

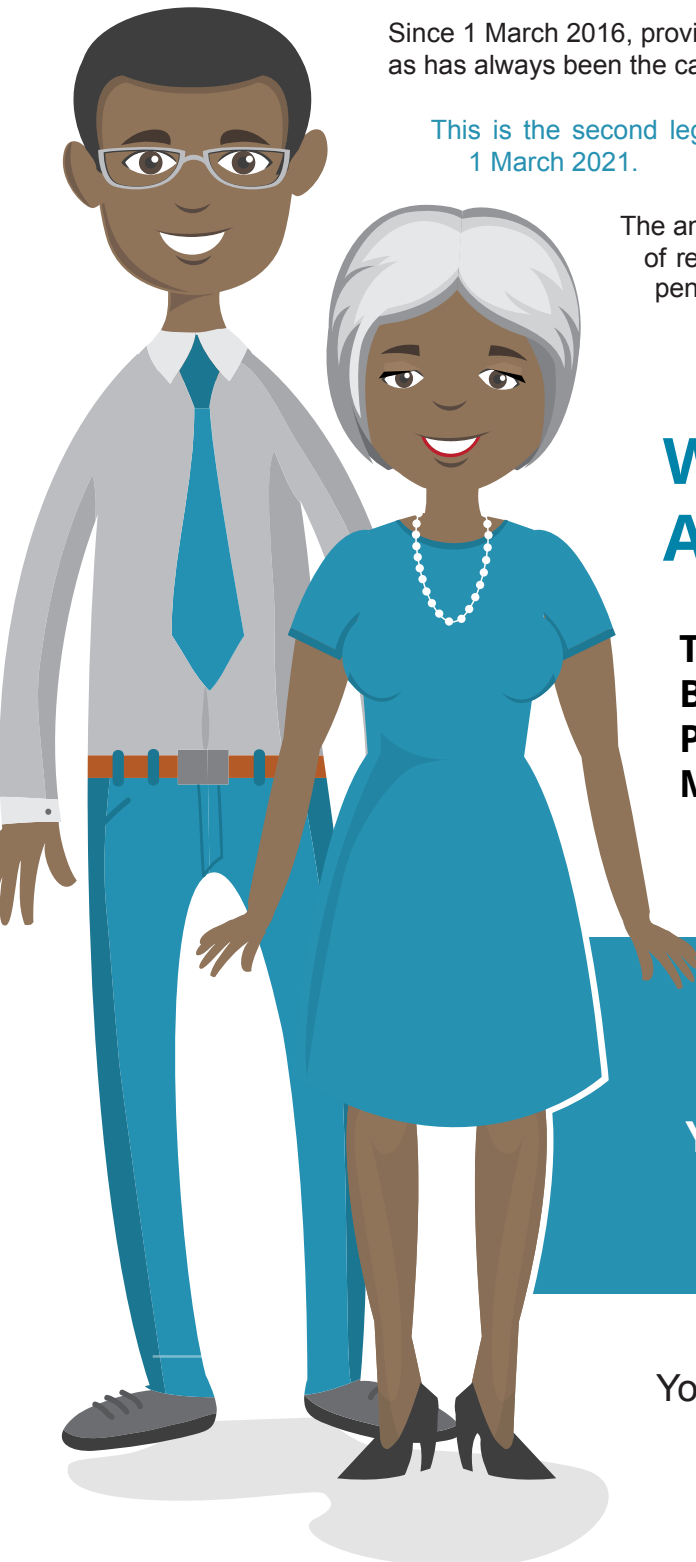


THE ANNUITISATION OF PROVIDENT FUNDS

Since 1 March 2016, provident fund members qualify for tax deductions on their contributions as has always been the case for pension fund members.

This is the second leg in harmonising pension and provident funds and takes effect 1 March 2021.

The annuitisation of provident funds will align the treatment of the payment of retirement benefits from a provident fund to the rules that apply to a pension fund.



WHAT DOES ANNUITISATION MEAN?

