

## 2. Purchase of different types of annuities at retirement

The South African Revenue Service (SARS) has published Binding General Ruling 58 (“the ruling”) on the purchase of different types of annuities at retirement. SARS General Notes 18 and 18A previously set out the requirements in respect of annuities purchased on the retirement of a member of a retirement fund. General Notes 18 and 18A were withdrawn on 26 February 2021, which created uncertainty with regard to the requirements applicable to such annuities. The purpose of the ruling is to resolve this uncertainty.

The ruling confirms that the rules of retirement funds may provide for:

- the retirement fund paying the annuity directly;
- purchasing the annuity in the name of the retirement fund;
- purchasing the annuity in the name of a retiring member; and
- any combination of the above methods.

The ruling further confirms that multiple annuities of each of the above annuity types may be provided for in the rules of the fund.

It is further confirmed that an annuity provided on retirement may not be transferred, assigned, reduced, hypothecated or attached by creditors and must be compulsory, non-commutable, payable for and based on the lifetime of the retiring member.

The ruling applies from 26 February 2021, being the date of the withdrawal of General Notes 18 and 18A.