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Road Map - Early Retirement

FUNDS ADMINISTERED BY GTC



Join Nomfundo as she guides you on your journey to financial wellbeing and the various options available to you on early retirement.


Deferred retirement option




Nom will soon be retiring and looks forward to spending more time with her family.



The value of your investment can go up and down on a daily basis, due to investment market conditions.



Like Nom, you can access your investment information through GTC's administration portal.



For all your retirement options, you should seek accredited financial advice.

START

Nom has a retirement fund through her work - administered by GTC, with monthly contributions.

Terminology to assist you on your journey

Annuitisation: The compulsory purchase of an income at retirement, using at least **two-thirds** of the non-vested portion of your fund credit, subject to tax payable and prevailing legislation.

Your fund credit: The accumulated investment value of your retirement fund, whether it is a pension or a provident fund.


Should the fund credit be less than **R247 500**, the full amount may be taken in cash, at retirement.

Any **cash lump sum** is subject to tax.


T-Day: 1 March 2021 is the legislated implementation date of the split of your provident fund credit into a vested and non-vested benefit. Pension funds are already subject to annuitisation.

Vested benefit: Your provident fund credit as at T-Day, plus future growth thereon, may be taken as a cash lump sum, at retirement. Future contributions of provident funds - for members aged 55 or older on T-Day - will form part of the vested benefit, providing the member participates in the same provident fund.

Non-vested benefit: Your provident fund credit which is subject to annuitisation. This comprises contributions from T-Day onwards for provident fund members younger than 55 on T-day.




T-Day affects your vesting and non-vesting fund credits on all the following options, for members under 55 on T-Day and all new members thereafter.



You may preserve your **full** fund credit inside the fund if you do not need to access your money immediately. Your fund credit will remain invested in your current investment portfolio, or you may select a different portfolio in the same fund.

ADVANTAGES

- No tax consequences.
- No additional administration fees.
- No up-front costs.
- No forced disinvestment.
- Ongoing competitive institutional pricing.



For all members of the fund, the following options are available to you on retirement.

Continue

Transfer to a retirement annuity fund

Transfer to a preservation fund

Pension fund

No income required

- Deferred retirement
- Preservation fund
- Retirement annuity

Income required

Annuitisation creates an income.

Refer to "**Annuity options**" attachment.

BEWARE

Consider tax on cash withdrawals

Continuation option

You might have the option to take over your existing group life cover in your personal capacity subject to the insurers T&C's. All, or part of this amount is insurable.

Please feel free to contact GTC as your administrator or an accredited financial advisor, for a quotation in this regard.

If you do not need to access your money immediately, you may transfer your money to a retirement annuity fund

- You may continue to contribute to this fund if you wish.
- At retirement any **vested** amount transferred into the retirement annuity from a provident fund, may be taken as a cash lump sum.
- The balance is subject to annuitisation.
- Monies transferred into a retirement annuity fund cannot be accessed until age 55, except on formal emigration.

You may transfer your benefit to a preservation fund of your choice

- No further contributions are allowed to the preservation fund.
- You are not allowed to withdraw any cash during this deferred period to retirement.

Any **vested** transfers into the pension fund may be taken in cash.

The balance is subject to annuitisation.

Members who reached age 55 on T-day and have remained on the same fund

- You may take 100% of your fund credit in cash.
- You may purchase an annuity with all or part of your benefit.

Members who were under 55 on T-day

- You may take 100% of your **vested benefit** in cash.
- **Non-vested benefit** is subject to annuitisation.

Provident funds

Retirement tax table

R1 - R550 000
Tax free

R550 001 - R770 000
18% of amount above R550 000

R770 001 - R1 155 000
R39 600 + 27% of amount above R770 000

R1 155 001 and above
R143 550 + 36% of amount above R1 155 000

Remember, any previous withdrawals will be taken into account when applying the retirement tax table.

Other retirement cash lump sums will also be considered.

The crossroad

The role of the **accredited financial advisor** is **critical** to ensure that you make an informed decision for your retirement.

The decisions you make at retirement cannot be reversed!

Your retirement is a huge milestone and an extremely important financial crossroad in your life, with complex issues to consider on the products available to you.

GTC, as your administrator, can provide you with all of the information that you require to make these important decisions regarding your fund. 010 597 6920 or clientservicing@gtc.co.za

GTC's Privacy Policy can be viewed at <https://www.gtc.click/group-privacy-policy>

It is important that you read and understand the Privacy Policy.