

SCENARIO 1



On 1 March 2021, Jabu is younger than 55. He will be retiring from the LA Retirement Fund in 15 years' time.

Jabu's retirement benefit will be paid on his retirement in 2036 as follows:

- Vested right:** His member share on 28/2/2021 plus growth to retirement amounts to R900 000 - Jabu can take the full amount of R900 000 as a cash lump sum and he will pay tax on this amount in line with retirement tax tables.
- Non vested right:** His new contributions from 1/3/2021 plus growth to retirement amount to R3 million - Jabu can take a maximum of R1 million (one-third) as a cash lump sum and will pay tax on this amount in line with retirement tax tables. The R2 million balance must be used to purchase a pension (An In-Fund Living Annuity from the Fund, a pension from a registered financial services provider or a combination of both **these options**).



SCENARIO 3

On 1 March 2021, Jabu is older than 55. He will be retiring from the LA Retirement Fund in 5 years' time.

Jabu's retirement benefit will be paid on his retirement in 2026 as follows:

Vested right:

His full member share at retirement amounts to R3 million - Jabu can take the full amount of R3 million as a cash lump sum and he will pay tax on this amount in line with retirement tax tables.

SCENARIO 2



On 1 March 2021, Jabu is younger than 55. He is currently a member of the ABC Provident Fund and on 1 March 2025 he transfers to the LA Retirement Fund and retires in 2036.

Jabu's retirement benefit will be paid on his retirement in 2036 as follows:

- Vested right:** His member share on 28/2/2021 in the ABC Provident Fund plus growth (in the ABC Provident Fund and the LA Retirement Fund) to retirement amounts to R900 000 - Jabu can take the full amount of R900 000 as a cash lump sum and he will pay tax on this amount in line with retirement tax tables.
- Non vested right:** His new contributions to the ABC Provident Fund from 1/3/2021 to his date of transfer in 2025 together with his contributions to the LA Retirement Fund from 2025 plus growth to retirement amount to R 1 300 000 - Jabu can take a maximum of R433 333 (one-third) as a cash lump sum and will pay tax on this amount in line with retirement tax tables. The R 866 667 balance must be used to purchase a pension (An In-Fund Living Annuity from the Fund, a pension from a registered financial services provider or a combination of both **these options**).



SCENARIO 4

On 1 March 2021, Jabu is older than 55. He transfers to the ABC Provident Fund on 1 April 2022 and retires in 2026.

Jabu's retirement benefit in the ABC Provident Fund will be paid on his retirement in 2026 as follows:

- Vested right:** His member share transferred to the ABC Provident Fund, including growth to retirement amounts to R3 million - Jabu can take the full amount of R3 million as a cash lump sum and he will pay tax on this amount in line with retirement tax tables.
- Non vested right:** His new contributions to the ABC Provident Fund from 1 April 2022 plus growth to retirement amounts to R300 000 - Jabu can take a maximum of R100 000 (one-third) as a cash lump sum and will pay tax on this amount in line with retirement tax tables. The R200 000 balance must be used to purchase a pension (An In-Fund Living Annuity from the Fund, a pension from a registered financial services provider or a combination of both **these options**).



Meet Jabu

He is a Local Authority employee

In all the above examples, should the value of the non-vested right at retirement be less than R 247 500 then Jabu has the option to take the full amount in cash.