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irfa dispatch

THE RETIREMENT INDUSTRY NEWSLETTER

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LOCAL NEWS

Retirement funds and salaries aren't safe from the taxman

Sars has the power to appoint third parties to collect outstanding tax debts from both types of sources.

Lump sums, monthly annuities and salaries are not off-limits to the long arm of the taxman. Taxpayers who have failed to pay their tax debts in full to the South African Revenue Service (Sars) should not be surprised if Sars moves to recover what it is owed from retirement fund administrators or employers using the third-party appointment process.

Sars's powers to withhold funds

Sars can require an employer or retirement fund administrator to hold back/deduct outstanding tax debts of an individual through the third-party appointment process set out in Section 179 of the Tax Administration Act (TAA). Sars may appoint third parties such as employers, retirement fund administrators, banks, insurance companies, investment managers and debtors to deduct the outstanding tax debts from any money held for, owed to, or to be paid to the individual – and pay the amounts deducted to Sars. Effectively, these third parties are appointed as 'agents' to deduct and pay to Sars the outstanding tax debts. Sars must send a final letter of demand to the taxpayer at least 10 business days before instituting the third-party agent appointment process (unless the final demand would prejudice the collection of the tax debt).

It must also ensure that the letter of demand is 'received'/delivered on the taxpayer's eFiling profile. In two cases – SIP Project Manager (Pty) Ltd v CSars [2020] ZAGPPHC and WPD Fleetmas CC v CSars and another [2020] ZAGPPHC – the high court ruled that the third-party appointment processes were unlawful as Sars did not prove that the final letters of demand were delivered to the taxpayers' eFiling profile. The court found that the direct debits on the taxpayers' bank accounts were unlawful, and Sars was required to refund the amounts. The third-party agent appointment process is thus a collection process by Sars after it has issued a final letter of demand, but the taxpayer has still not paid the outstanding tax debts.

The mechanisms for collection

Deductions from lump sums

When an individual resigns, is retrenched, or retires from their employment, their pension or provident fund will apply to Sars for a directive on the amount of PAYE tax to be withheld from the lump sum payments (on resignation or retrenchment) or lump sum withdrawals (on retirement). A retirement annuity fund administrator will also be required to apply for a directive from Sars on the amount of PAYE to be withheld from the lump sum withdrawals on retirement. Sars will issue an IT88L directive for an amount deductible as PAYE by the retirement fund administrator for the income tax amounts due from the lump sum payments/withdrawals, existing income tax debts, administrative penalties, and provisional taxes owed by an individual. The IT88L effectively acts as a 'stop order for taxes in arrears' for the retirement fund administrator to deduct the tax debts from the lump sum amounts and pay them to Sars.

Deductions from monthly annuity/pension payments

The amount a taxpayer receives in the form of monthly annuities from a retirement fund is 'remuneration', and subject to PAYE. These amounts can also be targeted by Sars. Sars can appoint the retirement fund administrator as its third-party agent to collect tax debts. Effectively, the retirement fund administrator is the 'employer' responsible for withholding PAYE on the annuities/remuneration payable to the taxpayer. The monthly pension or annuity can potentially be subject to third party appointment letters by Sars in the form of the AA88 Third Party Appointment Notice.

These AA88 notices instruct the retirement fund administrators to deduct the specified tax debt amounts against the monthly annuities and pay them to Sars by the due dates. If the taxpayer has accumulated their monthly annuities in a money market account over time, Sars can also issue a third-party appointment letter to the bank requiring it to deduct any outstanding tax debts from the money market account and pay it to Sars.

Deductions from salaries

Sars can also issue the AA88 Third Party Appointment Notice to employers on the e@syFile™ system with similar instructions to deduct specified tax debt amounts from the salaries of the listed employees. If an employer does not comply with the AA88 instructions, the employer will be personally liable for the amounts not deducted. The employer can post an outcome on an employee and send it to Sars without deducting the amount in the AA88 instruction.

These outcomes could be, for example, if the taxpayer's employment is not confirmed or they are not employed, the taxpayer is deceased or insolvent, or there is an affordability request to reduce the amount to be deducted based on 'basic living expenses' needed by the employee and their dependents. While the IT88L represents a 'stop order' on the lump sums, the AA88 agent appointments are issued to employers until the tax debts of an individual are proven to be paid up by the individual, in which case the employer will finalise and cancel the AA88 instruction and stop further deductions.

