

## BASIC RETIREMENT ANNUITY INFORMATION

1. A retirement annuity is owned by the member and is therefore portable.
2. A retirement annuity cannot be ceded.
3. A retirement annuity is protected on insolvency from creditors.
4. The contributions made towards a retirement annuity are tax-deductible.
5. The legislated retirement age for RAs is age 55.
6. If a member formally emigrates prior to retirement, then the member may withdraw from the RA, subject to tax and remit the balance offshore subject to exchange control regulations.
7. On retirement a member may commute 1/3 of the fund value (subject to tax) and use the balance to provide an income for life.
8. On death of the member, the recipients of the benefits have the option to commute the benefits as a lump sum or to purchase a compulsory annuity with them. If they take the lump sum it will be taxed first, in the estate of the deceased, if they elect to receive an annuity then there will be no tax on the lump sum, but there will be tax on the annuity in their hands.
9. Death benefits are paid subject to section 37C of the Pension Funds Act. This means that the trustees must take into consideration all the legal dependants of the deceased and it may take up to 12 months for the benefit to pay out. Death benefits from RAs are exempt from estate duty, but if commuted the lump sum will attract income tax.