



# FAQs

## RETIREMENT ANNUITY

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## A RETIREMENT ANNUITY IS A TAX-EFFICIENT WAY TO SAVE FOR RETIREMENT.

### WHAT IS A RETIREMENT ANNUITY?

A retirement annuity is a tax-efficient way to save for retirement. Your savings are intended to provide you with an income in your retirement.

### WHY DO YOU NEED A RETIREMENT ANNUITY?

A retirement annuity is ideal for anyone who wishes to save towards their retirement, and is a suitable option for those who are self-employed, irregular earners or want to put away additional retirement savings in addition to any contributions to an employer pension or provident fund.

Your retirement annuity contributions are tax deductible and can reduce your taxable income up to certain limits and your investment growth is tax free. Your retirement savings are safe because they are protected from creditors and will be free of estate duty and executor fees when you pass away.

### WHO CAN INVEST IN A RETIREMENT ANNUITY?

Individuals may invest in a retirement annuity.

### HOW CAN I MAKE CONTRIBUTIONS INTO A RETIREMENT ANNUITY?

You may invest in any of the following ways:

- an initial once-off lump sum investment;
- a regular monthly contribution;
- a transfer of units from another Retirement Fund; or
- a combination of the above

## WHAT IS THE MINIMUM INVESTMENT AMOUNT?

There is no minimum investment amount.

## HOW LONG CAN I INVEST FOR?

You must remain invested until you are at least 55 years old, unless you become permanently disabled or incapacitated and can no longer work, in which case you can apply for an early retirement due to ill-health or disability. There is no maximum retirement age.

## CAN I ADD MORE MONEY TO MY RETIREMENT ANNUITY?

You have the option to add regular monthly contributions or/and make additional lump sum contributions at any time. You can also choose to increase your regular monthly contributions automatically every year. This helps ensure your contributions keep up with inflation. You may stop, pause or decrease your regular contributions at any time without additional fees or charges.

## WHAT ARE VESTED AND NON VESTED BENEFITS?

From 1 March 2021, the rules relating to taking a retirement benefit from provident fund contributions have changed.

### Contributions made to a Provident fund on and after 1 March 2021

Any money contributed to a provident fund from this date will be subject to the same annuitisation rules applied to a pension fund or retirement annuity benefit at retirement: only one third of the benefit may be taken in cash, and the other two thirds must be used to purchase an annuity to provide you with a regular income on retirement. If the value of your non vested benefit is R247 500 or less when you retire, you may withdraw the entire amount as cash.

### Contributions made to a Provident fund before 1 March 2021

Contributions accumulated up to 28 February 2021, plus any future growth on such contributions are referred to as your “vested benefit” and may be taken as a cash lump sum in full at retirement.

On receipt of your investment we will record which portions of your benefit are vested and non-vested; and will manage the benefit accordingly. All contributions originating from a pension fund or retirement annuity fund are considered fully non-vested.

### Members who were 55 or older on 1 March 2021

Provident fund members who were 55 years or older on 1 March 2021 are exempt from the new rules, in that any further contributions they make to their provident fund after 1 March 2021, along with growth, will also be considered vested benefits. This remains the case if the member transfers this benefit to another retirement fund: the full benefit plus growth after the transfer takes place remains vested.

## CAN I WITHDRAW FROM MY INVESTMENT?

You are not allowed to withdraw from your investment until you reach the minimum retirement age of 55 years.

The only circumstances under which you are able to withdraw early are as follows:

- If the value of your account is less than the legislated minimum amount of R15 000, we will only pay out the full value of your account to you.

## WITHDRAWING FROM THE FUND ON EMIGRATION?

With effect from 1 March 2021, Retirement annuity and preservation fund members will be able to take a pre-retirement withdrawal in relation to an emigration if:

- You are or were South African residents who emigrated from South Africa and that emigration was recognised by the South African Reserve Bank ('SARB') for purposes of exchange control in respect of applications received on or before 28 February 2021 and approved by the SARB or a South African bank on or before 28 February 2022; or
- You have not been SA residents for an uninterrupted period of three years or longer on 1 March 2021 or subsequently.

## CAN I CHANGE MY INVESTMENT CHOICES?

You have the freedom to change the investment portfolios you are invested in. Changing 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 funds range](#).

## WHAT FEES WILL I PAY?

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

## CAN I HAVE MORE THAN ONE RETIREMENT ANNUITY?

Yes, you are allowed to own more than one retirement annuity and they may be from different providers.

## WHAT TAX WILL I PAY?

Contributions to all your retirement savings, including your retirement annuity and any contributions to an employer pension or provident fund, are tax deductible up to a limit of 27.5% of your annual taxable income, capped at R350 000 per tax year.

The returns on your investment are exempt from capital gains tax, income tax on interest, dividends and real estate investment trust (REIT) tax. Income tax will be deducted from any retirement withdrawal taken in cash before it is paid out to you. For a withdrawal or at retirement, we are required to apply to South African Revenue Service (SARS) for a tax directive on your behalf. Should SARS direct us to deduct taxes in addition to the standard tax tables applicable to retirement withdrawals (e.g. for outstanding tax liabilities), we are obligated to do so. A tax directive may not be cancelled.

## CAN I TRANSFER OWNERSHIP OF MY RETIREMENT ANNUITY?

You are not allowed to transfer ownership of your retirement annuity to another party. However, you can transfer a retirement annuity which is in your name to another provider as long as the rules of the receiving retirement annuity fund allow this. If you have more than one retirement annuity with us, you may transfer one or more of your accounts to another retirement fund provided that the amount in each account to be transferred is greater than R371 250, and the combined value of the remaining accounts being left behind is at least R371 250. If you transfer all your accounts, then these conditions do not apply, and any amount can be transferred.

## CAN I CEDE MY RETIREMENT ANNUITY AS SECURITY OR COLLATERAL?

No, you are not allowed to cede your retirement annuity.

## WHAT HAPPENS TO MY RETIREMENT ANNUITY WHEN I DIE?

Your retirement annuity will not form part of your estate when you pass away, and therefore it will not be subject to estate duty tax or executor fees. The value of the death benefit will be the value in your investment account at the time when the benefit is distributed.

The distribution of your benefit is determined by the trustees of the fund. The trustees have the discretion to pay the benefit to your dependants and/or nominated beneficiaries in such proportions as they deem fair. Dependants typically take preference. The requirement to evaluate and make a determination is an obligation placed on the trustees of the retirement annuity by the Pension Funds Act.

## WHAT HAPPENS TO MY RETIREMENT ANNUITY IF I GET DIVORCED?

The court may award a portion of your retirement benefit to your ex-spouse. We will withdraw this amount on receipt of the court order and it is taxed in the name of your spouse.

## HOW CAN I MONITOR MY INVESTMENT?

We strive to offer you a fully digital service which is simple to use. You will be able to access all of 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 RETIREMENT 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](mailto:hello@INN8.co.za).