Pay tax debts by the due dates

Sars has very broad powers to collect outstanding tax debts. Tax debts arising in this filing season should be paid to Sars by the due dates to avoid Sars exercising its third-party collection processes.

Moneyweb | 21 July 2022

Shedding light on the Regulation 28 amendments

Amendments to Regulation 28 of the Pension Funds Act ("PFA") have gone through a lengthy process since February 2021. These amendments were gazetted on 1 July 2022 and National Treasury ("NT") published another media statement on the matter on 5 July 2022. It is important to remember that the increase in foreign exposure for institutional investors has been allowed since 23 February 2022. The other long-awaited amendments to Regulation 28 that were gazetted now, will only be effective as from 3 January 2023.

Foreign exposure

Regulation 28 stipulates that the aggregate exposure to foreign assets is limited to a percentage, or amount, as prescribed by the South African Reserve Bank ("SARB"). During the February budget speech, the Minister of Finance confirmed that this exposure will be increased for institutional investors (therefore retirement funds, long-term insurers and collective investment scheme managers) from the respective 30% and 40% to a single limit of 45%. Therefore, the limit of 45% in aggregate applies to all applicable investments outside of South Africa. It is no longer necessary to distinguish between foreign as opposed to Africa.

This increase came into effect on 23 February based on the publication date of the SARBs 'Exchange Control Circular'. The Financial Sector Conduct Authority ("FSCA") also confirmed this increase in March with the publication of a formal FSCA Communication. Practically this means that retirement fund members may invest a maximum of 45% of their investment portfolios offshore. In the context of life insurance policies (such as endowments and sinking funds) as well as living annuities, the increase translates to life companies being able to possibly offer more foreign exposure as they may invest a maximum of 45% of their retail assets offshore.

The purpose of Regulation 28

Simply stated the intent of the regulation is to protect the savings of retirement fund members against a lack of investment diversification by prescribing exposure limits to particular asset classes. The PFA provides that the Minister of Finance may determine these limitations and currently they are provided for in Regulation 28. The changes to this regulation (outside of the increased foreign exposure) that have now been made law, will only be effective 3 January 2023 but the industry will be preparing for implementation until that date. The said changes relate to the asset classes and exposure percentages. A prescribed percentage means that a retirement fund may only invest up to a stated percentage of the aggregated fair value of the total assets of such a fund.

The actual amendments *Infrastructure*

The purpose of this change is to enable longer-term investment into infrastructure to assist economic development. The first point of importance is to understand that the amendments did not categorise infrastructure as a separate or new asset class. The main asset classes in the regulation remain cash, debt instruments, equities, immovable property, commodities, hedge funds and private equities. In addition, there are also limitations on housing loans in a pension fund, investing in the business of a participating employer and exposure to 'other' assets (excluded from the said categories).

"Infrastructure is simply now recognised for the purposes of limitation and reporting, within the existing asset classes of Regulation 28" says PG Marais, legal adviser at Sanlam Corporate. Retirement funds will be required to measure the apportionment to infrastructure per asset class and report thereon. Strict reporting requirements in this regard are made provision for with the addition of a 'Table 2' in the regulation. Fortunately for the industry the final amendments only prescribe the reporting via the new table for the top twenty holdings in infrastructure as opposed to all, as initially proposed. A retirement fund will have to indicate the percentage and rand value allocation to infrastructure per each asset class.

What exactly infrastructure means is of obvious importance. Investopedia defines infrastructure as the physical systems of a business, region or nation that are vital for economic development and prosperity. Examples according to this definition include transportation systems, communication networks, sewage, water and electricity systems. These projects are normally funded publicly, privately or via a partnership. The definition for infrastructure in the regulation has gone through various changes. Initially the definition referred to only *installations, structures, facilities, systems and services or processes relating to the national infrastructure plan*, which in turn refers to the development of public infrastructure.

Private sector, as well as developments in the rest of Africa, were not included. In a second attempt at the definition there was reference to *assets constructed for the provision of social and economic utilities or the benefit of the public*. At the time it was explained that the reference to social benefit will allow for incorporating impact investments which is merely investments that aim to generate positive and measurable social and environmental impact alongside that of financial return. The word social was removed from the final definition. Now infrastructure refers to assets with (or operating with) a primary objective of developing, constructing or maintaining physical assets and technology structures (and systems) for a specific purpose. The purpose must be to provide utilities, services or facilities to the benefit of the economy, businesses or the public. “Infrastructure therefore now includes the private sector and the definition is quite wide” says PG Marais.

