

## RETIREMENT ANNUITY FUND WITHDRAWAL INSTRUCTION



### BEFORE YOU WITHDRAW

Make an informed decision:

- Please consider the tax implication of your decision. You may request a tax simulation by completing the '[SARS tax directive simulation request](#)' form which will give you an estimated tax liability. If you submit the simulation form at the same time as this instruction, your instruction will not be valid unless you accept the simulation response within 2 business days. The eventual tax directive may differ from this simulation.
- Refer to our [Product Range brochure](#) if you need to review the rules of this product.

Consider getting financial advice:

- Allan Gray does not provide financial advice. However, we believe in the merits of good independent advice.
- If you are not comfortable making your own investment decisions, consider using the services of an independent financial adviser (IFA). To locate an IFA in your area, refer to the '[Find an independent financial adviser](#)' section of our website.



### ADDITIONAL INFORMATION

- This withdrawal will apply to all your investment accounts related to the Allan Gray Retirement Annuity Fund.
- You may only withdraw from the Fund if:
  - The total investment value of all your Allan Gray Retirement Annuity investment accounts is less than R7 000 and you're not contributing to the Fund anymore, or
  - If you have emigrated from South Africa and your emigration has been approved and recognised by the South African Revenue Services and the South African Reserve Bank, or
  - If you are a non-resident who has left South Africa because your work or visit visa has expired, as contemplated in the Income Tax Act.
- Units bought with a direct debit or debit order can only be withdrawn after 32 business days and cheque deposits after 14 days.
- The withdrawal amount you will receive is the market value of all your investment accounts, less fees, charges and any tax due to SARS.



### COMPLETE THE FORM, AGREE TO CONDITIONS OF MEMBERSHIP & SEND DOCUMENTS

- Complete all the information on the form to ensure that there is no delay in processing your withdrawal.
- Are you representing the investor? Complete the '[Acting on behalf of investor](#)' form, if not previously provided.
- Read and agree to the [Conditions of Membership](#) of your investment.

Send us the documents listed below:

Email: [instructions@allangray.co.za](mailto:instructions@allangray.co.za) or Fax: 0860 000 655 or +27 (0)21 415 2492

- ☐ Completed 'Retirement Annuity Fund withdrawal instruction' form
- ☐ Proof of your bank details (e.g. cancelled cheque or bank statement), if not previously provided
- ☐ Any related instructions (e.g. 'Acting on behalf of investor' form) and supporting documents for those forms
- ☐ For a list of documents that you will need to submit as proof of your emigration or expiry of your visa, please contact our Client Service Centre.



### CUT-OFF TIMES

Please note that if instructions and documents are received:

- Before 14:00 on a business day, we will start processing on that day.
- After 14:00 on a business day, we will start processing on the next business day.
- On a weekend or public holiday, we will start processing on the next business day.



### WHAT HAPPENS NEXT?

- Once we receive your withdrawal instruction and all required documents, we will apply for a tax directive from SARS which may not be cancelled or altered.
- We will disinvest the units in your investment accounts and invest them in the Allan Gray Interest Bearing Fund to facilitate obtaining a tax directive from SARS.
- You will receive communication once we have processed your instruction.
- You can track the progress of your instruction online via your Allan Gray Online account.



Contact us if you need help:

Call 0860 000 654 between 07:30 - 17:30 (Mon - Fri) or Email: [info@allangray.co.za](mailto:info@allangray.co.za)

The Allan Gray Retirement Annuity Fund's registration number is 12/8/0037186/R and the tax approval number is 18/20/41566. Allan Gray Investment Services Proprietary Limited, an approved fund administrator and authorised administrative financial services provider, is the Administrator.

### 3. Provide us with your bank account details

Please provide us with your personal bank details. We make all payments electronically to a South African bank account in your name. We will not make any payments to credit cards, market-linked accounts or third-party bank accounts.

Name of account holder		
Name of bank		
Branch code		
Account number		
Type of account	Current/Cheque <input type="checkbox"/>	Savings <input type="checkbox"/>

### 4. Cash lump sum payments and tax information

- The cash lump sum is subject to a tax directive issued by SARS. Allan Gray is required to deduct tax before making payment.
- Once we have applied for a tax directive it cannot be cancelled.
- The following section covers instances that may qualify as an allowable deduction from your cash lump sum for tax purposes.
- Please note that Allan Gray cannot confirm or guarantee what information will be taken into account or accepted by SARS.
- We strongly encourage you to refer to the attached document '[Lump sum payments and tax directives](#)' for more information about the tax implications.

#### Excess contributions

Excess contributions are contributions made to a retirement fund which were not deductible for tax purposes because the amount exceeded the annual allowable deduction in the year it was made.

Total excess contributions made by you to a provident fund before 1 March 2016:

R

Total excess contributions to all retirement funds made before and after 1 March 2016 (excluding the above contributions):

R

Please note that SARS may require proof of these contributions in the form of a copy of your latest ITA34 (Notice of Assessment) from SARS. If you have made contributions to a provident fund before 1 March 2016, you may need to attach copies of your IRP5s which indicate these contributions per tax year.

