

FAQs FOR SOUTH AFRICAN TAX RESIDENTS

THE CONSERVO

INTERNATIONAL RETIREMENT PLAN

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ConserFAQsSA/8/15072021

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FAQs for South African Tax Residents

The objective of the Conservo International Retirement Plan (“Conservo”) is to accumulate a fund from which to provide retirement annuities and other benefits.

This FAQs document contains a brief overview for SA tax resident applicants of the relevant key features of Conservo.

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What is Conservo?

Conservo is an International Retirement Plan. It is a Guernsey-based multi-member retirement annuity trust scheme that is open solely to non-Guernsey resident members and qualifies for an exemption from Guernsey income tax.

Am I eligible for a Conservo?

If you are a current, or future South African tax resident, over 18 years of age and below 75 years of age, you are eligible to apply for membership of the Conservo International Retirement Plan. Conservo is an ideal plan for South African tax residents wishing to consolidate offshore assets and utilise their annual foreign investment allowance to plan for their retirement needs.

What are the major differences between the original Conservo and the relaunched Conservo?

There are now three investment entry and pricing levels: ‘Builder/Classic/Pro’, tiered to suit a potential member’s retirement planning objectives and budget. The ‘Builder’ and ‘Classic’ options permit investments into standard investments only.

Conservo Builder	The entry level is £25,000 subject to any investment minimum that may apply
	The maximum investment value is £125,000
	The establishment fee is £500
	The annual fee is £550
Conservo Classic	The entry level is £125,000
	The maximum investment value is £1,000,000
	The establishment fee is £500
	The annual fee is £900
Conservo Pro	The entry level is £1,000,000 for standard investments, or any value where non-standard investments are held
	The establishment fee is available on request as fees are quoted on an individual and bespoke basis depending on the value and type of investments
	The annual fee will also be quoted on an individual and bespoke basis

When does Conservo switch from one pricing structure to the next?

Review is at the trustee's discretion but typically such review would take place on the annual anniversary of establishment. If a member contributes additional funds to their Conservo, the correct pricing structure for the value of the total retirement plan value will apply with immediate effect.

Who might benefit from a Conservo?

- Current or future South African tax residents
- South African tax residents wishing to utilise their annual R10,000,000 foreign investment allowance
- Those seeking a formal offshore savings scheme solution for their retirement.

How is a Conservo funded?

A Conservo is typically funded by either a cash contribution or the transfer of existing assets, *in specie*, to the retirement plan.

How much can I contribute to a Conservo?

There is no prescribed limit to funding a Conservo. Applicants should bear in mind the limits which are prescribed for the various entry levels, and the pricing that attaches to each, when deciding to establish a Conservo.

Can I transfer my UK pension or UK tax relieved funds to a Conservo?

No. UK registered pensions and any existing pensions that contain UK tax relieved funds cannot be transferred into a Conservo, which is classed as an international retirement plan.

What are the investment options?

Conservo is very flexible and accepts most asset and investment account types, including:

- Investment houses (Builder and Classic)
- Investment platforms, offshore insurance bonds, discretionary managed accounts and model portfolios
- Cash, quoted and unquoted shares and fixed interest securities
- Non-standard assets, including commercial and resident property.

How are the investments managed within Conservo?

Conservo is a member directed plan and the member has the power of investment. This means that the assets contributed will be invested by the trustee at the member's direction, or at the direction of any person the member has appointed and authorised to act on their behalf in this regard.

Can I take a loan from my Conservo?

Yes. At the discretion of the trustee, you may take a loan from your Conservo prior to retirement. This can be an amount of up to 50 percent of the value of your member's account. A formal loan agreement will be entered into and a commercial rate of interest will be payable.

At what age can I access my retirement benefits?

You may draw your benefits when you choose, but the minimum age from which retirement benefits can be taken is age 50 and retirement benefits must be taken prior to age 75.

What form do retirement benefits take?

Retirement benefits can be taken in whatever manner you wish, including payment of the full amount as an *ad hoc* lump sum distribution, or multiple *ad hoc* lump sum distributions, regular income drawdown or a combination of both. There is no prescribed limit on drawdown.

Are there any requirements connected to the retirement benefits?

There is no requirement to purchase an annuity.

How will my retirement benefits be taxed?

Sovereign Trust (Guernsey) Limited is unable to provide tax advice and strongly recommends that all applicants take their own individual and specific tax advice.

However, as a Guernsey retirement annuity trust open solely to non-Guernsey resident members, Conservo qualifies for an exemption and is not subject to any local Guernsey taxation, including in respect of payments to members or beneficiaries and in respect of the underlying investments held. Taxes may be payable in your country of tax residence, however for South African tax resident members there may be tax-favourable treatment in respect of the assets held in Conservo and the benefits paid.

Typically for a South African tax resident, benefits will initially be paid from the original capital amount contributed into Conservo, after which any capital gains and then income could be distributed.

Do I need to take financial advice prior to establishing a Conservo?

Sovereign Trust (Guernsey) Limited recommends that all applicants take suitable and appropriate financial, legal, investment, pension and tax advice prior to establishing a Conservo, and throughout its duration to ensure it remains an appropriate vehicle for their retirement planning needs. Each applicant is asked to confirm the rationale for establishing a Conservo in the application form.

For more information, contact your local Sovereign representative.

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