# OPTIONS ON RESIGNATION

In South Africa a significant number of people face challenges in securing a comfortable retirement. Studies indicate that approximately only 6% of South Africans are on track to retire comfortably, meaning that a staggering 94% are unable to maintain their standard of living post-retirement. This highlights the importance of making informed decisions regarding your retirement fund. That is why the Trustees urge members to preserve their accumulated fund value for retirement.

From 1 September 2024 your Fund Credit consists of your VESTED, SAVINGS and RETIREMENT Components. You are allowed all or a portion of your VESTED and SAVINGS Components in cash, however, Your RETIREMENT Component will remain invested until retirement age, except in special circumstances.

Hereunder are your options on withdrawal prior to retirement.

## 1 Become a Paid-Up Member

You may elect to remain invested in the Fund even after you have left employment and before retirement. You will be become a Paid-up member and remain Paid-up until the Fund is instructed by you in writing to make payment of your fund credit, or to transfer your benefit.

## 2 Transfer to a Preservation Fund

A Preservation Fund is a once off investment and you may not add to it every month. Your Fund Credit is usually transferred tax-free. The advantage of using the Preservation Fund option is that you have a single option to withdraw VESTED Component funds as cash should you require it before retirement (according to current legislation). On accessing this money before age 55, you may be subject to paying tax (please refer to tax table in section 6).

You can also access your SAVINGS Component, however, this is taxed at your marginal tax rate.

The Destiny Preservation Fund was specifically established to enable Destiny members to transfer seamlessly and at low cost, whilst retaining the option of your existing investment strategy/portfolio choice.

## 3 Transfer to New Employer's Retirement Fund

You may transfer your Fund Credit to your new Employer's Fund.

In order to do the transfer, GIB will need the following information:

- Name of Fund
- FSCA and SARS approval numbers
- Bank details of the Fund
- Contact person's details at the Company who deals with the Fund.

## 4 Transfer to a Retirement Annuity Fund (RA)

You can transfer your Fund Credit tax-free to a Retirement Annuity. Those who are self-employed after leaving their previous company often prefer a Retirement Annuity as they can save for retirement by contributing to it on a regular basis. A Retirement Annuity may only be matured from age 55 and once they mature, you may withdraw a maximum of one-third as cash and the balance must be used to purchase an annuity which will then pay you a monthly income.

The Destiny Retirement Annuity Fund provides members with a cost-effective savings option as well as the opportunity to continue investing in the Destiny Investment Portfolios.

## 5 Withdraw a portion in Cash and Transfer the Remainder

Hereunder are your options:

| | VESTED | SAVINGS | RETIREMENT |
|---|---|---|---|
| Take a portion of your Fund Credit and transfer the rest to an Approved Fund | You can select an amount in Cash | You can select an amount in Cash | This amount will have to be transferred |

If you decide to take your Vested and/or Savings Component in cash, please note the tax implications in section 6.

## 6 Cash Withdrawal

**Savings Component**

You are taxed at your marginal tax rate. The marginal tax rate is the percentage of tax applied to your income.

**Vested Component**

Hereunder is the tax calculation that applies from 1 March 2023:

| Taxable income from lump sum benefits | Tax rate |
|---|---|
| First R27 500 | 0% |
| Difference between R27 501 and R726 000 | 18% of amount above R27 500 |
| Difference between R726 001 and R1 089 000 | R125 730 + 27% of the amount above R726 000 |
| R1 089 001 and above | R 223 740 + 36% of the amount above R1 089 000 |

Important Note: The tax you pay depends on the amount you take in cash. Retirement fund lump sum benefits are "aggregated" – which means that any "previous taxable lump sums" received on retirement (since 1 October 2007), withdrawal (since 1 March 2009) and severance benefits received upon retrenchment (since 1 March 2011) are added to the current lump sum to establish the "total taxable lump sum". Thereafter, the above table is applied.

**We hope this document is of assistance to you, understanding however, that other scenarios may arise. Should you require further assistance then please contact your financial planner or a GIB financial planner.**