

## DETAILS OF 1 MARCH 2015 CHANGE TO DEATH AND TOTAL AND PERMANENT DISABILITY STRUCTURING

In the event of your death, or approval for a total and permanent disability claim, the first R500 000 of your Fund Benefit is payable tax free, with a progressive scale shown below applying to any further amounts taken in cash. This is the same scale that applies at retirement.

Taxable amount	Rate of tax
The first R500,000	0%
Amount exceeding R500,001 but not exceeding R700,000	18% of the taxable amount exceeding R500,000
Amount exceeding R700,001 but not exceeding R1,050,000	R36,000 plus 27% of the taxable amount exceeding R700,000
Amount exceeding R1,050,001	R130,500 plus 36% of the taxable amount exceeding R1,050,000

**Any portion of the benefit that is paid as an annuity is not taxed**, but the monthly payments from the annuity will be taxed as income in the hands of the beneficiary, in the same way that your income will be when you retire. **In the event that you or your dependants elect to take more than R500 000 of the death or lump sum benefit in cash, rather than buying an annuity, the amount of the death or lump sum disability benefit will be reduced by the taxation that is paid.**

Some types of annuities that are available in the South African market are:

<b>Single Life Annuity:</b>	A monthly pension paid until your death
<b>Joint Life Annuity:</b>	A monthly pension that continues until your death and that of your spouse.
<b>Child Annuity</b>	A monthly pension that continues until age 18 or age 24 if studying
<b>Impaired Annuity</b>	An individually underwritten monthly pension that continues until your death and that of your spouse. The initial pension is linked to lifestyle and medical conditions, and if the annuitant is in poor health a higher pension may be paid. This type of pension might be suitable for some disability claimants.
For the above annuities, additional options are available: <ul style="list-style-type: none"> <li>• Guaranteed periods (up to 25 years) can be included. Where these are selected the monthly payments will continue to the end of the guaranteed period, regardless of how long the annuitant lives. The longer the guaranteed period, the lower the monthly annuity payments will be at inception.</li> <li>• You can select the level of future increases. The higher the annual increase selected, the lower the initial income will be.</li> </ul>	
<b>With profit annuities</b>	A monthly pension is paid that does not escalate by a fixed percentage, but in line with the investment performance of the portfolio paying the annuities. These annuities can be purchased on a single or joint life basis.
<b>Inflation-Linked Annuity</b>	A monthly pension that is guaranteed to keep up with inflation. Increases are based on the inflation rate for the preceding year. As you would expect, these are relatively expensive annuities.
<b>Living Annuity</b>	A living annuity pays a monthly pension that set at between 2,5% and 17,5% annually of the capital sum invested, after consultation with the member. The pension can be paid partly from returns and partly from capital. On death a named beneficiary (possibly the spouse) can elect to continue to receive income from the living annuity, or to take a cash lump sum, after payment of taxation.

As you can see, there are many types of annuities available to suit individual needs. There are also many insurers who offer annuity products, so cost comparisons can be made. A financial advisor will discuss yours or your family's needs, and then make a recommendation about what types of annuity will be best. After that quotations are obtained from registered insurers.

Once a decision is made, a policy document will be drafted that sets out the terms of the annuity and monthly payments will begin.