

## Urgent Notice – May 2016

Dear Human Resources Officers

### **SARS will be taxing members' retirement benefit as a resignation if they retire before the age of 55!**

Please note that even though the Rules of the CRF allows members to retire from 50 years old, SARS does not recognise this as a retirement, but as a resignation and members' benefit could potentially be taxed heavily if they decide to take their benefit as a lump sum before the age of 55.

If you are aware of members who are already in the process of retiring and younger than 55 years of age, please advise them to contact Efficient Wealth (EFW) or their financial advisor immediately to discuss their financial future or call the Fund on 021 943 5306.

Please see the table below on how members will be taxed if they retire before the age of 55:

Taxable Income (R)	Rate of Tax (R)
0 – 25 000	0%
25 001 - 660 000	18% of taxable income above 25 000
660 001 - 990 000	114 300 + 27% of taxable income above 660 000
990 001 and above	203 400 + 36% of taxable income above 990 000

Should a member retire at 55 years of later, you can see the difference in taxation below:

Taxable Income (R)	Rate of Tax (R)
0 – 500 000	0% of taxable income
500 001 - 700 000	18% of taxable income above 500 000
700 001 – 1 050 000	36 000 + 27% of taxable income above 700 000
1 050 001 and above	130 500 + 36% of taxable income above 1 050 000

Contact Details: P.O. Box 4300, Tyger Valley, 7536 • Tel: 021 943 5306  
Fax: 021 917 4115 • Email: support@crfund.co.za • Website: www.crfund.co.za

Consolidated Retirement Fund for Local Government Registration Number: 12/8/32689/2

The Consolidated Retirement Fund for Local Government does not accept liability for any loss, damage or expense that may be incurred as a direct result or consequence of reliance upon the information in this document. If there is any conflict between the information in this document and the actual Rules of the Fund, the actual Rules of the Fund will prevail.

Any contributions received prior to March 1998 will still be considered as a tax fee benefit as per Formula C.

Remember, preservation is the key to keeping members' retirement benefit for when they need it most – please encourage members who want to exit the service of their Employer before the age of 55, to please consider deferring their benefit in the CRF until the age of 55. Again, we advise members to speak to their financial advisor before making a decision in this regard.

With kind regards  
Your Consolidated Retirement Fund Communication Team

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Board of Trustees: Mr SA Mokweni (Chairman), Mr AJ Smith (Deputy Chairman), Mr JP Beukman, Ms HA Cawood, Cllr AP Gqabi, Cllr. IR Iversen, Mr TA Loko, Cllr PJF Louw, Cllr C Meyer, Mr AM Owen, Mr ET Scott, Mr WW van Gass, Mr JJ Wagner

Principal Officer: Mr Kobus Sadie

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