



# Hollard Linked Endowment Simply Put

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

## KEY FEATURES and benefits

- Hollard offers a tax advantage to investors by using our assessed tax loss to provide a reduced Capital Gains tax rate and Income tax rate for the Linked Endowment policy. Taxes are levied in the form of a charge within the policy and proceeds are paid out net of tax to the investor. \*
- Any investment into a Hollard Prime Unit Trust Fund will be charged a reduced annual administration fee for the portion invested in the respective Hollard Prime Unit Trust Fund.
- Within your Hollard Linked Endowment policy you can choose to invest into a range of Unit Trust Funds from reputable asset managers, as well as Hollard of course. Hedge Funds and private share portfolios are also offered. You can adjust 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.
  - › 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 take one withdrawal from the policy during the first five years since its inception, after which withdrawals are unlimited.
- To help give your investment a head start, no upfront administration fees are charged by Hollard.

## EXAMPLE OF THE HOLLARD LINKED ENDOWMENT tax advantage\*\*\*

R 1 000 000 5 year investment			
Scenario A	Scenario B	Scenario C	Scenario D
Direct investment (i.e. not via an endowment policy), at an admin charge of 0.50%	Standard Endowment with the following tax charges (12% CGT, 30% Income, 20% Dividends Tax), and an admin charge of 0.50%	Hollard Linked Endowment tax rates when investing in third party investment portfolios (0% CGT, 0% Income, 20% Dividend Tax), and an admin charge of 1.20%	Hollard Linked Endowment tax rates when investing in Hollard Prime Unit Trust Funds (0% CGT, 0% Income, 20% Dividend Tax), and an admin charge of 0.90%
<p><b>Policy Value after 5 years if sold:</b></p> <p><b>Individuals:</b> R1 461 420</p> <p><b>Trusts:</b> R1 405 829</p>	<p><b>Policy Value after 5 years if sold: R1 471 432</b></p> <p><b>Individuals:</b> 1% higher return vs. Direct</p> <p><b>Trusts:</b> 4.7% higher return vs. Direct</p>	<p><b>Policy Value after 5 years: R1 599 326</b></p> <p><b>Individuals:</b> 9.5% higher return vs. Direct</p> <p><b>Trusts:</b> 13.8% higher return vs. Direct</p>	<p><b>Policy Value after 5 years: R1 623 518</b></p> <p><b>Individuals:</b> 11.1% higher return vs. Direct</p> <p><b>Trusts:</b> 15.5% higher return vs. Direct</p>

\* The Hollard Linked Endowment 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 Hollard Linked Endowment 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 Hollard website [www.hollard.co.za](http://www.hollard.co.za), or ask your Financial Advisor.

## HOW MUCH does it cost?

An annual administration fee will be charged according to the value of your investment:

Investment Value	Annual Admin Fee if fully invested in 3rd Party Manager Funds (Excl. VAT)	Annual Admin Fee if fully invested in Hollard Prime Unit trust Funds (Excl. VAT)*
From R0.0 to R1 million	1.20%	0.90%
Next R500 000	1.15%	0.85%
Next R500 000	1.10%	0.80%
Thereafter	1.05%	0.75%

\* Should the Policyholder not be fully invested in Hollard Prime Unit Trust Funds within the Policy, the annual administration fee will be calculated proportionally using the two weighted fee scales provided in the table above for the respective portfolios.

- An Income Tax Recovery Charge of 0% and a Capital Gains Tax Recovery Charge of 0% 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.
- Should you invest into a Rand denominated foreign fund, an asset swap fee of 0.45% will be charged on the offshore component of the portfolio.
- 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.

Issued by Hollard Life Assurance Company Limited (Reg. No. 1998/001405/06) an authorised Financial Services Provider, Hollard Villa Arcadia, 22 Oxford Road, Parktown, 2193, Tel: 0860 202 202, Fax:+27(0)11 351 3816. Collective Investment Schemes (CIS) in securities are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. All CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. The Manager reserves the right to close and reopen certain portfolios from time to time in order to manage them more efficiently. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice.

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