



Tax-free investing
FAQ





What are tax-free investments?

Tax-free investments were launched in 2015 as part of the government's initiative to encourage South Africans to save more. Unlike normal unit trusts, your investment returns are exempt from local income tax, dividends tax and capital gains tax.

Who can invest in tax-free investments?

Tax-free investments are only available to individuals (including minors) who are South African residents.

How much can I invest?

The maximum amount that you can invest for the tax year is R36,000 (your annual limit), while the maximum amount that you can invest over the course of your lifetime is R500,000 (your lifetime limit).

What happens if I contribute more than the maximum limits?

SARS will tax your excess contributions (i.e. the amount above the maximum limits) at a rate of 40%.

What happens if I contribute less than my annual limit?

While you won't be penalised in any way, it's important to remember that the unused portion of your annual limit will fall away and not get carried over to the next tax year.

Does the growth on my investment count towards my maximum limits?

No. Your investment growth (including income distributions) does not count towards your maximum limits.

Can I withdraw from my investment?

Yes. You can withdraw from your investment at any time and without penalties. Withdrawals usually take between 24 – 48 hours to reflect in your bank account. As a rule, payments from your investment can only be made into a bank account held in your name (no third-party payments are allowed).

Can I set up a regular withdrawal from my investment?

No. While ad-hoc withdrawals are allowed, regular withdrawals defeat the savings objective of the product.

What happens to my maximum limits if I withdraw from my investment?

Withdrawals are not taken into account when determining your annual or lifetime limits. This means that if you withdraw from your investment you cannot replace it at a later stage. For example, if you contribute R36,000 to your investment in year 1, your remaining annual limit for the rest of the tax year is R0 and your remaining lifetime limit is R464,000. If you decide to withdraw R10,000 from your investment later in the same tax year, your remaining annual limit and lifetime limit will remain unchanged at R0 and R464,000 respectively.

Can I transfer my tax-free investment from one provider to another?

Yes. Transfers between providers came into effect on 1 March 2018 and do not impact your annual and lifetime limits.



Maximum investment amounts

Per tax year
R36,000

Over a lifetime
R500,000

Which funds can I invest in and how much does it cost?

As shown in the table below, we've selected ten of our funds for you to invest in as tax-free investments.

Tax-free fund	Class	Risk profile	Annual management fee (excl. VAT)	Minimum investment amounts	Income distribution frequency
M&G Enhanced Income Fund	T	Low/Med	0.60%	R500 p/m or R10 000 lump sum	Quarterly
M&G Inflation Plus Fund*	T	Low/Med	0.80%		Bi-annually
M&G Balanced Fund*	T	Med	0.80%		Bi-annually
M&G Property Fund	A	Med/High	1.00%		Quarterly
M&G Enhanced SA Property Tracker Fund	T	Med/High	0.55%		Quarterly
M&G Dividend Maximiser Fund*	T	High	1.25%		Bi-annually
M&G Global Inflation Plus Feeder Fund*	A	Low/Med	0.50%		Bi-annually
M&G Global Balanced Feeder Fund*	A	Med/High	0.50%		Bi-annually
M&G Global Equity Feeder Fund*	A	High	0.50%		Bi-annually
M&G Global Property Feeder Fund*	A	High	0.50%		Bi-annually

*Additional underlying foreign fund fees are dependent on the fund and are included in the TER.

The annual management fees noted above do not include an annual advice fee that would be paid by M&G Investments to Financial Advisers. Should Financial Advisers wish to charge an ongoing advice fee, they would be required to do so by the regular repurchase of units from the Unit Trusts.

As funds with performance fees are not allowed, M&G Investments has removed the performance fee on the Dividend Maximiser Fund (T Class).

Can I invest on behalf of my children?

Yes. You can invest on behalf of your children regardless of their age. However, it's important to note the following:

- Contributions to their investments are counted towards their annual and lifetime limits.
- Contributions above the maximum limits are subject to 40% tax.
- Withdrawals from their investments can only be made to a bank account held in their name.
- Contributions made on their behalf are regarded as donations and may be liable for donations tax. Currently, SARS exempts the first R100,000 donated by an individual from donations tax.

Can I switch from my existing investment into a tax-free investment?

Unfortunately we do not facilitate switches into tax-free investments from other M&G funds.

What happens to my investment when I die?

Your investment will form part of your estate upon your death and be subject to estate duty. As tax-free investments cannot be transferred from one individual to another, your investment will need be liquidated and paid to either your nominated beneficiaries or retained within your estate and distributed according to your last will and testament.

How do I invest in an M&G tax-free investment?

If you are a new investor, simply **complete the application process online** or download the tax-free application form.

If you are an existing tax-free investor and would like to add to your investment, you can **submit your instruction via your online account** or complete the tax-free additional contribution form.