tourism,
hospitality
& catering
retirement fund

thacsa

A life of service
deserves a service for life

Thacsa Help Desk
Tel: 0860 22 22 88 | Fax: 021 449 5882 | Email: info@thacsa.co.za
Fund Registration Number: 12/8/20517

Physical Address: Thacsa Pension Fund, 1 Adderley Street
8th Floor, Paul Sauer Building, Cape Town, 8001

Postal Address: P O Box 836, Cape Town, 8000

www.thacsa.co.za

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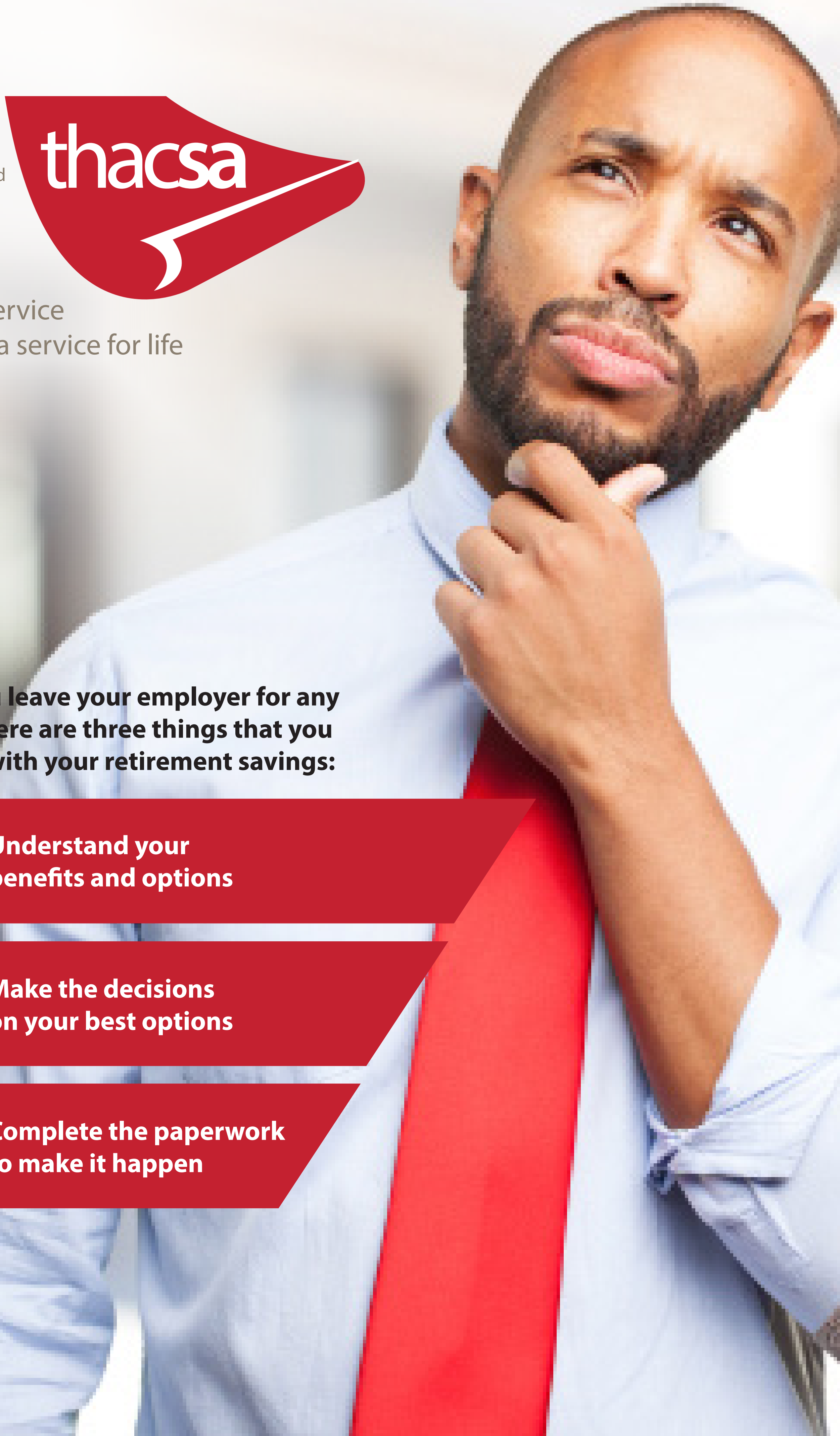

