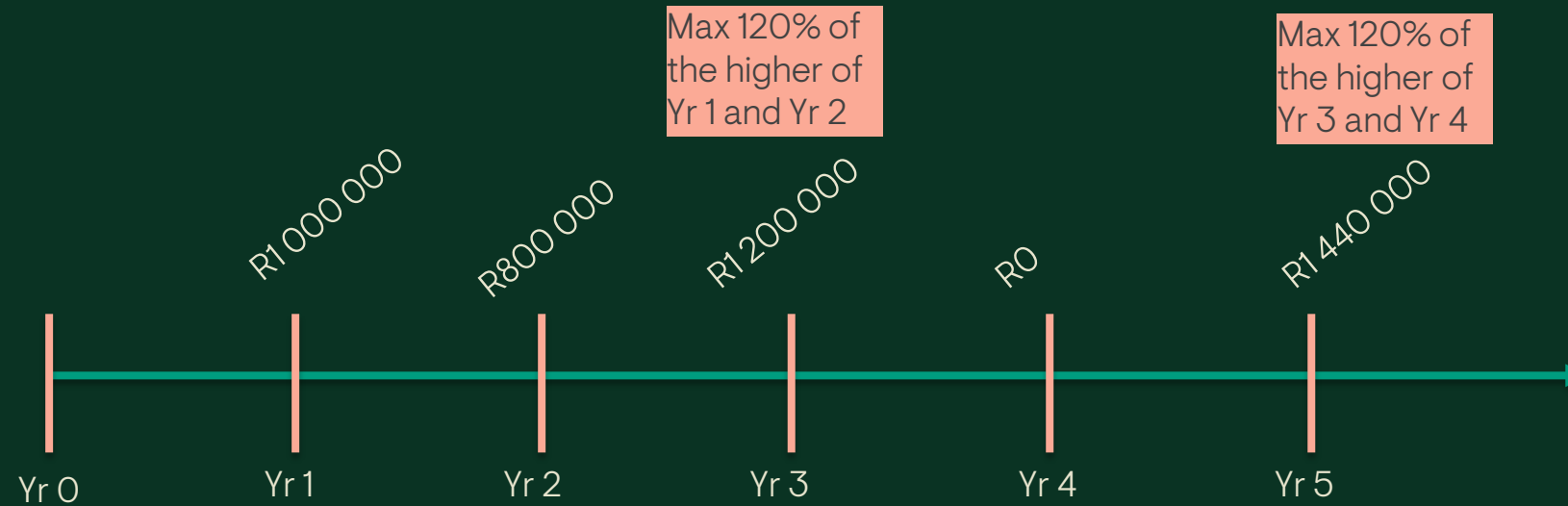
Scenario:

