

# The #1 endowment choice for **farmers** and **business owners**

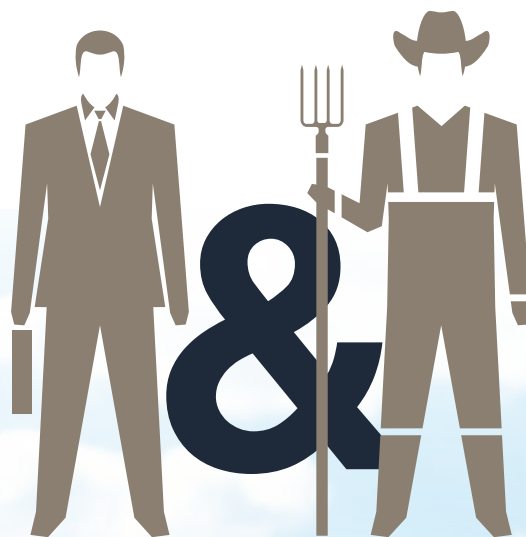


## Cumulus Recurring Investment

**When discussing financial planning with a business owner, we need to understand that a traditional business owner (store owner, construction business etc.) as well as a farmer are both business owners. In this discussion we will focus on the farmer as a business owner and include them in the pitfalls and benefits of owning a farming business.**

Very often, business owners get so caught up in the day to day running of their businesses that financial planning takes a backseat. Savings for the future is often not even considered, but the reality is that if you do not invest and save some of your income from the business, you are setting yourself up for future challenges. There are many business needs that can be addressed by looking at an appropriate savings vehicle.

### Savings needs for Business owners



#### Expansion

Growing the business by expanding for example their service offering or expanding into a new branch of farming for the farmer.



#### Acquisition

New business ventures or additional farms.



#### Asset replacement

Replacing machinery, farming implements or even buildings.



## Why an Endowment?

Endowment policies are often seen as a savings vehicle for the lower income market and not for specific niche markets such as business owners.

An endowment policy is an excellent instrument for disciplined savings and there are many benefits for the business owner when investing in an endowment.

*“Endowment products are misunderstood and mis-sold,” says Leon Campher CEO of ASISA. “But under the right circumstances they have a role to play in an investment portfolio.”*

Sasha Planting, Moneyweb Investor, 25 April 2017

**Tax efficiency**

**A disciplined method of saving**

**Insolvency protection for individual**

**Estate planning**

**Regular withdrawals**

### Tax efficiency

Investment returns are subject to Life Office Taxation and an endowment policy is therefore a tax efficient way to save for clients:

%



with a marginal tax rate of higher than 30% and/or

TAX  
R=



who have utilised all their tax allowances and/or

Stack of coins icon



who are contributing the maximum allowed to tax free savings accounts

If a business is the plan holder, the funds will be taxed at the same rate as company tax. Proceeds are not taxed in the hands of the plan holder.

#### Benefit

*It can reduce the tax paid on the growth of the investment of the business owner. There is less administration as the insurance company calculates, deducts and pays the tax to SARS on his/her behalf.*

### A disciplined method of saving

With a minimum investment term of 5 years and legislated, limited withdrawal opportunities, an endowment affords clients the opportunity to reach their medium to long term savings goals. This will allow business owners to, for example, save for replacing equipment when needed or to acquire improved equipment without having to go into debt.

#### Benefit

*As an endowment has liquidity constraints it will assist the business owner in reaching his mid to long term savings goals, but still offer him/her the opportunity to access funds in the case of an emergency.*

### Insolvency protection for individual

After three years the full fund value of the endowment is protected against creditors and that includes the 5 years after the endowment has been terminated, if the proceeds are payable to the spouse, children or parents of the plan holder.

#### Benefit

*Because an endowment can protect the business owner against creditors, putting money away in an endowment can save a client from losing everything should his/her business ever fail.*



## Estate planning

A beneficiary or new plan holder can be nominated in which case no executor's fees would be payable.

### Benefit

*In the event of the business owner's death, proceeds could be paid-out fairly quickly and does not get tied up in the estate. It also does not attract executor's fees.*

## Regular withdrawals

After the initial term, the client has unrestricted access to the funds with ad hoc or regular withdrawals as and when the client needs it.

### Benefit

*A tax-free income can be drawn from the investment on a regular basis whilst the remainder of the investment continues to share in the growth of the underlying funds.*

## Sanlam Cumulus Recurring Investment - the Endowment of choice

Sanlam Cumulus Investments for Recurring Premiums offer the client all the above benefits as well as some unique benefits applicable to the specific product.

Additional allocation	Every investment of R5 000 per month or more is boosted with at least 2% to maximise savings
Loyalty bonuses	Part of the marketing and administration charge is refunded, ensuring enhanced value-for-money.
No alteration charge	No alteration charge if payments are reduced or stopped at any time or if the policy is terminated after 2 years.
Sanlam Escalating funds	These funds include a built-in unit price guarantee that allows for protection in uncertain times.
Best of breed investment funds	Wide range of funds from leading asset managers offered at the lowest possible cost to maximise returns.
Effective Annual Cost amongst lowest	The low EAC numbers across the board is proof of the cost-efficiency of Cumulus Investments.

**A Savings vehicle can be crucial when it's time to purchase new equipment, relieve a cash flow crunch, and recover from a natural disaster or to get through a slow season. Having capital available will protect the business owner as well as the farmer from unnecessary debt.**

**An endowment should be considered for the unique benefits offered to the business owner and farmer.**

## Contact us

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