



OPTIMISING
YOUR FINANCIAL
PEACE OF MIND

FINANCIALLY FIT SERIES

LEAVING THE RETIREMENT FUND

A member normally exits a retirement fund on retirement, retrenchment, resignation, termination or death.

Recent changes in legislation now allows for pension and provident fund members to stay within their existing fund even if they change employers.

This brochure aims to outline the options that you should discuss with a CERTIFIED FINANCIAL PLANNER® before you finalise your exit decisions.

The five options are:

1. Leave your money where it currently is, (infund preservation);
2. Transfer your money to your new employer's pension / provident fund;
3. Transfer your money to a preservation fund;
4. Transfer your money to a retirement annuity fund;
5. Withdraw your money as cash.

Each one of these options has advantages, disadvantages and tax implications. Please review these on the next page and discuss with your financial adviser.

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EXIT OPTIONS

Infund Preservation	
Advantages	Disadvantages
Lower costs	Limited range of investment portfolio options.
You don't pay tax when you leave your money in the fund.	Only FULL withdrawal permitted (no part withdrawal).
You preserve your savings for your retirement.	Tax applicable on withdrawal.

Transfer to a Preservation Fund	
Advantages	Disadvantages
You preserve your savings for your retirement.	Having access to your money in an emergency could reduce your retirement savings.
You can make one full or part withdrawal if needed.	When you access your money you will pay tax.
No tax paid when you transfer the FULL amount.	You can't make additional contributions.
Wider range of investment portfolio options.	

Transfer to a Retirement Annuity Fund	
Advantages	Disadvantages
You preserve your savings for your retirement.	You cannot withdraw any money prior to age 55.
You don't pay tax when you transfer.	Potentially higher fees.
You can withdraw your money from age 55.	Limited to $\frac{1}{3}$ in cash at retirement.
You can make additional contributions.	
Wider range of investment portfolio options.	

Transfer to your new Employer's Pension/Provident Fund	
Advantages	Disadvantages
You preserve your savings for your retirement.	Limited range of investment portfolio options.
You don't pay tax when you transfer unless you transfer from a pension fund to a provident fund.	The full amount will be taxed if you transfer from a pension fund to a provident fund.
Potentially lower costs.	You can't access this money until you leave your new employer.

Withdraw Your Money as Cash	
Advantages	Disadvantages
Access to your retirement savings to spend it freely.	You will pay tax at the withdrawal tax rates.
	You have spent money intended to provide for your retirement.

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