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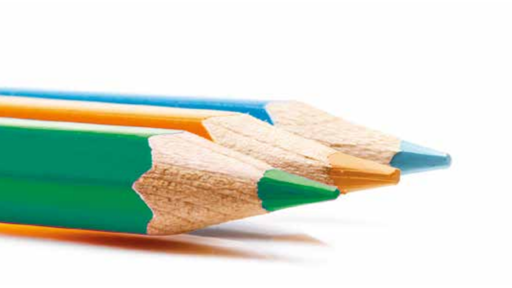

OLD MUTUAL SUPERFUND

MEMBER UPDATE

MARCH 2016

WHAT'S IN THIS **EDITION**

- T-DAY, WHAT IS HAPPENING AND WHAT IS NOT?

MESSAGE FROM THE **PRINCIPAL OFFICER**

We are pleased to bring you the March issue of the Member Update. We would like to encourage you to take advantage of every opportunity and to take charge of your retirement future... the power is in your hands!

Happy reading!

Regards

Cheryl Mestern

T DAY
RETIREMENT REFORM

T-DAY, WHAT IS **HAPPENING** AND WHAT IS **NOT**?

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 is happening?

With effect from 1 March 2016, you will be able to make a total tax-deductible retirement fund contribution of up to 27.5% of the greater of your remuneration or taxable income.

Your contributions will, however, be subject to an annual tax deduction limit of R350 000.

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

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

All undeducted contributions can also be applied to reduce the tax payable on the lump sum amount you access at retirement, and thereafter may be applied to reduce the taxable amount of your 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 you retire with R247 500 or less you do not have to buy a pension, you can take your 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?

Very simply, the aim of retirement reform is to make the retirement industry work better for members by improving governance, reducing costs and making it easier for YOU, the member to save more.

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.

Below are just four of the possible advantages:

- Contributions are tax-deductible up to fairly substantial limits
- Investment growth is tax free
- It is cost-effective as there are lower investment and administration costs as an employee versus saving as an individual
- Retirement fund money becomes accessible on, or after, resignation. Even though cashing in one's retirement investment prior to retirement is not recommended, there are situations where this access is invaluable.

To find out more on how to take advantage of the opportunity to save more please chat to your employer and/or financial adviser.

The golden rule is to save as much as you can for as long as you can.

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