#### Public sector information

Contributions made to the Government Employees Pension Fund or another public sector fund before 1 March 1998 are regarded as tax-free and can be offset against the lump sum benefit. The pre-1 March 1998 tax-free portion is only applicable when the benefit was transferred directly to Allan Gray from a public sector fund (on or after 1 March 2006), or the benefit was transferred twice: from a public sector fund to another retirement fund and thereafter to Allan Gray after 1 March 2018.

Period you were a member of the public sector fund:

Date from  Date to

Amount contributed to the public sector fund for the above period of membership R

Date the amount was transferred from the public sector fund

Was the above benefit received by Allan Gray directly from the public sector fund? Yes ☐ No ☐

If no, please provide us with the date of the transfer from the first approved fund to Allan Gray

The information above must agree with the information which was provided by the transferring fund to the Allan Gray.

## 5. Member declaration

- The information provided in this form is accurate.
- I authorise the Fund to pay proceeds as per the instructions contained in this form, subject to the rules of the Fund and applicable legislation.
- I have not received advice from the Administrator regarding this instruction.
- I authorise the cancellation of my current debit order instruction.
- I have read, understood and agree to the relevant and latest Conditions of Membership which I understand may have changed since my original investment.
- I understand the options available to me, have read the '[Lump sum payments and tax directives](#)' document and declare that the bank details in section 3 are my personal bank account details.

Signature of member/Authorised signatory \_\_\_\_\_ Date 

D	D	M	M	Y	Y	Y	Y
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Print full name \_\_\_\_\_

## Lump sum payments and tax directives

When an individual requests a tax lump sum from a retirement product or living annuity, we are obliged to deduct tax to pay over to the South Africa Revenue Service (SARS) before the amount is paid. SARS instructs how much tax must be deducted from the lump sum in the form of a 'tax directive'. Tax directives are not reversible, so it is important to understand the process and implications before going ahead.

### A. Who is regarded as an individual?

Depending on the product and instruction type, the term 'individual' refers to:

- A member (i.e. an investor in the Allan Gray Pension Preservation, Provident Preservation, Retirement Annuity, or Umbrella Retirement Fund)
- A non-member spouse (i.e. the member's ex-spouse)
- An annuitant (i.e. an investor in the Allan Gray Living Annuity)
- An executor of an estate (i.e. the person appointed by the Master of the High Court to handle the deceased member's estate)

### B. Why do we apply for a tax directive?

We are legally required to apply for a tax directive before making a lump sum payment from the following products:

- Allan Gray Pension Preservation Fund
- Allan Gray Provident Preservation Fund
- Allan Gray Retirement Annuity Fund
- Allan Gray Umbrella Retirement Fund
- Allan Gray Living Annuity

We are also required to apply for a tax directive for transfers between retirement funds and full transfers to a living annuity, even though these transfers may be tax neutral (i.e. 0% tax).

### C. When do we apply for a tax directive?

We will start the application process as soon as we receive one of the following:

- A withdrawal instruction
- A retirement notification
- An instruction from a beneficiary relating to the allocation of a death benefit
- An instruction from an individual relating to a divorce order
- A transfer instruction

Once we have received the instruction, we are required to apply for the tax directive. SARS deems the taxpayer as being entitled to the lump sum amount when we receive a completed instruction form. This means it's important to understand and carefully consider the tax implications of this decision before submitting an instruction.

### D. How long does it take SARS to issue a tax directive?

We will apply for a tax directive as soon as we receive the instruction and supporting documents. Although it usually takes SARS two business days to issue a tax directive, there are instances where we have to apply for a tax directive manually. Manual tax directives take a minimum of 21 business days to be issued.

### E. Does SARS take previous lump sum payments into account when issuing a tax directive?

Yes. SARS takes all previous taxable withdrawal and retirement lump sums and severance benefits received into account when issuing a tax directive. These include:

- All retirement lump sum benefits (this includes death benefits\* and cash lump sum withdrawals from a living annuity that do not form part of the regular annuity income payments) accruing from 1 October 2007
- All withdrawal lump sum benefits accruing from 1 March 2009
- All severance benefits accruing from 1 March 2011

\*When an individual dies, the cash lump sum that the beneficiary chooses to take is regarded as a retirement lump sum benefit and is taxed in the hands of the deceased individual.

To obtain a tax estimate requires a holistic understanding of an individual's previous lump sum payments. It is advisable to consult a tax practitioner or contact SARS to establish the probable tax impact before deciding to take a cash lump sum. Alternatively, an individual may request a simulation by submitting a completed SARS Tax Directive Simulation Request form to Allan Gray which will provide an estimated tax liability on the cash lump sum. See below for more details with regards to the SARS Tax Directive Simulator.

## F. What is the SARS Tax Directive Simulator?

The SARS Tax Directive Simulator enables the fund administrator or insurer (Allan Gray) to request a simulation of the tax directive result before submitting the actual directive, in order to determine the estimated tax liability on the retirement or withdrawal lump sum benefit. This will assist the member, non-member spouse or beneficiary in making an informed decision.

