



FAQs

LIVING ANNUITY



A LIVING ANNUITY PROVIDES A REGULAR INCOME FROM YOUR RETIREMENT SAVINGS.

WHAT IS A LIVING ANNUITY?

A living annuity is a compulsory annuity policy, which is underwritten by Liberty and purchased in the name of the Policyholder. It provides you with a regular income in retirement. You have the flexibility to choose how much annuity income you want to receive in line with the legislated drawdown limits, currently between 2.5% and 17.5% of your investment value. You can choose how often you receive your income: it can be paid on a monthly, quarterly, bi-annual or annual basis. You may change your income amount and payment frequency every year on the anniversary of your annuity policy.

WHY DO I NEED A LIVING ANNUITY?

Retirement fund legislation states that you must use at least two-thirds of your retirement savings to purchase an annuity. A living annuity is suitable for clients who would like to draw income when they retire, with the flexibility of adjusting the level of income (within the legal limits) and the frequency at which they draw the income, in accordance to their changing needs.

This annuity policy may be suitable for you if you wish to leave any remaining capital to your nominated beneficiaries when you pass away. This annuity policy may not be suitable for retirees who require a guaranteed income for life.

WHO CAN INVEST IN A LIVING ANNUITY?

Individuals who are retiring from their pension, provident, preservation and retirement annuity funds.

HOW CAN I MAKE CONTRIBUTIONS INTO A LIVING ANNUITY?

You can invest a lump sum amount as a contribution into this annuity policy from monies saved in your approved Retirement Funds.

CAN I ADD MORE MONEY TO MY LIVING ANNUITY?

You are allowed to invest additional retirement savings, which qualify based on legislation, into your living annuity. This will not affect the anniversary date of your annuity policy. We will adjust your annuity income level at the time of investing the additional retirement savings monies.

WHAT IS THE MINIMUM INVESTMENT AMOUNT?

There is no minimum investment amount.

HOW LONG CAN I INVEST FOR?

You can remain invested for life. You may also choose to transfer your existing living annuity to another product provider's guaranteed annuity or living annuity.

WHAT INCOME CAN I TAKE FROM MY INVESTMENT?

Once you have invested in an annuity policy, it is compulsory to take an annuity income from your policy. You are not allowed to defer the payment of your annuity.

Current legislation allows you to select an annuity income of between 2.5% and 17.5% of the value of your policy per year, calculated on the anniversary date of the policy. You are only allowed to change your income once a year on the anniversary date. If we don't hear from you before our cut-off date, we will continue to pay you the annuity income which you received the previous year. We are not able to process annuity income changes sent after the close off date.

You can specify your annuity income as a rand amount or as a percentage. If the rand amount you specify is not within the draw-down limits based on the policy value at the anniversary date, we will automatically adjust your income to within the limits.

You can also specify how often you would like your annuity income to be paid. You can choose from a monthly, quarterly, bi-annual, or annual payment.

CAN I WITHDRAW FROM MY INVESTMENT?

You may not withdraw from your annuity policy, unless the investment value of your annuity policy is below the legislated minimum amount of R125 000, in which case a full withdrawal in the form of a taxable cash lump sum. If you withdraw from your annuity policy, we will pay you a taxable cash lump sum. We will apply for a tax directive on your behalf from the South African Revenue Service (SARS) when you withdraw.

CAN I CHANGE MY INVESTMENT CHOICES?

You have the freedom to change the investment portfolios you are invested in. Changing the investment portfolios is free of charge, and there is no limit to the number of times you may do so.

WHICH INVESTMENT PORTFOLIOS CAN I INVEST IN?

A broad range of portfolios is available, in addition to our [core fund range](#).

WHAT FEES WILL I PAY?

Please [click here](#) to access our pricing guide.

WHAT TAX WILL I PAY?

The income distributions and other returns on the assets held in your account in your annuity policy are exempt from income tax, capital gains tax, dividends withholding tax, and withholding tax on interest.

Your annuity policy is subject to income tax in your hands. Income tax will be deducted from your annuity payment before it is paid out to you.

CAN I HAVE MORE THAN ONE LIVING ANNUITY?

Yes, you are allowed to have more than one living annuity. We will combine all your annuity payments received from living annuities held within the Liberty group of companies when calculating the tax due to SARS.

CAN I TRANSFER OWNERSHIP OF MY LIVING ANNUITY?

You are not permitted to transfer your ownership in this annuity policy to another party. However, you may transfer your existing living annuity to us from another service provider, or vice versa, provided that it is permitted by legislation and the respective service providers.

CAN I CEDE A LIVING ANNUITY?

You are not allowed to cede your annuity policy or your rights associated with the annuity policy to a third party.

WHAT HAPPENS TO MY LIVING ANNUITY POLICY WHEN I DIE?

If you pass away, the monies in your annuity policy will not form part of your estate if you have nominated beneficiaries, and therefore will not be subject to estate duty or executor fees.

If we don't have any beneficiaries on record for your annuity policy, any value in the annuity policy will be paid to your estate. The executor of your estate will decide how the proceeds are distributed, according to your last will and testament.

WHAT HAPPENS TO MY LIVING ANNUITY POLICY WHEN I GET DIVORCED?

The court may only apply for a settlement on the income you receive in your bank account and not on the capital of your policy.

WHAT HAPPENS TO MY LIVING ANNUITY POLICY IF I AM REQUIRED TO PAY MAINTENANCE?

If you are required to pay maintenance, the court will instruct us to withdraw a portion of your investment and pay it to the Maintenance Court. The withdrawal will be taxed in your name.

HOW CAN I MONITOR MY LIVING ANNUITY POLICY?

We strive to offer you a simple, user friendly and fully digital service. You will be able to access all your documents, valuation statements, transaction confirmations and tax certificates through our easy-to-use secure website at all times.

HOW DO I APPLY FOR A LIVING ANNUITY?

Speak to your financial adviser.

If you are looking for financial advice and are currently not in contact with a financial adviser, contact us on 0860 00 4668 (INN8) or email us at hello@INN8.co.za.