

# CHANGING JOBS

## THINK AHEAD! PRESERVE YOUR SAVINGS

It's one of the most stressful times in anyone's life – resigning and starting work at a new employer. And it's easy to let certain things slide, when we're so focused on new beginnings that are happening right now.

But unless you remember to plan for your long-term peace of mind, the stress of a new job may one day

be greatly outweighed by serious financial stress. So why not take a few wise decisions now, and reap the rewards when you really need them later?

When you resign, you will need to decide what to do with the retirement savings that you have accumulated. What options are available to you?

**Which option makes the most financial sense?**

### WHAT ARE YOU ENTITLED TO?

When you resign, you will become entitled to your **Fund Credit**, also referred to as your **Accumulated Credit** or **Member Share**:



MEMBER  
SHARE



AMOUNTS  
TRANSFERRED FROM  
OTHER FUNDS



YOUR  
CONTRIBUTIONS



THE EMPLOYER'S  
CONTRIBUTIONS



ANY  
EXPENSES



ANY INVESTMENT  
RETURNS EARNED

### WHAT ARE YOUR OPTIONS?

1

You will be able to transfer this benefit to your new employer's retirement fund (free of tax), or to a retirement annuity (free of tax) or a preservation provident fund (free of tax).

2

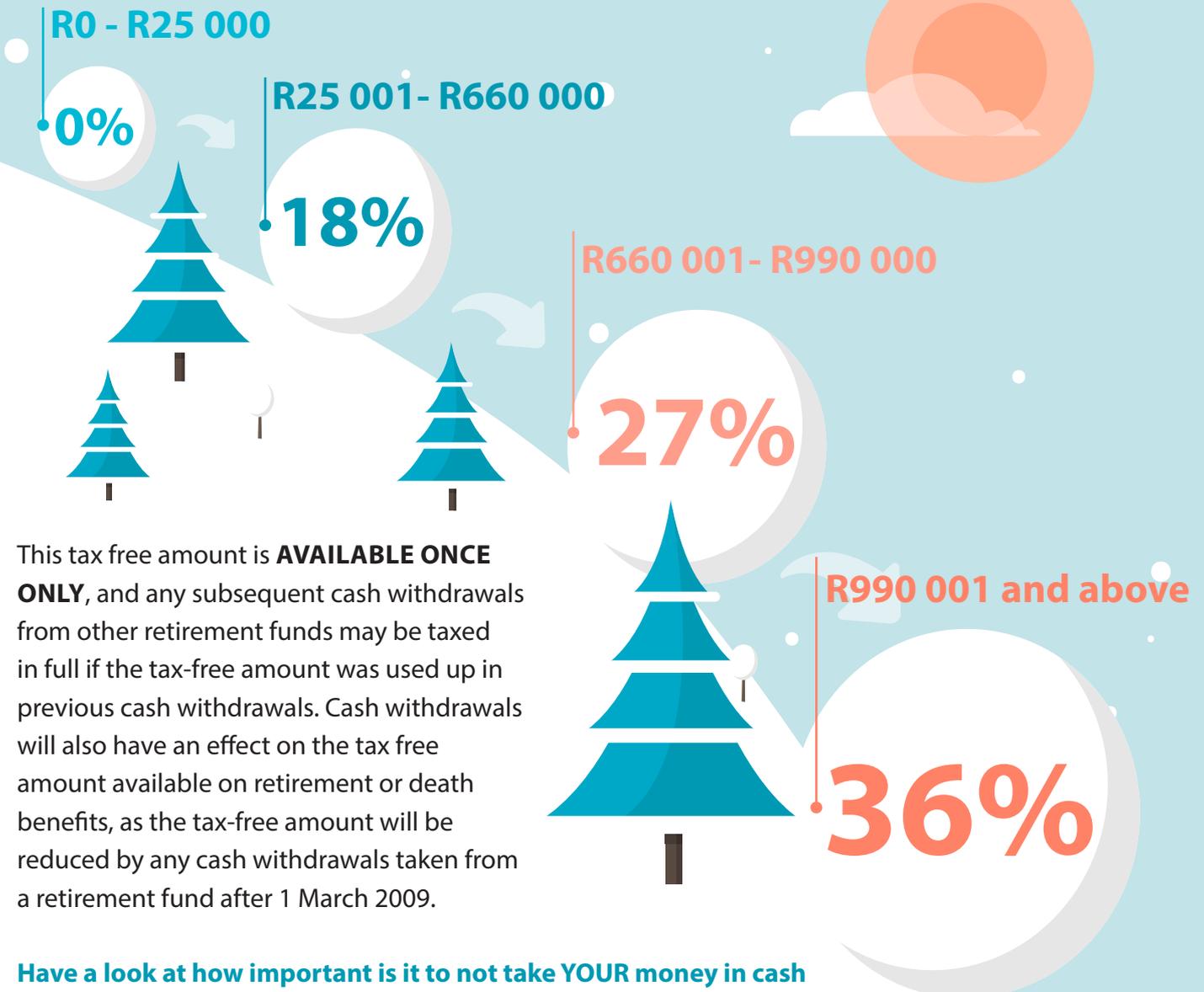
You may also take a portion or all of it in cash, which may sound like a great way to pay off some annoying debt, BUT beware of the significant tax that you will have to pay on any cash portion taken, as well as the fact that you may be disadvantaging your long-term financial security if you take your benefit in cash!

**YOU CANNOT CHANGE YOUR MIND ONCE SARS HAS CALCULATED YOUR TAX ON THE CASH AMOUNT.**

## HOW WILL YOU BE TAXED?

The first R25 000 of a cash withdrawal will be tax-free with the balance up to R660 000 taxable at 18%, the next R300 000 at 27% and the balance at 36%.

Have a look at **THE SNOWBALL EFFECT** of tax at withdrawal:



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. Cash withdrawals will also have an effect on the tax free amount available on retirement or death benefits, as the tax-free amount will be reduced by any cash withdrawals taken from a retirement fund after 1 March 2009.

Have a look at how important is it to not take **YOUR** money in cash before retirement. What will **YOUR** salary at retirement be?

Taking cash  
at age **28**



**52%**

Taking cash  
at age **38**



**28%**

Leaving it  
until **Retirement**



**78%**

**Remember:** Always speak to a certified financial advisor before you make any decisions on what to do with your hard-earned savings.