The industry might be requesting guiding principles on the interpretation of this definition. Retirement funds need to report on the percentage apportionment to infrastructure per asset class and also confirm the percentage infrastructure investment that relates to the rest of Africa. Guiding principles will be welcome as the wide definition could result in unintended consequences. The reference to a primary objective for the asset could also be one that is open to wide interpretation. ***Full Report: https://www.fanews.co.za/article/investments/8/general/1133/shedding-light-on-the-regulation-28-amendments/35015***

FA News | **19 July 2022**

Infrastructure definition guidance remains outstanding in the gazetted regulation 28 amendments

The government took another significant step in paving the way for retirement funds to invest meaningfully in infrastructure investments when it gazetted Regulation 28 last week.

As a reminder, Regulation 28, issued in terms of section 36(1)(bB) of the Pension Funds Act, *“*protects retirement fund member savings by limiting the extent to which funds may invest in a particular asset or in particular asset classes, and prevents excessive concentration risk.*”* The finalisation of Regulation 28, which takes effect on January 3, 2023, ultimately increases the scope of potential investment and importantly, lifts the ceiling on the amount retirement funds can invest in infrastructure assets to 45%. It follows two rounds of public comments in 2021. The gazetted changes coincided with a planned overhaul of infrastructure in the power, transport, telecommunications, and water sectors. This has resulted from increased focus by the government on policy reform as one of the key mechanisms to unlock economic growth.

Policy Successes:

Reform in the **power sector** has seen the amendment of the Electricity Regulation Act to allow private power generation to construct larger facilities for their own use, while some much-needed updates have been made to the wheeling regulation. There has been encouraging progress in the unbundling of **Eskom**, and the **South Africa Renewable Energy Programme continues to enjoy positive momentum**. This includes the fact that some projects awarded as part of the Emergency Bid Window are close to reaching financial close, the Bid Window 5 awards were released, and more recently, the Bid Window 6 Request for Proposals (RFP) was released. The market is also awaiting the release of the 513MW storage RFP, which the Independent Power Producer (IPP) Office recently indicated will be released before the end of October 2022. These are essential as South Africa continues to suffer from electricity shortages. Structural changes to how we create and distribute power are much needed from a government funding and economic perspective.

In the **transport sector**, the government has recently allowed third-party access to the Transnet Freight Rail infrastructure, while the Transnet National Ports Authority will be separated into the port infrastructure and operations to drive efficiencies. Additionally, R9.1 bn has been set aside to be spent on capital projects in the Central Region ports over the next seven years. South Africa's **telecommunications** regulator, the Independent Communications Authority of South Africa (ICASA), concluded the long-awaited Spectrum Auction in March this year, generating R14.4 billion for the fiscus.

The auctioning off of the government's radio frequency spectrum will lower data costs, improve rural access to digital connectivity and allow the country to remain globally competitive as an investment destination. To address the shortfalls in South Africa's **water infrastructure**, a National Water Resources Infrastructure Agency has been established to address bulk supply management and improve access to water for all. This entity will be responsible for building, operating, financing and maintaining national water resources across the country.

Regulation 28 – infrastructure specifically: Under the correct conditions, the gazetting of the changes to Regulation 28 has the potential to open up investment opportunities available to retirement funds, particularly now that they can invest up to 45% in the asset class. While positive, it is critical to highlight that infrastructure is a highly complex, specialist asset class. The key difference between this asset class and the listed universe of assets is that it is less liquid and generally more structured compared to publicly traded equities and bonds. The need to understand the infrastructure ecosystem is, therefore, something that the broader retirement industry has to come to grips with, and importantly, to unlock capital, affected parties will have to allay members fears, unfounded or not.

For this reason, Regulation 28 is key. While the changes are meant to widen the scope of potential investments for retirement funds while facilitating much-needed investment into infrastructure opportunities, it should not be forgotten that it, in itself, provides regulatory oversight to retirement funds. Regulation 28 suggests that "before making an investment in and while invested in an asset, consider any factor which may materially affect the sustainable long-term performance of the asset, including those of an environmental, social and governance character and those related to infrastructure investment, taking into account the necessary due diligence and risk-adjusted returns, acting in the best interest of the fund and its members and avoiding conflicts of interests.*"* With the changes noted, read in line with the thinking above, it should give the retirement industry significantly more comfort in increasing their allocation to the asset class.