the investor maintains max contributions for 5 years



Ninety One Life & Global Life Portfolio

120% Rule



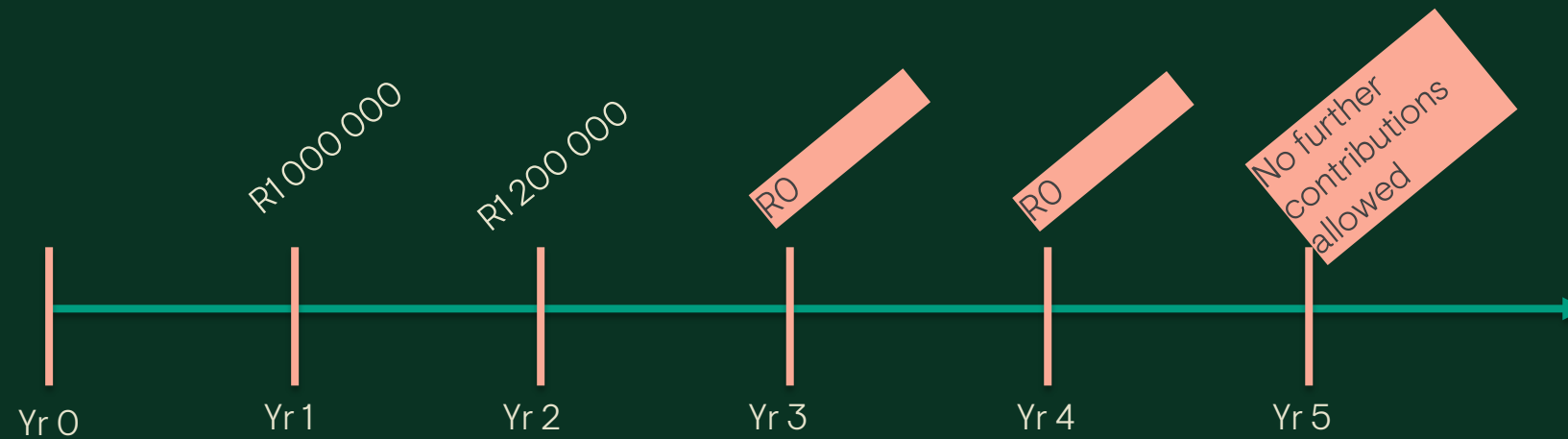
Scenario:

the investor maintains contributions, but skips one year



Ninety One Life & Global Life Portfolio

120% Rule



Scenario:

the investor skips 2 years of contributions



Ninety One Life & Global Life Portfolio

Product Rules

1

One owner

2

5 years initial term
(open ended
thereafter
OR on death)

3

Debit Orders
and
Lumpsums

4

One **LOAN** and
One Surrender
(limited to initial
+5% growth + R 10
000 / USD
equivalent)

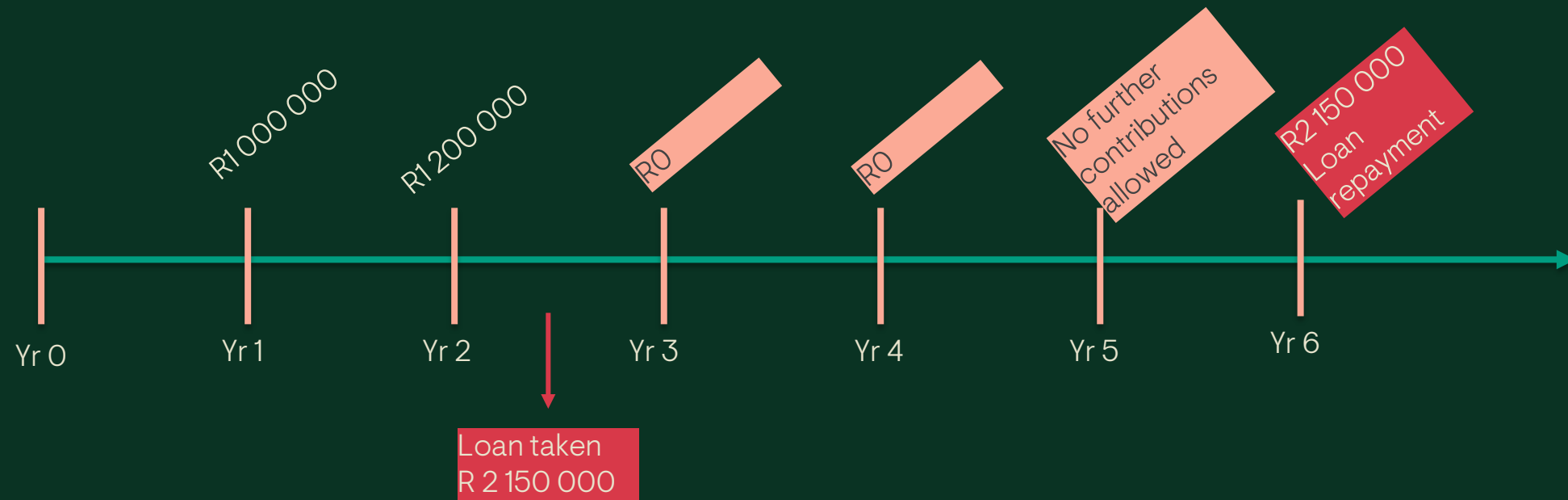
5

120% Rule for
Additions



Ninety One Life & Global Life Portfolio

120% Rule



Scenario:

