OFFSHORE... ONSHORE NOT SURE?
WELCOME

1. International Investing with Glacier

2. Glacier International Global Life Plan

3. PSG

glacier by Sanlam
GLACIER INTERNATIONAL

- Direct international investment solutions to financial intermediaries and their clients
  - existing international investments (including offshore trusts)
  - foreign investment allowance: R10m plus R1m
  - special clearances.
- Lump sum discretionary assets
- Offers a wide range of investment choices across a number of foreign currencies
- Investments can also be structured to provide estate-planning advantages and tax-efficiencies.
- Fully intermediated business - provide support to intermediaries through Specialist International Regional Managers in each of the main centres
REGULATORY OVERVIEW

- Domiciled in Bermuda, one of the main insurance centres of the world.
- Plans are issued by the Sanlam Life Insurance Bermuda Branch
- Subject to the supervision of the
  - Bermuda Monetary Authority (BMA)
  - South African Financial Services Board (FSB).
- Glacier International is part of Sanlam Life Insurance Limited, a Licensed Financial Services Provider in South Africa.
GLOBAL LIFE PLAN:
FINANCIAL PLANNING BENEFITS

- No Offshore Estate
- No Executor Fees
- Tax efficiency
- Insolvency Protection
- No Situs Assets
GLOBAL LIFE PLAN: ESTATE PLANNING BENEFITS

- Beneficiaries for ownership (where the Plan remains invested) or for proceeds (where the proceeds of the Plan are distributed) can be appointed for efficient estate planning purposes.
- Joint ownership and beneficiaries for ownership avoid CGT in deceased estate.
- No-executor fees
- No international probate difficulties
- Insolvency protection after three years
GLOBAL LIFE PLAN: TAX BENEFITS

- CGT at a lower rate of 12% versus 18% for individuals
- Glacier takes care of the tax administration on the GLP
- Income tax at a lower rate 30% versus a maximum of 45% for individuals
- If you are invested in roll-up funds (i.e. funds that do not distribute interest and dividends), only CGT is applicable.
TAX EFFICIENCY

1. SANLAM CALCULATES AND PAYS TAX
   Free of any other tax in investors’ hands

2. TAX ON USD RETURNS
   Rand depreciated not included

3. CGT 12%
   Income 30%, Dividends 20%

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# Offshore Share Portfolio: Global Life Plan vs Direct

<table>
<thead>
<tr>
<th>Offshore Share Portfolio in Global Life Plan</th>
<th>Offshore Share Portfolio held directly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital gains tax (CGT), at a rate of 12% for individuals, is applicable on all realised gains from switches, share trading and withdrawals.</td>
<td>CGT at a rate of up to 18% is applicable on all realised gains from switches, share trading and withdrawals.</td>
</tr>
<tr>
<td>Glacier International takes care of tax administration (calculation, collection and payment to SARS) – no personal liability.</td>
<td>Client is responsible for declaring and paying income tax and CGT.</td>
</tr>
<tr>
<td>Income tax, at a rate of 30% for individuals, is applicable on any income (rental and interest) received.</td>
<td>Income tax, at a rate of up to 45%, is applicable on any income received.</td>
</tr>
<tr>
<td>Foreign dividends are taxed at the source.</td>
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</tr>
<tr>
<td>Estate planning benefits; beneficiaries for ownership or for proceeds can be appointed for efficient estate-planning purposes. No executor fees.</td>
<td>Probate risk. Complications could arise from having part of an estate located offshore. In some countries, strict procedures may need to be followed to identify and appraise the assets of an estate, as well as pay outstanding debts and taxes. Some countries don’t recognise a South African will, which can cause problems for heirs. If you draw up an offshore will, an offshore executor may need to be appointed in addition to a local one, with the attendant costs and complications involved.</td>
</tr>
<tr>
<td>Subject to SA estate duty at 20%</td>
<td>Subject to inheritance tax in foreign jurisdiction.</td>
</tr>
<tr>
<td>Insolvency protection after three years.</td>
<td>No insolvency protection.</td>
</tr>
</tbody>
</table>
FEEDER FUND VS DIRECT OFFSHORE

Most people think that when investing offshore via a Feeder fund, you get exactly the same as investing in the direct offshore version in hard currency. Although this statement is mostly correct, there is one big difference: TAX

When investing through the Global Life Plan, the client maintains liquidity with some added benefits:

- Streamlined Estate Planning
- Better tax structure
- Protection against creditors
Today we will focus on the tax through a simple example:

A client invests R10m at an exchange rate of R12.50/USD. This gives the client an investment of $800 000.

After a period of time the investment has grown 10% to $880 000. In this same time the ZAR has moved to R14.50/USD.

The Feeder fund balance would then be R12 760 000.
FEEDER FUND VS DIRECT OFFSHORE

TAX PAYABLE

GLP
$80 000 capital gain taxed @12% = $9 600
Translated to ZAR @ 14.50 the tax payable is **R139 200**

Feeder Fund( Individual)
R2 760 000 gain taxed @ 18% = **R496 800**

*The gain in feeder fund will be subject to both capital gain and Income tax due to the distributing nature of SA Unit Trust Funds. The example is based solely on CGT and thus understates the Taxable amount in the Feeder fund*
FEEDER FUND VS DIRECT OFFSHORE

**Feeder Fund (Trust)**
R2 760 000 gain taxed @ 36% = **R993 600**

*The gain in feeder fund will be subject to both capital gain and Income tax due to the distributing nature of SA Unit Trust Funds. (The example is based solely on CGT and thus understates the Taxable amount in the Feeder fund)*

**Difference in Tax = R357 600 (Individual)**
**Difference in Tax = R854 400 (Trust)**
With Glacier International you have the opportunity to customise your investment according to our specific requirements by investing in any one, or a combination of investment options.
Glacier Financial Solutions (Pty) Ltd is a Licensed Financial Services Provider.

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