

# Preservation funds



Preservation funds are suitable if you already have retirement savings from an employer's retirement fund and you want to preserve these savings on leaving the employer. Before reaching retirement, whenever you have the option to withdraw from an employer's approved pension or provident fund, you can transfer your withdrawal benefit to a Preservation Pension Fund or Preservation Provident Fund.

## CONTRIBUTION

Transfers from your existing employer's retirement fund. The transfer value will NOT be taxed. Current legislation provides that non-members may also transfer their portion of the pension interest allocated by a divorce order to a preservation fund.

## WITHDRAWAL

One withdrawal option (up to 100% of fund value) is allowed before retirement or upon disability. Tax will be levied on the amount according to the retirement withdrawal tax tables.

## DEATH

Fund trustees will determine to whom benefits will be distributed and in what proportion, taking into account your nominations. Beneficiaries have the option to commute the investment or a portion thereof and to transfer the remainder of the underlying value (if any) to a compulsory annuity. Lump sums and annuity benefits are free of estate duty.

## INVESTMENT OPTIONS

With the help of the financial advisor, a fund selection, suitable to the client's risk profile, will be structured and managed.

The client has a full selection of fund managers that range from collective investments to direct equity funds. Funds will have to comply with regulation 28\*. Underlying funds can be switched during the term of the investment.

## TAX

At retirement, if you decide to commute a portion of the underlying investment as a lump sum, you may pay tax on a portion of the lump sum, according to the stipulations of the Income Tax Act that apply at the time. For more information, please contact your financial intermediary.

## FEES

Administration fees  
Asset management fees for managing the investments  
Financial intermediary fees (negotiable with your intermediary)

## RETIREMENT OPTIONS

**Preservation Pension Fund:** Members may receive up to a third of the investment as a lump sum, from which tax will be deducted. The remainder of the investment must be used to purchase a compulsory annuity.

**Preservation Provident Fund:** Members may take up to 100% of the vested investment as a lump sum, from which tax will be deducted. Any remaining portion must be used to purchase a compulsory annuity.

For more information, refer to quotation, advice record and product contract

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*This information must not be regarded as advice. Before any decision is taken, please discuss the product with your broker or financial advisor.*

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Financial  
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