CHANGES TO *PENSION FUNDS*

How retirement reform affects you

You get different kinds of retirement funds. The three main kinds of funds are pension funds, provident funds and retirement annuity funds (also known as individual funds).

Let's take a look at how retirement reform affects members of pension funds.

Changes from 1 March 2016:

1 TAX ON CONTRIBUTIONS

Before March 2016:

You don't pay tax on your contributions up to 7.5% of pensionable salary.

Change:

You can claim a tax deduction on all contributions you make to any fund **and** any contributions your employer pays on your behalf – up to 27.5% of your total salary (up to a maximum limit of R350 000 per year).

2 OPTIONS AT RETIREMENT

Before March 2016:

You don't have to use two-thirds of your retirement benefit to buy a pension when you retire if you have less than R75 000 saved in your fund.

Change:

This amount is now R247 500. If you have less than R247 500 in your fund you don't have to use two-thirds of your retirement benefit to buy a pension when you retire.

NOTHING CHANGES WHEN YOU CHANGE JOBS

No law has been passed to stop you from taking money from your retirement savings when you resign, are retrenched, dismissed. You can still access your money when you change jobs. Just remember: it may be best to keep your retirement savings invested for your retirement. If you don't, you may not have money saved to last you through your retirement years.

If you have any questions about retirement reform or your retirement fund, please call the Alexander Forbes call centre on 0860 100 333.

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