the investor skips 2 years of contributions BUT can pay back a loan at any time



Ninety One Life & Global Life Portfolio

Tax

30%

Income Tax

12%

Effective CGT

- a. CGT only triggered by a switch or redemption / no annual deemed gain
- b. NO CGT trigger on death (policy does not have to payout)
- c. CGT losses carried forward year on year
- d. NO tax certificates

GLOBAL Life:

- e. CGT calculated in USD
- f. Roll up funds only, therefore No Income Tax, CGT only



Ninety One Life & Global Life Portfolio

Succession

One owner



Not frozen as part of deceased estate

Primary beneficiaries



No executor fees

Alternative beneficiaries



Open ended on death
Beneficiary can immediately draw income



Ninety One Life & Global Life Portfolio

Succession

Elderly Mom



Adult Primaries

Son

Daughter



Grandchildren Alternatives

Son's
children

Daughter's
child





Ninety One Life & Global Life Portfolio

Succession

Elderly Mom



Adult Primaries

Son

Daughter



100%

Grandchildren Alternatives

Son's children

Daughter's child



Surviving primaries receive the whole benefit

Does not operate per stirpes

Alternatives only inherit if all primaries deceased

Daughter receives 100% / not 50% to Son's children



Ninety One Life & Global Life Portfolio

Succession

Contract 1

Elderly Mom



Adult Primaryes
Son



Grandchildren Alternatives
Son's children



✓ 50%

Contract 2

Elderly Mom



Adult Primaryes
Daughter



✓ 50%

Grandchildren Alternatives
Daughter's child





Ninety One Global Life Portfolio

Protection

Probate

- Estate process in an offshore jurisdiction
- Need an offshore will
- Expensive and Administratively intense
- Takes a long time to wind up / illiquid

Situs



- Estate duty for UK and US domiciled assets
- Fixed Property
- Equities
- Bonds
- CIS / Unit Trusts (US Only)
- ETFs
- Cash in Bank
- Up to 40% (vs SA at 20%)



Ninety One Global Life Portfolio

Protection

NO Probate

because of
beneficiaries

NO Situs

because GAPU is
domiciled in
Guernsey
(no look through)





Why is the Global Life Portfolio seen as an attractive offshore solution?

- Avoid Situs and Probate
- Avoid executor fees (beneficiaries nominated)
- Liquid on death (no masters office involvement)
- Ease of transfer to nominated beneficiaries on death
- Preferential tax treatment (income tax at 30%, capital gains at an effective 12%)

However, not all wrappers are created equal – nuances that make a big difference, e.g.:

1. CGT triggered on death
2. Term carries on or starts again on death
3. Nominated beneficiaries have to own one policy together
4. Beneficiaries nominated upfront for proceeds or ownership
5. No loan, etc



Ninety One Investment Portfolio & Global Investment Portfolio

1

Voluntary
Contributions without
restriction

2

Debit Orders
and Lumpsums
(+Unit Transfers)

3

No restrictions on
withdrawals

4

- Income tax and CGT at marginal rates
- Annual IT3b and IT3c issued



Ninety One Global Investment Portfolio

Protection

SA Nominee
Structure =
NO Probate
NO Situs





Ninety One Investment Portfolio & Global Investment Portfolio

1

Voluntary
Contributions without
restriction

2

Debit Orders
and Lumpsums
(+Unit Transfers)

3

No restrictions on
withdrawals

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- Income tax and CGT at marginal rates
- Annual IT3b and IT3c issued



Ninety One Investment Platform

Why use the Platform?

