



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 |

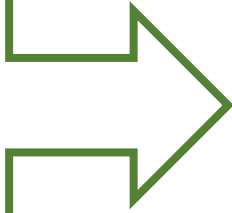
- Only effects members that are retiring
- Members aged 55+, will be able to take full amount as cash at retirement
- If you are under 55, at retirement a portion of your retirement savings accumulated after 1 March 2021 must be used to buy a pension/ annuitisation
- Annuitisation rules apply to all 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.**



How will your options at retirement be affected?

From 1 March 2021 with your benefit accumulated after 01/03/2021 - 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 R100 000 (1/3rd) and R200 000 (2/3rd) would have to be annuitised, meaning the member would get a monthly income from this.

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

- 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 **1/3rd** restriction of lump sum