The missing puzzle piece: Guidance

Our concern with respect to the gazetted amendments to the Act is that no guidance was provided on the application of the definition of infrastructure. As such, we believe that there could be a risk of (mis)interpretation of what infrastructure is. While we have noted the importance of having reached the milestone of the definition itself, the risk and the unintended consequences of subjective interpretation cannot be underestimated. Without the requisite guidance on the application of the definition, the risk is that it could be an all-encompassing one, and, as such, existing investors who have already invested will be unable to invest further as they could already be at their maximum limit.

Conversely, if too narrowly applied, projects that would be appropriate investments with significant positive externalities may inadvertently remain unfunded. Misinterpreting the definition without regulatory guidance has the potential to ultimately undermine all efforts to grow the infrastructure space, which goes against a key premise of the proposed changes - to "explicitly enable and reference longer-term infrastructure investment by retirement funds*"*. We hope adequate guidance is provided in due course, preferably well before the amendments take effect next year. We understand that the FSCA is finalising the standard on reporting requirements aligned to this latest edition of Regulation 28, and these are expected to be issued for public comment soon.

What's next: The successes noted above are definite steps in the right direction. The changes over the last two years, which we have been calling for, have been considerable and are positive for the infrastructure investment environment. An enabling environment with the appropriate regulatory oversight will galvanise and unlock private sector investment in our economy. What we now need is a credible pipeline of bankable infrastructure opportunities. Outside of the renewable energy arena, large-scale infrastructure opportunities remain limited. The regulatory changes won't have the desired impact without credible and appropriately considered investment opportunities.

FA News | 18 July 2022

Five ways employers can help employees prepare for a better retirement

Employers can play a meaningful role in helping their workforce maximise their retirement savings outcomes. Mica Townsend, Group Savings and Investments specialist, explores five ways you can set your employees up for retirement planning success. More often than not, your employees' retirement savings represent the biggest financial asset they hold. As their employer, you have a **fiduciary duty** to protect your employees' financial interests and ensure that the choices you make in relation to assessing and selecting the retirement funds in which their savings contributions will be invested are sound and can positively impact their long-term financial outcomes.

A trend that has emerged over the past few years in the retirement fund space is that more employers are opting to move away from traditional single employer standalone retirement funds towards multi-employer pension funds, known as umbrella funds, as their preferred arrangement for their employees' retirement funds. Umbrella funds provide a cost-efficient, professionally governed option to help you as an employer to assist your employees in meeting their retirement savings goals. This has been particularly useful for smaller and mid-size employers who lack the scale to truly benefit from a standalone arrangement. Below we discuss five ways you can assess the effectiveness of your retirement fund and empower your employees' retirement savings journey.

1. Conduct regular benchmark reviews

The market is likely to have moved on since you originally set up your retirement fund in terms of the regulatory environment, product offerings and choice. This means that factors that drove your initial choice of an administrator may no longer be the most important factor for you to consider today. Over the years, your company is very likely to have grown and changed quite significantly, meaning that what was once the right decision for you and your staff members may no longer be the optimal choice. In fact, it could be that the most favourable solution may not have even been in the market at the time you set up your retirement fund.

Therefore, regular reviews against the market can help make sure that your offering is still competitive and the one most likely to help your employees reach their retirement goals. If you haven't benchmarked your fund in the last five years, now may be a good time to do so. Some administrators can help you compare their offerings against your current structure. Alternatively, you can use the services of an independent financial adviser to facilitate this process. If you have funds in mind that you want to know more about, you can instruct them to include them in their analysis. You will always know your employees' needs the best and can, therefore, highlight your priorities. As well as looking at the costs, you would also want to understand the flexibility of the retirement solution and the level of service you can expect from that provider.

2. Know your costs

Understandably, costs have been a hot topic over the past few years, particularly with the rise of index-tracking funds in South Africa. While it is true that the lower the cost, the larger the contributions a member can make towards their retirement pot, the cost is not the only important factor to consider; there is also the question of whether the costs you are paying represent value for money. This is something that should be analysed during your review process. To determine whether what you are paying is commensurate with the benefit you are receiving, you first need to be able to calculate your total costs. Unfortunately, in the pension and provident fund space, this can be quite a complicated process.

