



## An alternative to in-fund preservation Sanlam Plus Preservation Fund

**Research shows that a small percentage of South Africans can afford to retire. So, when an employee leaves their place of employment (but does not retire), it is important to give them every opportunity preserve their retirement savings, whether it is in-fund or through a preservation fund.**

Although the Default Regulations allows a member to preserve their retirement savings in the fund to which they belonged at the time of terminating employment, this option does come with it's own set of limitations:

- ④ **Partial withdrawals.** Employees can't make partial withdrawals from an occupational fund at termination. They can only preserve their entire benefit.
- ④ **Consolidation.** If a member has multiple retirement funds and wishes to use the combined fund credit to purchase an annuity, the various funds cannot be consolidated in an occupational fund. It has to be a preservation fund.
- ④ **Data sharing limitations.** Most occupational funds do not have the appetite or ability to share member data with information platforms utilised by financial advisors. Preservation funds are more likely to share data with these platforms.
- ④ **Tax burden.** The benefits of phased retirees in an occupational fund, forced to transfer, for example, as a result of conversion from a stand-alone fund to an umbrella fund, will be taxed as a withdrawal benefit instead of a retirement benefit.

These pitfalls can be avoided by transferring to a preservation fund.

## Sanlam Plus Preservation Fund benefits

- ④ Fund members can avoid paying tax upon transfer of a lump sum from a pension / provident fund.
- ④ They can grow their savings tax-free.
- ④ Can make one pre-retirement withdrawal.
- ④ Highly competitive cost structure, with no initial fees or exit penalties.
- ④ Leading-edge administration platform.
- ④ Excellent governance structures.
- ④ Investment menu allowing a wide selection of investment choices.
- ④ Transparency and integrity.

## Unique Features

- ④ The backing of Sanlam's financial muscle.
- ④ An excellent track record.
- ④ A sustainable offering in the light of environmental and Government priorities to reform the South African retirement fund industry.

**For further information please contact your Client Relations Manager**