Extensive range of underlying investment options

Clean class manco funds available

A dynamic and secure online capability with local and offshore on one interface

Ease of reporting for investor (consolidated statement and tax reports)

Ease of reporting for advisor (investor reporting and advisor book reporting)

Ease of transacting online with faster turnarounds

Competitive and transparent platform fees

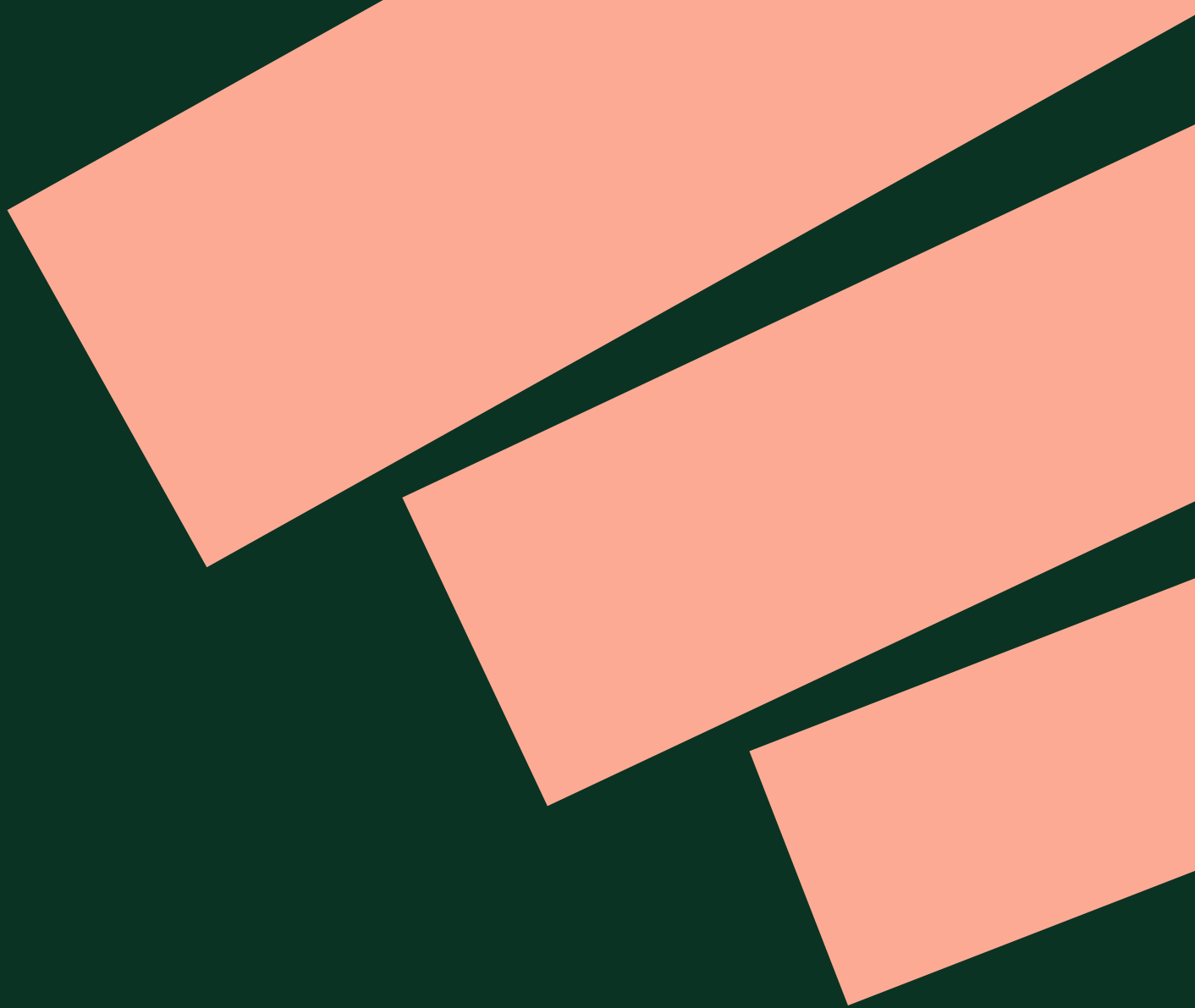
Family Office

Leading financial-advisor focused platform in SA

Business advisory services including input on legal and tax matters

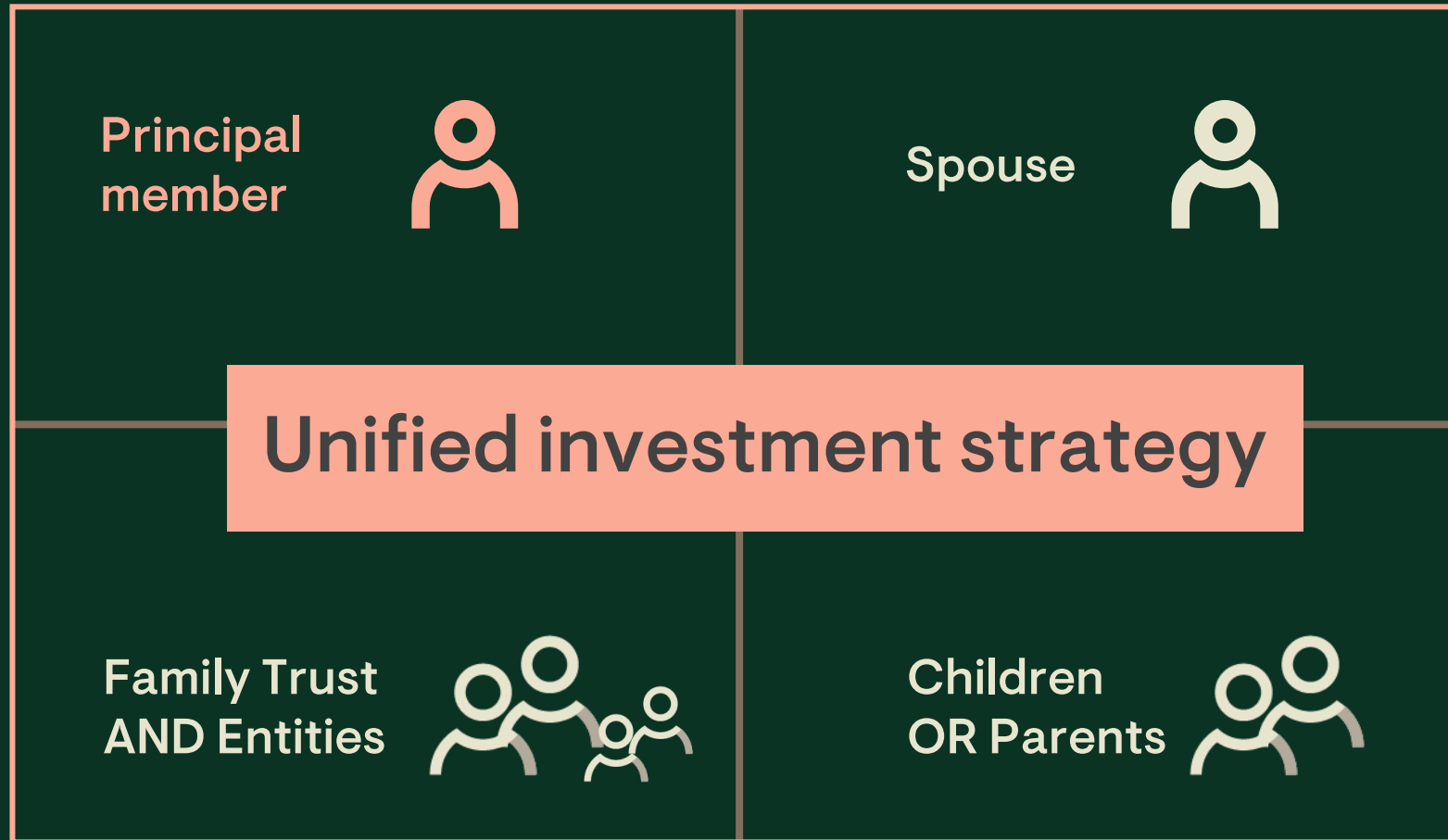
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Family Office