Even with the introduction of the Retirement Savings Cost disclosure for members of the Association for Savings & Investment South Africa (ASISA) in 2019, it is still more opaque compared to the individual retail space and the well-understood Effective Annual Cost disclosure. Most employers are aware of their administration fee, as this is the one that is explicitly paid and where much of the focus lies, however, this usually represents the smallest component of the total fee structure. The bulk of your fund costs are made up of investment management fees (also called asset management fees), adviser fees and other add-on fees such as policy fees, platform fees, trustee levies and regulator levies.

Ask your existing provider to provide you with a breakdown of all your fees. Understand which fees are levied on your contributions and your fund assets. After all, you cannot question something that you do not know. The total figure may shock you. If they cannot give you a clear and straight answer, this may be a sign that this is not the right structure for you. Look for an administrator that has a simple, transparent fee structure, or at the very least, discloses all the associated fees on your benefit statements or in an easy-to-access member guide. ***Full Report:*** ***https://www.fanews.co.za/article/employee-benefits/3/general/1221/five-ways-employers-can-help-employees-prepare-for-a-better-retirement/34971***

FA News | 12 July 2022

The impact of the 'great resignation' on retirement

Can employers still retain and attract talent with enticing retirement saving schemes?

Spurred on by COVID-19, recent news reports point to an alarming global workplace trend of job hopping and 'en masse' resignations. Likely set to continue this year, this trend is touted to have a significant impact on employers in South Africa. "Employer value propositions are more critical than ever in attracting and retaining talent," says Saleem Sonday, head of group savings at Allan Gray. "With no single company having the monopoly on talent, South African businesses competing for the same talent will need to find elements of differentiation."

The PWC Global Workforce Survey 2022, recently released, found that one in five individuals plan to change jobs in the next year or switch employers. "Workers resigning and seeking better opportunities is nothing new. What is different is the pace at which it is happening," says Sonday. He says that a key risk factor in light of these new trends is that employees, upon resigning, opt to withdraw their accumulated savings. "What we are seeing is that pension coverage is decreasing," he notes. "Most companies would offer employees membership to a pension fund, with the intention that this would allow employees to fund their retirement. However, with employees changing jobs more often, there is a risk that they fail to choose to preserve their savings, taking he cash instead."

In a country in which the retirement savings rate is already so dire, Sonday says that South Africa cannot afford for the preservation rate to drop. He says another problem is that employees who job hop, or move employers a number of times, could lose track of all their preservation pots if they do not transfer their "paid up" fund to their new employer. "Retirement portability could become a solution to this problem down the line," says Sonday. The positive takeout, he says, is that in today's upside-down world where retaining talent is becoming increasingly complicated to navigate given changing trends, group retirement saving schemes can play a role in retaining talent.

"The tax incentives to save in a retirement vehicle – whether it is a group retirement annuity, company pension fund or an umbrella fund – are still extremely attractive," says Sonday. He adds that the pension fund legal framework in South Africa is robust, and the impending two-pot system will strengthen the overall retirement framework in the country. The proposed system, to be implemented from March 2023, will allow retirement fund members to access up to a third of their net retirement fund contributions if they need it for short-term relief, provided that the remaining two-thirds are preserved over the long term, which will improve retirement outcomes for the majority of fund members.

“Also, the recent relaxation of the investment limits in terms of offshore allocation, allowing investors to allocate up to 45% of their portfolios outside of SA, will be good for investors over the long term, as it allows for greater diversification and flexibility to benefit from a larger investable universe.” Sonday encourages employees who are thinking of quitting or changing jobs, to engage with their retirement benefit structure, to get a sense of the full picture of the benefits offered by the prospective employer. “Some of the things that employees can do is to take time out to understand their benefit structure better. While it is understandable to focus on net take-home pay in today’s high inflationary and cost-conscious environment, it is also important to try and move beyond this.”

He offers the following tips for employees:
• Understand your pension contributions, especially the breakdown of your current contributions versus your employer’s contributions. This should be disclosed on a pro-forma pay-slip.
• Look at who covers the cost of administration: Is it your employer? If so, this can go a long way over the years and help you retain more of your retirement money, rather than it going to costs.
• Understand what your underlying investment choices are within the pension fund that you are invested.
• Look at the healthcare benefits offered by your company.
• Unpack whether your employer offers you any employee assistance programmes – especially on wellness and mental health assistance.
“These can be often overlooked quite easily, but in the long-run can make a massive difference to how you view your connection with your employer,” concludes Sonday.

