

Dear Advisor

April 2013

TRANSFERS BETWEEN RETIREMENT FUNDS

Advisor Notice 14 refers. In terms of the Taxation Laws Amendment Act of 2011, which was promulgated on 10 January 2012, the following transfers between retirement funds are allowed on a tax neutral basis, effective 01 March 2012:

- Provident Fund into a Pension Fund or Pension Preservation Fund
- Provident Preservation Fund into a Retirement Annuity Fund
- Pension Preservation Fund into a Retirement Annuity Fund.

Please take note of Retirement Fund Practice Note (RF1/2012) regarding the transfer from a Preservation Fund to a Retirement Annuity Fund:

“It should be noted that if an amount is transferred before the promulgation of the Taxation Laws Amendment Bill of 2012, the transfer will be tax-neutral. However there is a risk that the benefit might be regarded as the member’s once-off withdrawal if the legislation is not promulgated with retrospective effect.”

Simply stated, this indicates that should the Taxation Laws Amendment Bill of 2012 not be promulgated with retrospective action (backdated), and the transfer from Preservation Fund to Retirement Annuity takes place before the promulgation of this Bill, it will still qualify as tax-neutral, BUT the transfer might still run the risk of being considered as the member’s allowable once-off withdrawal.

However, it is important to keep in mind that our (PSG’s) fund rules have not yet been amended to provide for the above transfers. We are in the process of making the necessary amendments and acquiring approval from the FSB. Until further notice, please be aware that only the following transfers are allowed:

Transfers Out	
From	To
Retirement Annuity Fund	Retirement Annuity Fund
Preservation Provident Fund	Preservation Provident Fund
Preservation Pension Fund	Preservation Pension Fund

Transfers In	
From	To
Retirement Annuity Fund Preservation Provident Fund Preservation Pension Fund Provident Fund Pension Fund	Retirement Annuity Fund
Preservation Provident Fund Provident Fund	Preservation Provident Fund
Preservation Pension Fund Pension Fund	Preservation Pension Fund

Should you have any enquiries, please contact your PSG Product Specialist or one of our Client Service Consultants on 0800 117 180 or clientservice@psg.co.za.

Kind regards



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