

OLD MUTUAL SUPERFUND EMPLOYER UPDATE

MARCH 2016



MESSAGE FROM THE PRINCIPAL OFFICER



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We are pleased to bring you the March issue of the Employer Update.

This newsletter provides you with the following information:

- The latest retirement reform changes - with effect from 1 March 2016.
- The Old Mutual SuperFund Management Board Forum.
- We present to you the Old Mutual SuperFund 2014/2015 Annual Report.

We trust that you will enjoy this issue and find it informative.

We look forward to partnering with you as we encourage your employees to make the most of every opportunity and to take charge of their retirement planning!

Happy reading!

Regards

Cheryl Mestern



1 March 2016 – or T-day as it has become known in the industry – marks the day that the new tax reforms became a reality in the retirement industry and for retirement fund members. In this communication we take a closer look at what is being implemented now and what is being postponed to March 2018.

WHAT HAS BEEN IMPLEMENTED AS FROM 1 MARCH 2016?

Members contributions are now tax deductible up to a maximum of 27.5% of the greater of their remuneration or taxable income. This applies to contributions made to approved pension, provident and retirement annuity funds and it is **subject to a yearly maximum of R350 000**.

For some provident fund members, this increase in the maximum tax deductions could mean an increase in take home pay. This in itself provides a valuable opportunity for members to save more for their retirement.

If a member contributes **more than the annual limit (R350 000), they will not be able to claim an immediate tax deduction** for their excess contributions. Contributions not claimed for the year can however be rolled over and claimed in the next year.

All contributions that are made in excess of the threshold can also be applied to reduce the tax payable on the lump sum amount a member accesses at retirement, and thereafter may be applied to reduce the taxable amount of the pension payable.

For pension, pension preservation and retirement annuity fund members, the **de minimis for annuitisation has increased from R75 000 to R247 500**. This means that if a member retires with **R247 500 or less they do not have to buy a pension**, they can take their full benefit in cash.

WHAT HAS BEEN POSTPONED?

Government has postponed the annuitisation requirement for provident and provident preservation fund members to March 2018, to allow for further consultation with key stakeholders. This means **at this stage nothing will change for provident fund members – they will still be able to take their full benefit in cash when they retire**. In addition, tax free transfers from pension to provident funds has also been postponed.

WHAT DOES THIS MEAN FOR YOU AS AN EMPLOYER?

All contribution related changes have been implemented as of 1 March 2016. You are advised to **complete the necessary updates to your HR payroll systems** to meet the new SARS requirements as a result of the changes.

Continuous communication to, and engagement with, employees about these changes continues to be important. Members need to know **what has changed** and **how this impacts them**.

There are many advantages to saving more via a retirement fund, especially for members whose take home pay may now increase as a result of the increased tax deductions. Making additional contributions towards their retirement fund provides a tax efficient and cost effective way to save for retirement.

For more information, click [here](#) to read our **'Know more, plan better for retirement'** leaflet that provides a step by step guide on how to make flexible contributions possible for your employees.



OLD MUTUAL SUPERFUND MANAGEMENT BOARD FORUM 2016!

We would like to take this opportunity to thank those of you who attended one of regional sessions of the Old Mutual SuperFund Management Board Forum. Thank you for your presence, we hope you found the session valuable and informative.



SUPERFUND ANNUAL REPORT

The Old Mutual SuperFund 2014/15 Annual Report is now available. We are excited to launch our first exertion of an integrated report. Our aim has always been to provide fully transparent, honest and informative reporting on Old Mutual SuperFund.

Click [here](#) to view a copy of the 2014/2015 Annual Report.



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