FA News | 13 July 2022

INTERNATIONAL NEWS

Rising life expectancy in Africa triggers urgent need for pension penetration

Governor John Rwangombwa of the Central Bank has said that the improved life expectancy in Africa is a positive factor on its own but it rings an urgent call to increase pension penetration on the continent. He was speaking during the 3rd Africa Pension Supervisor Forum that started on Thursday July 14. Started in 2019, the forum offers a platform where pension regulators share ideas, information, and reform issues that are challenging the sector across Africa. Discussions include performance of the pension sector –globally and on the continent, digitization in the pension sector, enhance cyber resilience and pension sector sustainability.

Life expectancy at birth in Africa gradually increased to 64 years in 2020 from 48 years in 1980. This means the retired population ratio will continue to increase which is an expected demographic transition as economies and health systems become more developed, Rwangombwa said. "We are, therefore, called upon to do better as a continent and it is paramount that most, if not all, of the labour force is covered by formal pension schemes. While the benefits of a developed and inclusive pension industry are undeniably enormous, he said, it is unfortunate to note that the level of pension penetration on the continent is very low when compared to other parts of the world.

"For instance, only 6.3 per cent of Sub-Saharan Africa's labour force is covered by contributory pension schemes, a trivial level when compared to high-income countries whose coverage is close to 100 per cent." Rwangombwa cited the need to open up private pension schemes that would come up with better customization of products and services especially targeting the informal sector which makes up about 80 per cent of African labour force. Alfred Ouma Shem, Chief Manager of Research and Strategy Department, Retirement Benefits Authority of Kenya, said that currently Africa has a youthful population but it will not remain so for very long.

"We are going to have a bulge at retirement and probably we will not have accumulated enough savings to fund their lives. It is a challenge we need to deal with while they are still working," he said. He added that vehicles to expand coverage amongst the population that is now young and working are available. Rwangombwa, however, said that "as we seek better coverage we should also seek better preparedness for unforeseen shocks such as the Covid-19 pandemic to ensure resilience and sustainability of the sector."

The New Times | 15 July 2022

OUT OF INTEREST NEWS

Take advantage of tax-free savings this savings month

Many South Africans have probably withdrawn some or all of the savings they had pre-Covid-19, out of necessity to cope with steep monthly expenses.

Whatever amount South Africans can afford to save today, they should do so with the long-term in mind, because this is where tax-free savings are most beneficial. This savings month, Assupol encourages South Africans to take advantage of the benefits of tax-free savings. Earlier this year, **Business Tech** conducted a survey, in which 76% of participants said that they save less than 15% of their monthly salaries towards retirement, while 34% indicated that they don't save at all. Taking into account the economic downturns that affect South Africans, the rapid rise in living costs make it even more difficult for anyone to save.

"It has often been said that South Africans don't save enough, but the reasons for this could vary from not having enough disposable income to save, bad habits or not knowing what types of savings accounts are best for ones' savings goals. The greatest benefit of saving tax-free is the compound interest that these accounts have the potential to gain over a person's lifetime. By saving with the intention to access your money after at least 5 years (but hopefully much later), consumers can reinvest the interest or income they earn from their investment, tax-free, helping them get closer to their savings goals," said Jurie Nel; Senior Executive Manager, Product Development at Assupol.

Tax-free savings were introduced in March 2015 by the South African Revenue Service, to encourage households to save – they offer enhanced returns because money invested into tax-free savings accounts is not subject to tax on interest, dividends or capital gains. The qualifying accounts include fixed deposits, unit trusts (collective investment schemes), certain endowment policies issued by long-term insurers as well as other linked investment products. Tax-free savings accounts enable consumers to deposit up to R36 000 per year; limited to R500 000 in their lifetime.

"Many people are making tax-free savings accounts part of their retirement savings plans, and when framed in this context, it makes for an attractive option for people looking to build a more secure investment over time," concluded Nel. Tax-free savings are not a solution for earning returns quickly, but they are a promising tool for building long-term wealth. Because of the yearly and lifetime limits, it is important not to withdraw savings in the short-term. Assupol's

One Tax-Free Savings policy offers a One Bonus which is added to the savings of clients after 5 years, as a reward for their discipline in saving. Consumers are encouraged to take advantage of the benefits that are available to them.

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