



# WE'VE GOT NEWS: 1 MARCH 2021

## RETIREMENT REFORM: TAX HARMONISATION OF RETIREMENT FUNDS "T DAY"

### WHAT IS T - DAY

T - Day is the day when the annuitisation of Provident Fund retirement monies will be introduced. It will officially commence on 1 March 2021.



### PROVIDENT FUND - COMPULSORY ANNUITISATION | 1 MARCH 2021 |

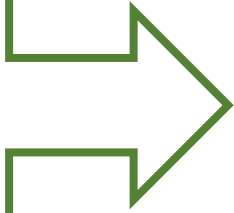
- Only affects members that are retiring
- Members aged 55+, will be able to take full amount as cash at retirement
- If you are under 55, at retirement a portion of your retirement savings accumulated after 1 March 2021 must be used to buy a pension/ annuitisation
- Annuitisation rules apply to all post 1 March 2021 contributions (plus growth) - subject to de minimus amount of R247 500
- Vested rights as at 01/03/2021 will be retained  
*meaning all accumulated retirement savings in provident funds on date of implementation (1 March 2021) will not be required to be annuitised upon retirement.*





# WHAT ARE YOUR RIGHTS AS A PROVIDENT FUND MEMBER?

Your **total provident fund savings** as at 1 March 2021 and any future interest earned on this money **will not be affected by this new legislation.**



- Retirement monies pre 1 March 2021 are not affected by the new law.
- Anyone **55 years** and above is not affected at all.
- De minimus amount of **R247 500**.
- Retirement money accumulated after **1/03/2021** is subject to the **1/3<sup>rd</sup>** restriction of lump sum

## How will your options at retirement be affected?

From 1 March 2021 with your benefit accumulated after 01/03/2020 - you will only be able to take a maximum of 1/3 of your retirement savings as a lumpsum and the balance must be used to buy a pension.

*For example if you had R600 000 pre-1 March 2021 and accumulated a retirement benefit of R300 000 after 1 March 2021, the amount that may be taken as a lump sum is the*

- R600,000 from pre-March 2021 plus
- R100 000 (1/3rd) of post 1 March 2021 money and then
- R200 000 (2/3rd) of post 1 March 2021 money would have to be annuitized (member would get a monthly income from this)

**REMEMBER: Members aged 55+, WILL NOT BE AFFECTED BY THIS LAW**