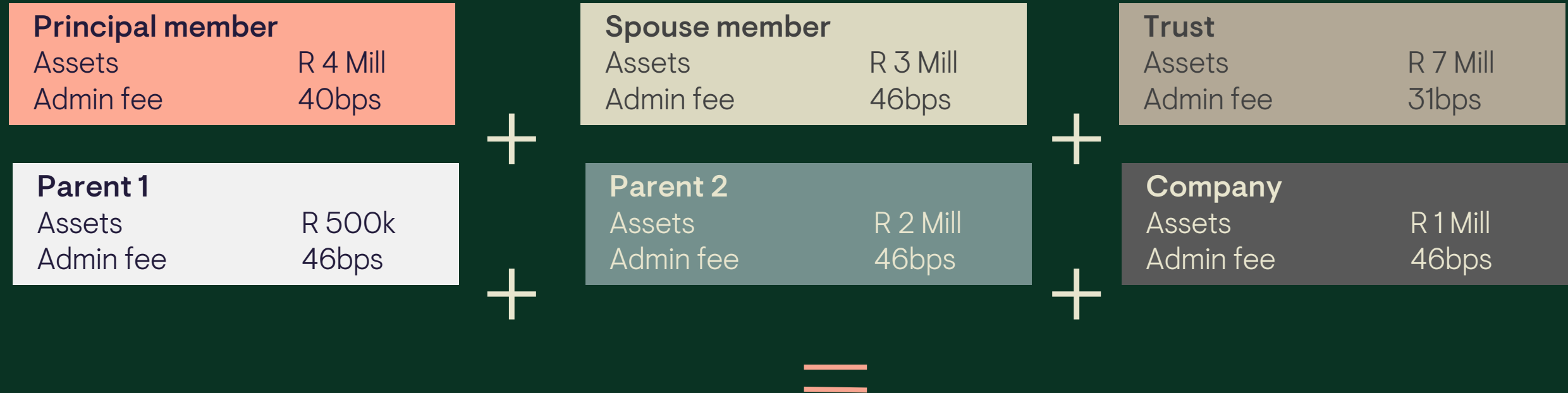
Ninety One Family Office

Who can be linked?



Ninety One Family Office

The impact of fee aggregation



This family is currently paying a weighted fee of 39bps (R 67 600) against their assets

Family fee aggregation would mean a fee of 19bps (R 33 925) across all family entities

This translates into an **annual fee saving of 20 bps (R 33 675)**



It's all about Inter-generational Financial planning

Challenges facing advisors

Less than **50%** success at retaining assets
post death of the investor

- Family office puts the 'tools' required to retain assets in advisor's hands
- The fees are the incentive



Beneficiary nomination provides a link to next generation

While fee aggregation at family level helps to retain assets on transfer



Surviving spouse



4 Beneficiaries



4 Beneficiaries

R10m Living annuity

4 annuities of
R2.5m each

4 annuities of
R2.5m each

22 bps admin fee
R 22 000 p.a.

40 bps admin fee
R 10 000 p.a. each

22 bps admin fee
R 5 500 p.a. each

| Client retention **and** cost efficiency



Join us on 18 May

Remember to Register

Explore tax implications for investment platform products at retirement and death, including income tax, Capital Gains Tax, and estate duty. Learn how the two pot system applies to various investment platform products through real-life examples.

Janine Langenhoven

Legal Counsel

Joined the industry in 2007





Thank you

—
Investing for a
world of change

