

Using Retirement Annuities to Plan Your Retirement

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The Home of Exchange Traded Funds®

What Are RAs?

- **Retirement savings in your own name** – you choose and have full control on:
 - The date of your retirement – any time after 55
 - Your retirement investments – 5 portfolios to choose from
 - How much and when you contribute to your RA annuity
 - You have final choice in your annuity options at retirement
- **Tax deductibility**
 - 27,5% of your taxable income can be tax deductible if paid into a RA fund
 - Subject to a maximum of R350k per annum, but if this is more than 27,5%, you can carry forward for deduction in the next tax year



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What Are RAs? (continued)

- All interest and dividends received in the RA portfolio are not taxed.
- Portfolio changes incur no CGT
- RAs do not form part of your **estate**
 - No Estate Duties
 - No Executor Fees
 - No delay in passing on assets to beneficiaries
 - You can move assets into a RA to save on Estate Duties (R200 000 for each R1 million left to beneficiaries)
- RAs can be opened at any time or age, to take advantage of their tax benefits



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The Coming "Two Pot" Retirement System

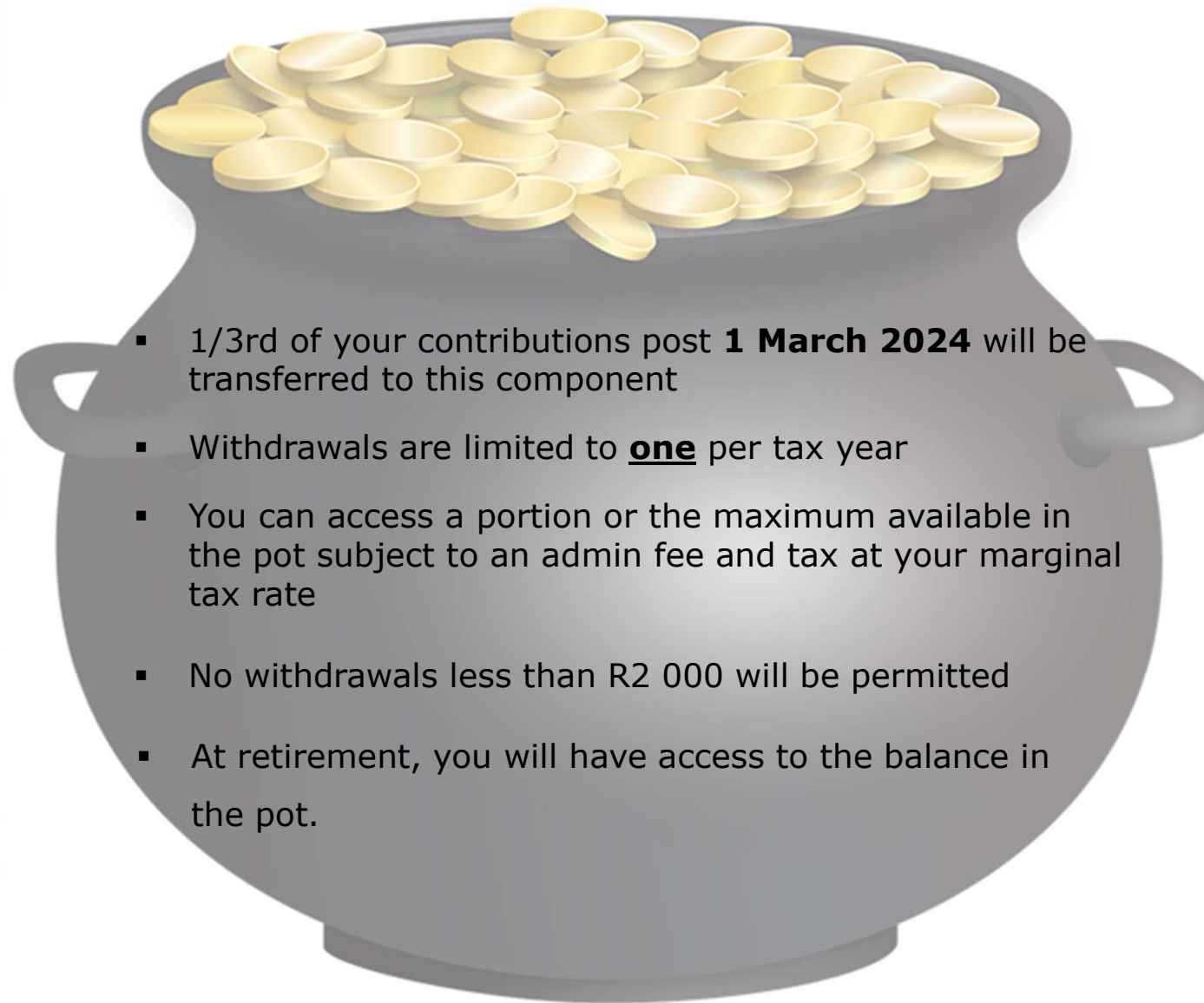
- Bill proposed by the Government to enforce retirement preservation while also providing access to a portion of the retirement funds
- Applies to all retirement funds
- Scheduled to take effect on 1st March 2024
(Treasury plans to postpone to 1 March 2025)



VESTED COMPONENT

- 
- 10% or a maximum of R25 000 will be transferred to the savings component
 - Accessibility allowed at 55 years or older
 - You will be allowed 1/3rd cash and 2/3rd to buy a post retirement product (life or living annuity product)

SAVINGS COMPONENT



- 1/3rd of your contributions post **1 March 2024** will be transferred to this component
- Withdrawals are limited to **one** per tax year
- You can access a portion or the maximum available in the pot subject to an admin fee and tax at your marginal tax rate
- No withdrawals less than R2 000 will be permitted
- At retirement, you will have access to the balance in the pot.



