

LEAVING YOUR FUND?

MAKE THE RIGHT TAX DECISION

- THERE IS NO CHANGING YOUR MIND •

IMPORTANT!

If you are leaving your employer, you might be thinking of taking some or all of your accumulated benefit in cash. **Firstly, you need to be aware of the HUGE, life-changing tax implications of this decision.**



RETIREMENT OR RETRENCHMENT

The first **R500 000** payable at retirement or retrenchment from a pension, provident or retirement annuity fund is tax free.

The balance is taxed according to the following fixed scale:

R0 - R500 000	- 0%
R500 001- R700 000	- 18%
R700 001- R1 050 000	- 27%
R1 050 001 and above	- 36%

This amount applies to the **aggregate of all retirement lump sums** received over the retiree's lifetime. Your Accumulated Credit from all retirement funds will be added together, and the first R500 000 will then be tax free. The balance will be taxed according to the scale above.

Any withdrawal benefit previously received tax free will also be deducted from the tax-free amount.

WITHDRAWAL

The first **R25 000** of a cash withdrawal is tax free. (Yes, only R25 000!)

The balance is taxed according to the following fixed scale:

R0-R25 000	- 0%
R25 001-R660 000	- 18%
R660 001-R990 000	- 27%
R990 001 and above	- 36%

This tax-free amount is **available once only**, and any subsequent cash withdrawals from other retirement funds may be taxed in full if the tax-free amount was used up in previous cash withdrawals.

PLEASE NOTE:

You cannot change your mind once SARS has calculated your tax payable on the cash amount. *Read more on the next page.*



In terms of tax legislation, once you have elected to receive a cash withdrawal benefit and a tax directive has been issued by SARS, the ***DIRECTIVE CANNOT BE CANCELLED*** because the benefit has accrued for tax purposes. The cancellation of a tax directive will only be considered by SARS as legitimate where a genuine administrative error has been made in the application process.

This means that **YOU** need to make the **RIGHT** decision, **FIRST** time round. There are **NO** second chances!

