



Dear Member

Since our previous communication, some of you may have heard about Government's proposal to delay the implementation of some parts of the Taxation Laws Amendment Act that were due to come into effect on 1 March 2016.

In his 2016 budget speech, Finance Minister Pravin Gordhan introduced The Revenue Laws Amendment Bill 2016, which will give effect to Cabinet's decision to postpone the annuitisation requirement for provident fund members for two years, to allow for further consultation with key stakeholders.

The changes to the tax deductibility for all funds will go ahead as planned, with effect from 1 March 2016.

What does this mean?

The postponement of the annuitisation requirement on retirement for at least two years affects all members of the Cape Joint Pension Fund. It means that for at least the next two years there will be no change to the way your benefits are paid at retirement. You will still be able to take your total savings in cash when you retire.

With effect from 1 March 2016, you can make a total tax-deductible retirement fund contribution of up to 27.5% of the greater of your remuneration or taxable income.

Your contributions will however be subject to an annual tax deduction limit of R350 000.

Members who contribute more than this limit will not be able to claim an immediate tax deduction for their excess contributions. All contributions in excess of the threshold can however be applied to reduce the tax payable on the lump sum amount accessed at retirement, and thereafter may be applied to reduce the taxable amount of your pension.

Despite the postponement of annuitisation to 1 March 2018, Government remains committed to the retirement reform principles announced in 2014.

Very simply, the aim of retirement reform is to make the retirement industry work better for members by improving governance, reducing costs and making it easier for YOU, the member to save more.

There is no need to panic!!!

Always remember to follow the golden rule to help you achieve a comfortable retirement:

Save as much as you can for as long as you can!!!

Our mailing address is: Cape Joint Pension Fund; Belmont Office Park; Twist Street; Bellville,7530

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