

Comparing tax-free savings accounts and retirement annuities



There are various factors to take into account when considering Tax-Free Savings Accounts (TFSAs) and Retirement Annuities (RAs). The table below illustrates some of the major differences between the two products, to help you understand the relative benefits of each product. RAs are a popular vehicle for retirement savings, as contributions can be deducted from your taxable income. TFSAs may be used to supplement your retirement savings or to save for other long-term needs – for example, a child's education. Speak to a registered financial adviser to find out how these products can complement your overall financial plan.

Who is the product available to?

Are there age restrictions on contributions into the product?

Are the contributions tax deductible?

Are there contributions limits?

What are the minimum contributions to the PSG Wealth products?

Is tax payable on investment returns (interest, dividends or realised gains)?

When can I access my investment?

Are taxes payable when I access my investment?

Does the investment form part of my deceased estate?

Are executor's fees payable?

What kind of investment instruments can I invest in via PSG Wealth?

Is Regulation 28 applicable?

Is the investment protected from creditors?

Tax-Free Savings Account (TFSA)	Retirement Annuity (RA)
Individuals	Individuals
No	No
No	Yes. Up to 27.5% of the greater of taxable income or remuneration, capped at R350 000.
Yes. Contributions are limited to R36 000 per tax year and R500 000 over the lifetime of the product.	No. Excess contributions can be carried forward to subsequent tax years.
PSG Wealth Tax Free Investment Plan: <ul style="list-style-type: none"> Minimum initial lump sum: R6 000. Minimum debit order: R500 a month, R1 500 a quarter, R3 000 half-yearly or R6 000 yearly. 	PSG Wealth Retirement Annuity: <ul style="list-style-type: none"> Minimum initial lump sum: R20 000. Minimum debit order: R500 a month, R1 500 a quarter, R3 000 half-yearly or R6 000 yearly.
No	No
At any time	<ul style="list-style-type: none"> At retirement (currently age 55) If the investor withdraws as a result of not being an SA tax-resident for an uninterrupted period of at least three years after 1 March 2021, or withdraws if the value of their RA is below R15 000, these withdrawals will be taxed at the rates specified in the withdrawal lump sum tables. On early retirement due to permanent disability
No	Yes. Lump sums taken are taxed according to the retirement lump sum tables or the withdrawal lump sum tables, depending on the event. Annuity income received will be taxed as normal income at your marginal income tax rate.
Yes	No
Yes	No
You can access a wide range of unit trusts, which can be tailored to suit your investment needs and risk profile.	You can access a wide range of unit trusts and a Private Share Portfolio, which can be tailored to suit your unique investment need and risk profile.
No	Yes
No	Yes

More details on the [PSG Wealth Tax Free Investment Plan](#) and the [PSG Wealth Retirement Annuity](#) are available on our website.