



Prudential Investment Managers

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# This holiday season, show your love with a festive financial gift

*Why not take this festive season to begin a tradition of truly meaningful gifting to your better half? Investing towards a special life experience together (or something more practical) in the years ahead really demonstrates your love and commitment to that special person in your life.*

## **Fall in love all over again**

This year, for example, you can fall in love all over again by investing for a second honeymoon.

## **Destiny:**

What's it to be? The dreamy slap of breakers in exotic Mauritius? A crackling log fire in a distant winter wonderland? A tranquil break in one of Mzansi's finest game lodges? Leave nothing to chance by

discussing dream holidays with your spouse before the big day, and let them make the final decision.

### **Reality:**

How much will the holiday cost, taking inflation into account? Can you afford to invest a lump sum towards the total amount or will you and your spouse need to make ongoing monthly contributions to make the dream a reality? Prudential's [goal calculator](#) will assist you in calculating the costs and required contribution amounts. (When using the calculator, remember to assume no growth above inflation if you plan to enjoy your holiday within a couple of years. For holidays planned for 2022 or beyond you can safely assume a 2% growth above inflation. And, to be realistic, always tick the box that adjusts the investment for inflation.)

### **Glam it up:**

Special gifts are given with love. Give your fund a romantic name like "Our honeymoon fund" and wrap the investment application form in a festive way before placing it under the tree.

### **The boring stuff**

Don't be put off by a little bit of paperwork. Once you've worked out how much you'll need to save, simply:

- Select the appropriate fund using the [Prudential fund selector tool](#) (which is based on the time horizon, appropriate level of risk and expected return on the investment)
- Fill in the [application form](#) (in your spouse's name)
- Gather his or her FICA docs (including proof of residence, identification and banking details)

Once the application form has been submitted, you can transfer the funds into the relevant Prudential account using the investor account number as the reference (this will be emailed to you as soon as the investment application is processed).

If you'd like to connect the fund to your bank account as well, so that you can make further contributions to the fund, your spouse will need to [grant authority](#). This can be done after the big day so as not to spoil the surprise.

### **Get there sooner**

If you'd like to get honeymooning sooner, you can top the fund up every time a birthday or anniversary rolls around, and you can also motivate your spouse to contribute to the fund (this shouldn't take much persuading!). There's a lot of truth in the saying "those who budget and travel together, stay together".

### **A little less romantic**

You could also opt for a less romantic gift that nevertheless shows how much you care – and what's more romantic than that? You can make funds available for an additional contribution to your spouse's retirement annuity (if he or she is not already contributing 27.5% of his or her income, to benefit from the tax deduction), or to his or her tax-free savings account if he or she is not contributing up to R33,000 per year.

### **Kind taxman**

For once the taxman is kind. Donations between spouses are tax-free regardless of the amount and what's more, you don't even have to be formally married to qualify. The Income Tax Act defines a spouse as a person who is a partner in marriage, a union recognised as a marriage by any religion, or a same-sex or heterosexual union which is considered as permanent.

Also, if you decide to gift by transferring an investment into your spouse's name, the transfer is not regarded as a sale and will not attract capital gains tax.

### **Thoughts for the New Year**

True gifting and caring extend well beyond your lifetime, which means reviewing your estate plan to ensure your spouse's security. This not only includes reviewing your Last Will and Testament, but also the beneficiaries of all your life assurance policies and living annuities.

As mentioned before, the taxman is very fair in what he regards as a spouse for tax purposes. But he isn't always fair if you're not married and don't have a Last Will and Testament. If you're not married and don't have a valid Will, the law can get a bit fuzzy when it comes to the definition of spouse, and your beloved may end up

having to go to court to get what is rightfully theirs. Plan ahead to avoid this possible scenario.

### **Under the mistletoe**

This festive season, make a promise to yourself to take care of your nearest and dearest. Whether you spoil them with the breakaway of a lifetime or ensure lasting security into the future, both are true gifts of enduring love.

Prudential has a range of unit trust funds to meet all needs when it comes to festive gifting. To find out more, contact your Financial Adviser or our Client Services Team on **0860 105 775** or at **[info@prudential.co.za](mailto:info@prudential.co.za)**.

**<https://prudential.co.za/insights/articlesreleases/this-holiday-season-show-your-love-with-a-festive-financial-gift/>**