



Retirement from the SAMRO RETIREMENT ANNUITY FUND

The Samro Retirement Annuity Fund provides benefits for members who elect to retire from the Fund. The aim of this document is to provide members with details of their options on retiring from the Fund, the legal requirements applicable to retiring from the Fund and the process they must follow to notify the Fund of their intention to retire and claim their retirement benefits.

Please read this document carefully!

RETIREMENT FROM THE FUND

In terms of the Fund's Rules, any member may elect to retire from the Fund **between the ages of 55 years and 75 years.**

Your total benefit in the fund, i.e. all contributions and net investment returns earned on the contributions, is referred to as your Fund Credit. When you elect to retire from the Fund, your Fund Credit will become payable.

In terms of the Income Tax Act, you must utilize your retirement benefit to purchase an annuity (pension) from an insurance company. You may take up to 1/3 of your Fund Credit as a cash lump sum. The remaining 2/3 must be used to purchase a monthly annuity (pension). There is a further concession in the Income Tax Act that allows members with a Fund Credit of less than R 75,000 to take up to 100% of the benefit as a cash lump sum at retirement.

The portion that you elect to take as a lump sum is subject to income tax. The amount of tax that is payable on the lump sum portion, depends on the size of the lump sum. The tax rate that applies to the lump sum is summarized in the table below:

Lump sum	% tax
R0 – R500,000	0% of taxable income
R500,001 – R700,000	18% of taxable income above R500,000
R700,001 – R1,050,000	R36,000 + 27% of taxable income above R700,000
R1,050,001 and above	R130,500 + 36% of taxable income above R1,050,000

The portion used to purchase the annuity will not be taxed. The monthly annuity that you will receive will however be taxed as income.

In terms of the Rules of the Fund, a retiring member must purchase the annuity at retirement from a registered insurance company in South Africa. The insurance company will therefore be responsible for paying the retired member's monthly pension.

It is important to note that your membership of SAMRO continues after you have retired from the Fund. However, once you have elected to retire from the SAMRO Retirement Annuity Fund, Fund membership will cease and SAMRO will discontinue paying contributions to the Fund on your behalf to the Fund in future.

INFORMATION ON ANNUITIES

An annuity policy issued by an insurance company when you purchase an annuity is essentially a contract between you and the insurance company whereby you invest a portion of your retirement benefit (at least 2/3) with the insurance company and they agree to pay you a monthly pension for the rest of your life.

There are many different types of annuities that you can consider purchasing at retirement. In choosing an annuity at retirement, you need to consider your personal situation as this will determine the most suitable type of annuity for you.

Among other things, you need to consider your age, marital status, dependants, age of dependants and their circumstances, whether you want to leave behind any money for your dependants, yours and your spouse's health, your current financial position and financial needs.

This information will help guide you in selecting an annuity to best suit your situation. Some annuities are as follows:

- **Single Life Annuity**
A monthly income is paid until you pass away.
- **Joint Life Annuity**
A monthly income is paid until the last surviving spouse passes away.
- **Capital Preservation Plan**
A monthly income is paid until you pass away. Upon your death, the amount of money you invested in the annuity is paid tax free to your surviving spouse or children. The monthly income will be less than that of a single life or joint life annuity as a portion of the income will be used to purchase life cover.
- **Living Annuity**
You can elect to receive a fixed monthly income between 2.5% and 17.5% of the amount that you invested. Should you pass away, the value can be paid to your beneficiaries on the same basis as originally elected, or it can be paid to your beneficiaries as a lump sum.
- **Escalating Annuity**
Your monthly income can either stay level throughout, or you can choose for it to increase to keep up with inflation.

The Trustees strongly encourage members to contact a qualified financial planner who will be able to assist you with an overall financial planning strategy, taking into account your current financial situation, your immediate and future needs and assist with selecting the most suitable annuity for you.

CLAIMING YOUR RETIREMENT BENEFIT

If you are aged 55 or older and you have decided to retire from the Fund, you must first select the annuity that you wish to purchase (if your benefit is more than R 75,000). You must then follow the process listed below:

- 1) Complete a retirement notification form.
Note that the following information must be provided:
 - 1.1) Copy of ID.
 - 1.2) Tax Number (Note that a benefit payment is not possible without a valid tax number).
 - 1.3) Details of the annuity that you intend purchasing (Note that no portion of the benefit will be paid without full details of the annuity that you intend purchasing, except if your benefit is less than R 75,000).
 - 1.4) Your broker / financial advisor's name and contact details.
 - 1.5) Valid banking details. Note that the Fund must pay the lump sum benefit in a bank account in YOUR name. Do not provide the banking details of another person, like a spouse or brother or sister.
 - 1.6) Your contact details.
- 2) Fax or email the completed form and attachments to the Fund's administrators, Robson Savage:
Fax: 011 6434535
Email: sharong@robsav.com
- 3) Robson Savage will apply for a tax directive from the South African Revenue Service (SARS). SARS will issue a directive to the Fund and confirm the amount that must be deducted from your lump sum for tax and paid to SARS by Robson Savage. **No benefit payment can take place without a tax directive issued by SARS.**
- 4) Robson Savage will pay the lump sum portion (after tax) to your bank account and transfer the remaining benefit to the insurance company where you are buying an annuity.
- 5) Robson Savage will advise SAMRO of your retirement notification and your SAMRO record will be endorsed accordingly.
- 6) It takes approximately 15 – 21 days to complete the benefit payment after the complete and accurate documentation has been submitted (provided that the Fund can obtain a tax directive from SARS). This requires your tax affairs to be in order before an application for the tax directive is made.

Should you require any further assistance, you may contact Ms Precious Ngwepe at the office of the Principal Officer on 011 802 8011.