

are you leaving? what are your options?



are you leaving the company?

This document provides information about your options when leaving the company before retirement age. Please consider your options carefully and make sure that you understand the tax and the cost implications which you may have to pay if you decide to take a cash lump sum from the Fund.

Your decision to exit from the Fund could be due to:

RESIGNATION | DISMISSAL | ABSCONDING

It is wise to consider preserving your withdrawal benefit/ balance of fund until you retire. A cash withdrawal may look attractive at this stage, but is likely to influence your retirement plans negatively in the future.

payment options

If you decide to take your withdrawal benefit out of the Fund (and not to become a Paid-up member) you have 4 payment options:

- 1** You may take the benefit in cash, net of tax.
- 2** You may transfer the benefit to your new employer's fund.
- 3** You may take a portion of the benefit (if any) in cash and transfer the balance of your Fund Credit to a Pension / Provident Preservation Fund.
- 4** You may transfer the benefit to a Retirement Annuity (RA).

If you neglect to make a selection to receive or transfer your benefit you will automatically become a Paid-up member of the Fund. You can also elect to choose this option.

taking some or all of the benefit in cash

ADVANTAGES

- Taking your withdrawal benefit in cash has NO advantages apart from having cash to pay off debts.

DISADVANTAGES

- You will pay tax on the cash you take.
- Your retirement funding pool will be worth less and you may end up not having sufficient assets when you retire.
- You will have to make additional savings for your retirement, to make up any shortfall.

preservation fund

Preservation funds are single payment, specialised pre- retirement vehicles governed by the SARS requirements and are aimed at protecting retirement savings for exiting members on termination of employment. Preservation funds are available through investment managers or insurance companies.

ADVANTAGES

- No tax is payable on the transfer of the money.
- You may make one cash withdrawal (which could be the whole balance) before the age of 55 years.
- You may choose a retirement date that suits your needs - no official retirement age.

DISADVANTAGES

- You cannot make further contributions to a Pension Preservation Fund.

divorce

If there is a Divorce Order against part of your withdrawal benefit in the Fund, the Fund is obliged to settle the value of the Divorce Order before paying any benefits to you. Even if you elect to transfer your benefit to a Preservation or RA fund, the value of the divorce agreement will be deducted from your benefit before the balance is transferred. The non-member ex-spouse is liable for any tax payable on this amount.

withdrawal tax table

Any cash withdrawals are subject to the following tax table. Remember amounts are cumulative over your lifetime. Whatever you withdraw now, will also affect the tax that you pay when you retire one day.

Withdrawal Amount	Tax Payable on Withdrawal
R0 to R25 000	0%
R25 001 to R660 000	18% of the amount above R25 000
R660 001 to R990 000	R114 300 + 27% of the amount above R660 000
R990 001 and above	R203 400 + 36% of the amount above R990 000

home loans

If you have a Housing Guarantee provided by the Fund, the outstanding value of the guarantee will be deducted from your withdrawal benefit, before any part of the withdrawal benefit is paid to you. Your Housing Guarantee will also be settled if you become a Paid-up member or elect to transfer your benefit to a Preservation or RA fund or new employer..

why preservation is important

Here are some of the main benefits of preserving:

- It is tax effective: No tax is levied on provident fund transfers into a preservation fund, and investment returns in the fund are tax-free.
- Investing in a preservation fund is simple.
- Your money can keep on growing, which helps you to stay on track for a secure retirement.
- If you invest in a flexible investment, you will have a wide choice of investment options.
- It keeps your money safe. No matter what happens to your other finances, the money you preserve is safe from creditors.

become a paid-up member of the fund

If you choose to become a Paid-up member of the Fund, your benefit remains invested in the Fund and could continue to grow until you inform the Fund that you want to have your benefit paid out or transferred. A Paid-up member may not make contributions to the Fund and will not have insured benefits i.e. death and disability. The Fund is a non-profit legal entity for the benefit of members. However, it does have expenses and to make sure that all members, including Paid-up members of the Fund pay their fair share of the Fund expenses, Paid-up members will pay a fixed monthly expense contribution, funded from their Fund Credit, as determined by the Trustees.

getting advice from a financial advisor

We recommend that you seek the advice of an independent financial adviser "IFA" that can offer you tailored, holistic financial advice based on your requirements. It is important that the financial adviser that you speak to is licensed and registered with the Financial Sector Conduct Authority (FSCA).

An independent adviser is not tied to any one company or product, and can therefore give you a wider range of options to suit your needs. Many investors underplay the importance of financial advice to the detriment of the performance of their portfolios over time. A good financial adviser can drastically improve your financial outlook by guiding your financial planning and ensuring that you remain committed to your goals.

Here are some of the benefits of using an IFA:

- Financial matters are often complex.
- There are often many different ways of tackling a financial requirement.
- Most financial planning is 'holistic' i.e. what you do in one area of financial planning will affect another.
- The costs of many financial products are sometimes unclear and there can be hidden costs.
- Making mistakes can be costly, avoiding mistakes is highly beneficial.
- Financial advice is covered by regulatory controls, which in turn means you will have a high level of protection if you enter into a financial transaction or take financial advice through certain channels and in certain areas.

HOW TO CLAIM YOUR BENEFIT

Speak to your HR manager at the office.

You will need to complete the Withdrawal Form. Please ensure the following documents are attached to your Withdrawal Form:

- A copy of your Identity Document / Passport.
- A copy of your latest utility bill to serve as proof of your address.
- A copy of a bank statement to confirm your banking details in the case of a cash withdrawal.
- A copy of your Divorce Order (if applicable).
- Preservation Fund/RA forms (including the financial advisor's/broker's name and contact details) or a letter stating your intention to transfer the full or part of the withdrawal benefit containing the institution's contact details and policy details (if applicable).
- Latest statement of Home Loan if applicable. Your benefits should be settled within six to eight weeks after leaving provided that you have no tax issues and your documentation is complete.

Please contact your current Broker or Consultant for advice on what to do with your benefit. If you do not have a broker or Consultant, please contact **Tennant Administration Services** and they will direct you to a person that can assist. Alternatively, speak to your HR consultant who will be able to put you in touch with them.