It is important to note that the tax directive simulation result is based on the information which exists on the SARS system when the simulation is requested. Therefore, the tax amount when the actual tax directive is requested may differ from the simulation request if additional actual directive requests are received after the simulation response was issued and before the actual directive is processed. The simulation request will not take into account any other simulation requests.

The individual will not be compelled to proceed with an exit (retirement or withdrawal) instruction once the results of the simulation have been received. The simulation response must be accepted within 2 business days of receipt in order to proceed with the exit.

SARS will indicate whether or not there are outstanding taxes (IT88L) on record, but the actual outstanding tax amounts will not be displayed on the Tax Directive Simulation response. The outstanding tax amounts will only be available when the actual directive is processed.

## G. How is the tax on withdrawal lump sum benefits calculated?

Withdrawal lump sum benefits are taxed according to the rates shown in Table 1. The first R25 000 of a withdrawal lump sum is taxed at 0%. This is a once-off concession for the duration of the individual's life and applies across all of the individual's retirement funds (including those from Allan Gray and other third-party fund providers).

**Table 1: Withdrawal tax table**

Taxable income from lump sum benefits	Rate of tax
R0 - R25 000	0% of taxable income
R25 001 - R660 000	18% of taxable income above R25 000
R660 001 - R990 000	R114 300 + 27% of taxable income above R660 000
R990 001 and above	R203 400 + 36% of taxable income above R990 000

## H. How is the tax on retirement lump sum benefits calculated?

Retirement lump sum benefits (including death benefits from retirement funds and living annuities), severance benefits and withdrawals from living annuities that are below the prescribed limits, are taxed according to the rates shown in Table 2. The first R500 000 of such a lump sum is taxed at 0%. This is a once-off concession for the duration of the individual's life and applies across all of the individual's retirement funds (including those from Allan Gray and other third-party fund providers).

**Table 2: Retirement tax table**

Taxable income from lump sum benefits	Rate of tax
R0 - R500 000	0% of taxable income
R500 001 - R700 000	18% of taxable income above R500 000
R700 001 - R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 and above	R130 500 + 36% of taxable income above R1 050 000

## I. Deciding to withdraw or retire from an Allan Gray preservation fund

Members of the Allan Gray Pension Preservation Fund and the Allan Gray Provident Preservation Fund are allowed a once-off partial or full withdrawal before retirement (assuming there aren't any restrictions from the transferring fund). Pre-retirement withdrawals from a preservation fund reduce the tax-free amount available at retirement and result in the retirement benefit being taxed at a higher rate. As there are different tax implications for withdrawal and retirement lump sums, members over the age of 55 who have not yet taken a once-off withdrawal are encouraged to carefully consider the potential tax implications of each option before making a decision. If the individual has transferred into a preservation fund from a pension or provident fund after retirement age, they will not be entitled to a once-off withdrawal from the transferred amount (including growth), unless they have emigrated or left South Africa as their working or visit visa expired.

## J. Can the tax payable on a lump sum benefit be reduced?

Yes. The tax payable on a lump sum benefit can be reduced if the individual:

- **Contributed to the Government Employees' Pension Fund (GEPF) or another public sector fund before 1 March 1998**

Contributions made to the GEPF or another public sector fund before 1 March 1998 are regarded as tax-free and can be offset against the lump sum benefit. The pre-1 March 1998 tax-free portion is only applicable in the following instances:

- The benefit was transferred directly to Allan Gray from a public sector fund (on or after 1 March 2006), or
- The benefit was transferred twice: from a public sector fund to another retirement fund and thereafter to Allan Gray after 1 March 2018.

- **Contributed in excess of the deductible amount (as determined by legislation at the time of contribution)**

Contributions that exceeded the deductible amount, i.e. excess contributions, can be offset against the lump sum benefit. To do this we will need to be provided with a schedule of the contributions per year and/or a copy of the ITA34 which reflects these excess contributions. We will need to apply for a manual tax directive, which will take a minimum of 21 business days to be issued.

## K. What happens if a tax directive is rejected?

If any of the details on the application for a tax directive do not match the information SARS has on record, they will reject the application. This often happens if an individual receives a new ID number (i.e. where the last three digits have changed) and fails to inform SARS or us. We will not be able to proceed with the lump sum payment and will only be able to re-apply for a new directive once the issue has been resolved directly with SARS.

## L. Can a tax directive be cancelled?

No. Once we have submitted an application to SARS for an actual tax directive it cannot be cancelled. This is a SARS requirement to prevent individuals from using the tax directive system to obtain tax estimates. As a tax estimate requires a holistic understanding of previous lump sum payments, it is advisable to consult a tax practitioner or contact SARS before deciding to take a cash lump sum, or to submit a completed SARS Tax Directive Simulation Request form (see section F).

## M. What if there is a tax dispute?

Tax disputes will need to be taken up with SARS directly. It is important to note that tax legislation requires us to deduct tax according to the tax directive and pay it to SARS regardless of whether or not the dispute has been resolved.