

February 2015

Dear Adviser

CHANGE IN PROCESS IN RESPECT OF TRANSFERS FROM A PRESERVATION FUND TO ANOTHER FUND

Following discussions between the South African Revenue Service ("SARS") and the Financial Services Board ("FSB"), we can confirm having been advised by the FSB of the revised approach to all transfers out of a Preservation Fund to Another Fund.

SARS has stated that a transfer from a Preservation Fund to Another Fund is an accrual event for tax purposes in the hands of the member and as such a tax directive must be applied for.

In light of the above, the section 14 process will no longer apply.

The following process will be implemented with effect from 1 March 2015:-

- A recognition of transfer between the transferor and transferee funds must be completed;
- A tax directive from SARS must be applied for, approving the transfer.

The FSB is in the process of revising Directive 6 which will detail the above-mentioned changes.

Breakdown of process to be followed:

From	To	New Instruction Process Type
Pension Preservation Fund	Pension Fund	Recognition of Transfer
	Pension Preservation Fund	Recognition of Transfer
	Retirement Annuity Fund	Recognition of Transfer
Provident Preservation Fund	Pension Preservation Fund	Recognition of Transfer
	Provident Fund	Recognition of Transfer
	Provident Preservation Fund	Recognition of Transfer
	Retirement Annuity Fund	Recognition of Transfer

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

We thank you in advance for your cooperation and continued support.

Kind regards



Chris Swart
Head of Operations



Shreekanth Sing
Principal Officer