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RETIREMENT COMPONENT



- 2/3rd of your contributions post **1 March 2024** will be transferred to this component
- Funds in this component will be used to purchase a life/living annuity product that will provide you with an income at retirement.



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WHAT CHANGES POST TWO POT SYSTEM?

	CHANGE	NO CHANGE
Contributions	<ol style="list-style-type: none"> Contributions received from 1st March 2024 will be split into the savings and retirement component Any excess contributions will be allocated to the retirement component 	Current contribution limits of 27.5% or a maximum of R350 000 of taxable income per financial year
Retirement age		55
Accessibility	When leaving an employer (whether resignation, retrenchment etc.), there will be forced preservation therefore no access to the retirement savings	
Transfers	<p>The transfer will be actioned per component:</p> <p>Old vested component → New vested component</p> <p>Old savings component → New savings component</p> <p>Old retirement component → New retirement component</p>	You can still do transfers from one FSP to another, with no tax implications
Divorce	Each pot will be proportionally reduced as per the divorce decree	
Tax	Any withdrawal will be taxed at your marginal tax rate (maximum tax rate = 45%) and not according to the withdrawal tax table (maximum tax rate = 36%)	Retirement lump sums will be taxed according to the retirement tax table.



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EXAMPLE 1

Jessica is 42 years old and has a pension fund valued at R700 000 and contributes R12 000 per month:

Contributions before
1 March 2024



10% or R25 000 transferred to savings on **29 February 2024**

1 third
R4 000



Contributions from
1 March 2024

R12 000

2 thirds
R8 000



Important points to remember:

1. At retirement, the balance in your savings component will be the only cash lump sum available to you
2. Funds in your retirement component will be used to purchase a life or living annuity product
3. You can also retire from your vested component, you allowed 1/3rd cash (R225 000) and 2/3rd used to purchase a life/living annuity product (R450 000)



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RA Fund Portfolio Returns

Total Investment Returns (with dividends reinvested)					
Portfolio	Type	Investment Strategy	Investment Returns		
			1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)
Wealth Protector	Cash	Short-term money market	8,4%	5,8%	6,3%
Wealth Conservator	Income	Bonds, high yielding equities, cash	8,3%	6,3%	4,9%
Wealth Builder	Balanced (conservative)	Equities, bonds, property, alternatives	10,6%	6,5%	4,9%
Wealth Enhancer	Balanced (more aggressive)	Equities, bonds, property alternatives	8,5%	4,4%	4,7%
Wealth Default		Fixed asset allocation	17,4%	10,6%	9,0%

Source: etfSA RA Fund Fact Sheets (September 2023).



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etfSA RA Wealth Default Portfolio

TRI Periodic Performance Data as at 30 September 2023

Fund Name	Performance Period: 30 Sep 2020 to 30 Sep 2023			
	3 Months	6 Months	1 Year	3 Years (% p.a.)
10X Moderate Fund P	-0,76%	2,18%	13,85%	
Absa Multi Managed Core Accumulation Fund C	-0,69%	2,88%	13,41%	8,54%
10X OUTstable index Fund O	-0,79%	2,78%	14,83%	9,40%
FNB Moderate Fund of Funds B1	-1,05%	0,78%	12,40%	9,82%
Sygnia CPI +4% Fund B	-0,76%	1,26%	13,18%	9,74%
Sygnia Skeleton Balanced 60 Fund A	-0,47%	1,44%	13,80%	9,29%
Index Tracking Peer Group Avg – SA MA Medium Equity	-0,75%	1,89%	13,58%	9,36%
etfSA Wealth Default	-2,66%	1,91%	17,44%	10,59%

Source: Funds Data (September 2023).



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etfSA RA Wealth Enhancer Portfolio

TRI Periodic Performance Data as at 30 September 2023

Fund Name	Performance Period: 30 Sep 2020 to 30 Sep 2023			
	3 Months	6 Months	1 Year	3 Years (% p.a.)
10X OUTstable index Fund O	-1,44%	0,11%	16,09%	12,93%
10X Wealth Accumulation Fund A	-1,34%	1,29%	16,64%	12,64%
10X Your Future Fund P	-1,21%	2,24%	16,48%	
Invest High Equity Passive Balanced Fund of Funds A	-1,70%	0,63%	13,76%	11,16%
Absa Multi Managed Core Growth Fund C	-0,80%	3,19%	15,62%	10,02%
FNB Core Balanced Fund A	-1,94%	0,46%	11,71%	
FNB Growth Fund of Funds B1	-1,43%	0,50%	14,17%	10,55%
FNB Multi Manager Balanced Fund A2	01,9%	0,38%	9,71%	12,24%
Nedgroup Investments Core Accelerated Fund B	-1,46%	2,21%	14,88%	13,35%
Nedgroup Investments Core Diversified Fund B	-1,27%	1,75%	13,88%	11,82%
Satrix Balanced Index Fund A2	-1,96%	0,98%	11,66%	11,78%
Satrix Multi Asset Passive Portfolio Solutions Growth ETF	-2,87%	-3,85%	11,17%	8,39%
Sygnia Skeleton Balanced 70 Fund !	-0,82%	1,05%	14,64%	9,84%
Index Tracking Peer Group Avg – SA MA High Equity	-1,39%	0,84%	13,88%	11,34%
etfSA Wealth Enhancer	-1,26%	1,59%	8,48%	4,44%

Source: Funds Data (September 2023).

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- Preservation Pension and Preservation Provident Funds
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Discretionary / Tax-free : Investor Hub

RA Funds

Living Annuity Funds

Portfolio Management Service

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