

Changes to retirement funds

The National Treasury has introduced the tax treatment harmonisation of retirement contributions, coming into effect on 1 March 2016. Investors in a Retirement Annuity will be affected by the new changes in this manner:

	Currently	From 1 March 2016
Contributions	You may deduct up to 15% of your non-pensionable income on contributions to a retirement annuity (RA)	You may deduct up to 27.5% of your remuneration or taxable income (whichever is greater between the two) on all contributions to retirement funds , combined
Limits	Any excess contributions may be carried forward to future tax years, subject to limits applicable in those subsequent years	Your overall tax deduction is subject to an annual limit of R 350 000 . Any excess contributions may be carried forward, subject to limits applicable in those subsequent years
At retirement	In an event that your total retirement benefit is equal to or less than R 75 000 , the full retirement benefit may be taken as a cash lump sum subject to tax	In an event that your total retirement benefit is equal to or less than R 247 500 , the full retirement benefit may be taken as a cash lump sum subject to tax