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Ninety One

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Investing for a world of change

Ninety One Retirement Annuity Fund

The Ninety One Retirement Annuity Fund provides investors with a tax-efficient way to save for their retirement and preserve benefits for retirement.

Who can invest?

- Natural persons with voluntary monies who wish to save for retirement.
- Natural persons transferring compulsory retirement savings from an employer's retirement fund, another retirement annuity, or a preservation fund.

Accessing the investment

The two-pot retirement regime was introduced on 1 September 2024. The new system allows members access to a small portion of their retirement savings before they retire, while preserving the remainder until retirement. To achieve this, various notional components within a member's retirement fund benefit/contract were created. These components are referred to as:

The Vested component | **The Savings component** | **The Retirement component**

- Members are able to withdraw from the Savings component once in a tax year.
- At retirement, a maximum of one-third of the Vested component, plus any remaining funds in the Savings component, can be paid out as a cash lump sum to the member, with the remaining value used to purchase an annuity (unless the value is less than the de minimis amount).
- Alternatively, up to the entire amount may be used to purchase an annuity. The member may retire any time from age 55.

Tax implications on contributions

Contributions are tax deductible as follows:

- Amounts contributed by an employer are taxed as fringe benefits and deemed to be contributed by the member.
- Amounts contributed in total to a pension fund, provident fund or retirement annuity limited to the lesser of:
  - R350 000
  - 27.5% of the greater of remuneration or taxable income
  - Taxable income excl. taxable capital gains
- Any excess contributions are carried forward.

Withdrawals

Withdrawals prior to retirement may be taken in the below circumstances:

- One withdrawal from the Savings component may be taken per tax year;
- If the total benefit is less than R15 000, it may be withdrawn;
- If the member is a non-SA tax resident for a continuous period exceeding 3 years, they may withdraw from the Retirement and Vested components; or
- If the member departs from South Africa at the expiry of a visa and is not regarded as a SA resident, they may withdraw from the Retirement and Vested components.

Taxation prior to retirement

Withdrawals from the Savings component are taxed at the member's marginal tax rate.

All other withdrawals before retirement are taxed in accordance with the **Withdrawal tax table**, set out below:

Taxable income	Tax
R0 – R27 500	0% of taxable income
R27 501 – R726 000	18% of taxable income above R27 500
R726 001 – R1 089 000	R125 730 + 27% of taxable income above R726 000
R1 089 001+	R223 740 + 36% of taxable income above R1 089 000

To calculate tax in respect of a withdrawal lump sum:

Step 1: Add current lump sum to all previous lump sums* and apply current withdrawal tax table to calculate tax.

Step 2: Add all previous lump sums* and apply current withdrawal tax table to calculate tax.

Step 3: Answer in step 1 minus answer in step 2 = tax payable on current lump sum.

*Only the following lump sums must be taken into account:

- retirement lump sums after 1 October 2007;
- withdrawals after 1 March 2009; and
- severance benefits after 1 March 2011.

Tax on investment growth

No income tax, capital gains tax or dividend withholding tax is levied within the fund.

Taxation at retirement

A maximum of one-third of the Vested component, plus any remaining funds in the Savings component, may be taken as a cash lump sum.

Retirement tax table

Taxable income	Tax
R0 – R550 000	0% of taxable income
R550 001 – R770 000	18% of taxable income above R550 000
R770 001 – R1 155 000	R39 600 + 27% of taxable income above R770 000
R1 155 001+	R143 550 + 36% of taxable income above R1 155 000

To calculate tax in respect of a retirement lump sum:

Step 1: Add current lump sum to all previous lump sums* and apply current retirement tax table to calculate the tax in step 1 and step 2.

Step 2: Add all previous lump sums* and apply current withdrawal tax table to calculate tax.

Step 3: Answer in step 1 minus answer in step 2 = tax payable on current lump sum.

*Only the following lump sums must be taken into account:

- retirement lump sums after 1 October 2007;
- withdrawals after 1 March 2009; and
- severance benefits after 1 March 2011.

On death

- Retirement funds are subject to Section 37C of the Pension Funds Act.
- Either a cash lump sum (subject to tax), an annuity or a combination of the two may be paid to the dependants and/or nominees.
- However, to the extent that a lump sum is paid, "excess contributions" may be subject to estate duty.

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