THIS IS WHEN A LUMP SUM RETIREMENT BENEFIT OR PART THEREOF IS USED TO PURCHASE A PENSION THAT IS PAID IN MONTHLY AMOUNTS

THE IMPACT ANNUITISATION OF PROVIDENT FUNDS WILL HAVE ON YOUR RETIREMENT BENEFIT DEPENDS ON YOUR AGE AS AT 1 MARCH 2021

SCENARIO 1:

You are **younger than 55 years** on 1 March 2021

SCENARIO 2:

You are **55 years or older** on 1 March 2021



SCENARIO 1

Younger than 55

on 1 March 2021

ONLY CONTRIBUTIONS INCLUDING INVESTMENT GROWTH MADE TO YOUR PROVIDENT FUND AFTER 1 MARCH WILL BE AFFECTED



All contributions including investment growth **until 1 March 2021**



All contributions including investment growth **after 1 March 2021** until you retire

WHEN YOU RETIRE



You may take your full vested portion of your retirement benefit in cash

You will have to purchase a pension with a minimum of two-thirds of the non-vested portion at retirement



WHEN YOU TRANSFER TO ANOTHER FUND AFTER 1 MARCH 2021

Your vested portion as at 1 March 2021 will still be protected



01 March 2021
You are younger than 55

Your vested and non-vested portions will be maintained in the new fund - all future contributions including investment growth from date of transfer will be allocated to your non-vested portion



2022
You transfer to a new fund

You will have to purchase a pension with a minimum of two-thirds of the non-vested portion at retirement, you may take your full vested portion in cash



2029
You retire from new fund

IF YOUR NON-VESTED PORTION IS **LESS THAN R247 500**, YOU WILL NOT HAVE TO PURCHASE A PENSION AND YOU MAY TAKE YOUR FULL RETIREMENT BENEFIT IN CASH

SCENARIO 2

55 years or older
on 1 March 2021

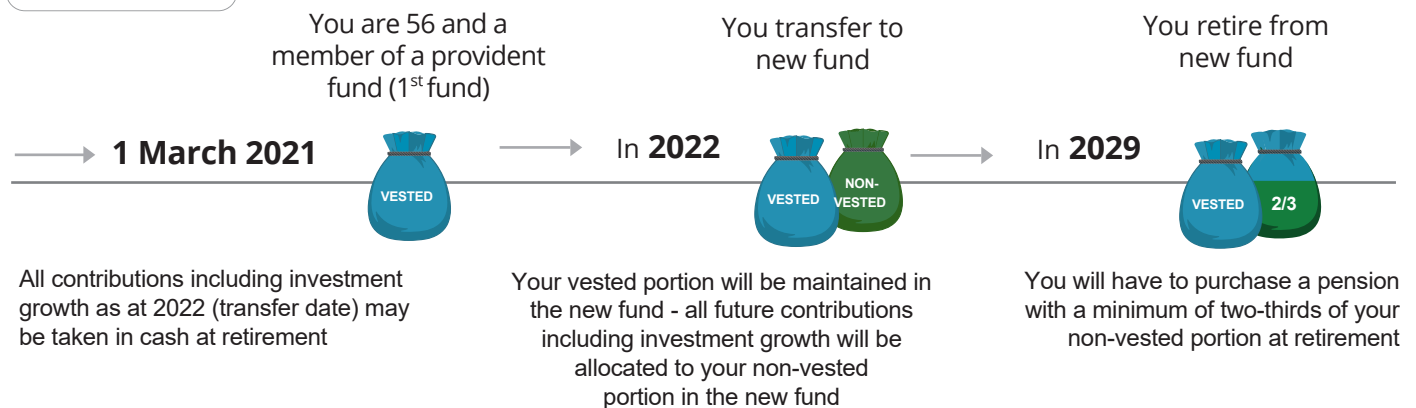
WHEN YOU RETIRE

THERE IS NO NON-VESTED PORTION, IT IS ALL REGARDED AS YOUR **VESTED PORTION**

YOU WILL STILL BE ABLE TO RECEIVE YOUR FULL RETIREMENT BENEFIT INCLUDING INVESTMENT GROWTH IN CASH



WHEN YOU TRANSFER TO ANOTHER FUND AFTER 1 MARCH 2021



IF YOUR NON-VESTED PORTION IS **LESS THAN R247 500**, YOU WILL NOT HAVE TO PURCHASE A PENSION AND YOU MAY TAKE YOUR FULL RETIREMENT BENEFIT IN CASH

THE HARMONISATION OF PENSION AND PROVIDENT FUNDS MEANS THAT GOING FORWARD THERE WILL ONLY BE ONE TYPE OF BENEFIT STRUCTURE FOR RETIREMENT FUNDS AND WHETHER YOU PAY CONTRIBUTIONS TO A PROVIDENT OR A PENSION FUND, THE POSITION WILL BE THE SAME

Transfers from a pension fund

Previously there was tax payable when transferring from a pension fund to a provident fund. From 1 March 2021, transfers from a pension to provident fund will be tax-free for all members.

Withdrawal benefits

Annuitisation does not apply to withdrawal benefits. If you withdraw prior to reaching your retirement age you will not be denied access to your full retirement savings, both the vested and non-vested portions.