

TAKE CONTROL OF YOUR FINANCES IN 2023 WITH EFFICIENT WEALTH

At the start of a new year, many of us think about our finances. "How will I take control of my financial future?" "Does my financial situation allow me to reward myself every so often?" "How do I reward myself wisely - in a responsible way that won't set me back in 2023?" If this is you, you're asking all the right questions.

OUR TOP FINANCIAL DOS AND DON'TS

During these strenuous economic times, "reward" has a different meaning for each of us. Many employers may not have the means to pay year-end bonuses like they used to. It's now up to you to make changes in your spending habits or make a mind-shift with regards to your budget and expenses. Point is, your next bonus, your next reward, is in your hands. All you must do is start looking in the right places.

When last did you review your monthly spending? Saving even a small amount in a bank account, yielding at prevailing interest rates of approximately 7% per annum, can make a difference at the end of each year. Plus, the upside is that it poses no investment risk.

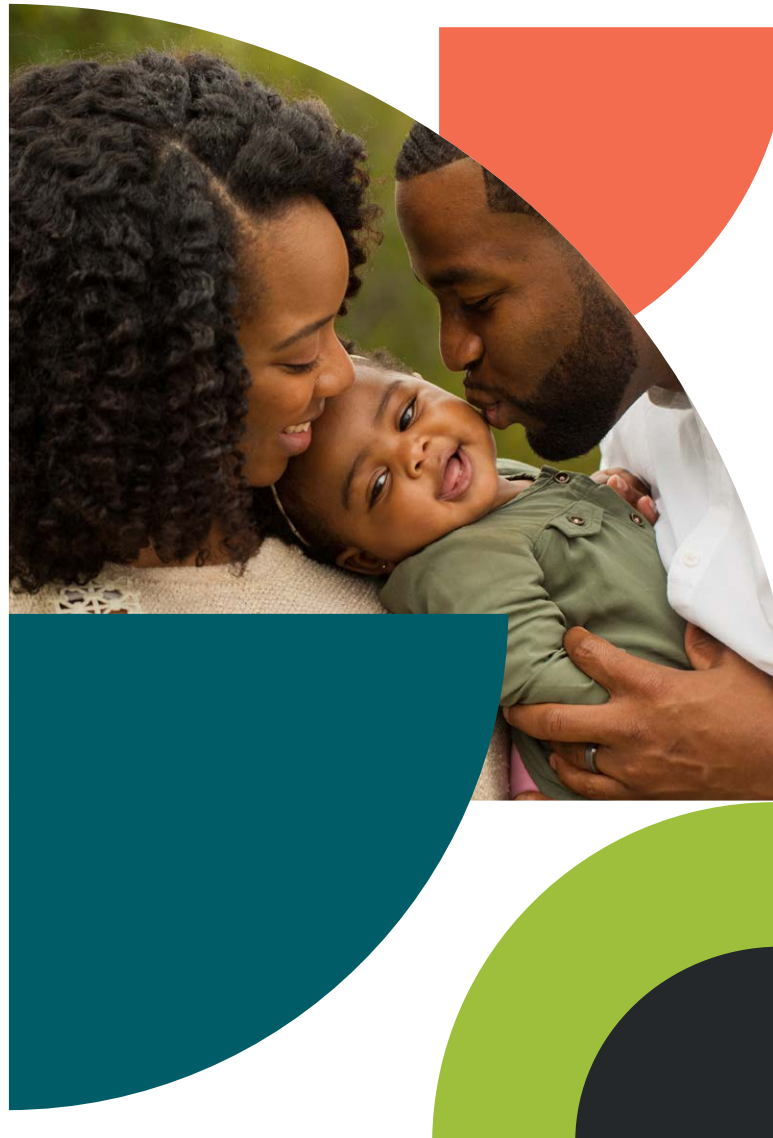
Do you know what effect compound interest can have on your portfolio? The benefits will encourage you to be goal-driven regarding your savings balance. Another advantage of this strategy is that you receive an interest exemption on your annual tax assessment, currently at R23 800 per annum for persons under 65 years of age. For persons 65 and older, this goes up to R34 500 per annum. So, if you earn interest below these exemptions, it does not form part of your taxable income and therefore won't be taxed.

You could also consider tax-free savings bank accounts or investments, with a current maximum allowable contribution of R36 000 per annum. The benefit of these types of investment products is that none of the interest or dividends are taxed. Ideally, these accounts should not be used for short-term needs but rather long-term saving.

While we are in an increasing economic interest rate cycle, it would be wise to rather pay more capital into higher yielding interest debt, like your bond, or short-term debt such as credit cards and retail accounts. But it is crucial then to set yourself the goal of not using the available credit thereafter and to rather save up and not purchase on credit.

Have you considered the allowable tax deductibility on contributions to investments that you could claim on your annual tax assessment? SARS, through the Income Tax Act 58 of 1962, allows 27.5% to a maximum of R350 000 per tax year as an allowable deduction against taxable income towards a retirement fund, such as pension, provident and retirement annuity funds.

Why not review your retirement contributions towards these types of retirement funds via your employer or in your personal capacity? Consider increasing these contributions monthly or on an ad hoc basis annually for that extra bit of tax-back reward.



Are you ready for that pleasant surprise on your yearly tax assessment? Partner with Efficient Wealth and let us help you with solutions that will make the most of your tax bracket. The added bonus, of course, is having investments that accumulate towards your long-term retirement goals, effectively subsidising it in this manner.

While we all have different financial goals, aspirations and dreams, one thing remains true... With the right financial partner, such as Efficient Wealth, you will be able to reward yourself financially in 2023!

t: 087 944 7999 | t: 087 944 7999 | e: info@efbc.co.za

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