

What Is An Endowment?

An endowment is a structured investment product designed to help individuals save and grow wealth over the medium to long term, typically for a minimum period of five years. It is governed by specific regulations, offering both tax advantages and disciplined savings. Endowments are particularly useful for individuals in higher tax brackets or those looking to meet specific financial goals.

Key Features of an Endowment:

Tax Efficiency:

- The insurance company managing the endowment pays tax on the investment's growth at a fixed rate, which may be lower than the individual's personal tax rate, depending on their income level.
- This can result in overall tax savings for investors in higher tax brackets.

Disciplined Savings:

- Endowments typically have restrictions on withdrawals during the first five years, encouraging investors to stay committed to their savings goals.
- After the restriction period, withdrawals become more flexible.

Estate Planning Benefits:

- Proceeds from an endowment can be paid directly to nominated beneficiaries, bypassing the estate process and saving on executor fees.
- However, the value of the endowment is still included in the estate for estate duty calculations.

Customizable Options:

- Investors can select from a range of investment funds based on their risk appetite and financial goals.
- Contributions can be made as a lump sum or through regular monthly payments.
- Fixed Investment Period:
- The investment is locked in for a minimum term of 5 years, ensuring disciplined savings.

Withdrawal Flexibility:

- One withdrawal is permitted during the five-year term, providing limited access to your funds if needed.

Portfolio Choices:

- You can select from a range of underlying portfolios, including Shariah-compliant funds, to align with your personal investment principles and goals.

Who can Invest?

- Individual investors, trusts, companies, close corporations and non-taxable entities.
- Minimum contribution R500.00 monthly or R20 000 lump sum
- Term 5 years.

Can you invest more?

- Yes, but it could mean a new period during which you will have restricted access to your money if you invest more than the amount allowed according to legislation.

Can you withdraw?

- Yes, once during any restriction period. The amount is limited to your contributions plus 5% growth a year. No limit after a restriction period has expired.

Can you cancel?

- Yes, subject to certain rules set out in the terms. You could get back less than what you have invested.
- When you die Your beneficiaries you nominated get the money.

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Invest Today!

Take the first step towards securing your financial future.

Speak to Your Financial Advisor: Connect with your trusted financial adviser to explore your investment options.

Don't Have a Financial Advisor? No problem!
Leave your details below, and we'll arrange for one of our experts to contact you.



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