When you leave your employer for any reason there are three things that you must do with your retirement savings:

Understand your benefits and options

Make the decisions on your best options

Complete the paperwork to make it happen

Preserving your Fund Credit is almost always the best option

1 Understand your benefits

If you leave the Fund for any reason – voluntarily resign, dismissed, retrenched or retire – your membership becomes paid up. This means that your Fund Credit – all the accumulated contributions and earnings less admin costs and insurance premiums – remains invested in the Fund until you advise the administrator to do otherwise.

2 Consider your options

It's important to remember that the main objective of the Fund is to save for your retirement. So, if you leave the Fund before retirement, you should do your utmost to save and keep your Fund Credit in a suitable retirement investment. Depending on your own financial knowledge, it may be valuable to ask a qualified financial adviser for assistance.

3 Complete the necessary documentation

The benefit claim form can be downloaded from the Thacsa website: **https://thacsa.co.za/e-forms/**

Complete and submit the form to your employer together with a copy of your identification document, letter of retrenchment if applicable, and proof of banking details to **thacsahelpdesk@momentum.co.za**

Whatever your choice - to stay invested in Thacsa or move to another investment - you MUST complete and submit the benefit claim form. This is available under e-forms on the website.

Leaving your Fund Credit paid-up in the Fund, or transferring it to an approved retirement fund is usually preferable to taking a cash lump sum. This is because you are reinvesting your entire benefit tax-free. Remember that the money saved in your fund was intended to build your retirement capital, and it is ultimately time in the market that counts. So, reinvesting your retirement benefit should be your priority. There are three basic options available to you:

Defer receiving your benefit

This means that you do not take your Fund Credit immediately and leave it in the Thacsa Fund until you decide what you want to do with it.

If you remain invested in Thacsa you will receive the same investment returns as all other members. But you must instruct the administrator of this choice by completing the benefit claim form.

Transfer to an approved retirement fund

A good way to preserve your Fund Credit is to transfer the entire amount tax free to your new employer's fund, or another approved retirement fund such as a preservation or retirement annuity fund. *(See Table 1)*

Cash lump sum

You can choose to receive your entire withdrawal benefit as a taxable cash lump sum. This option requires careful thought as it will impact on your long-term goal of retiring comfortably. Not only is a cash withdrawal taxable, but you also lose the power of compound interest. If you take the cash, a large portion of the cash may be taxed.

Tax will be calculated according to the cumulative tiered tax table on the following page depending on whether you have resigned, been dismissed, retrenched or retired. *(See Table 2)*

Table 1: This table outlines the regulations applicable to each option:

	New employer's fund	Preservation fund	Retirement annuity (RA)
Will my transfer be taxed?	No	No	No
When can I access my money?	Withdrawal only possible if you leave the service of the new employer	One withdrawal allowed either in part or in full. No further withdrawals until age 55.	No withdrawal after transfer – only access at retirement.
Can I make contributions after transfer?	Yes	No	Yes
How can I take my retirement benefit?	**Pension fund** - Maximum 1/3rd in cash, remainder as a monthly income. **Provident fund** - Benefit accrued up to 1 March 2021 the full amount can be taken as a taxable cash lump sum. Benefits accrued after 1 March 2021 will be treated in the same way as Pension Funds if the amount exceeds R247 500	**Pension preservation fund** - Maximum 1/3rd in cash, remainder as a monthly income. **Provident preservation fund** Benefit accrued up to 1 March 2021 the full amount can be taken as a taxable cash lump sum. Benefits accrued after 1 March 2021 will be treated in the same way as Pension Funds if the amount exceeds R247 500	Maximum 1/3rd in cash, remainder as a monthly income.
Is estate duty payable?	No	No	No

Table 2: Tax*

This table refers to if you have been **retrenched** or **retired**:

Taxable income	Rate of tax
R1 – R500 000	0% (Note: tax relief on lump sum benefits is allocated once in a lifetime)
R500 001 – R700 000	18% of taxable income above R500 000
R700 001 – R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 and above	R130 500 +36% of taxable income above R1 050 000

This table refers to if you have been **dismissed** or **resigned**:

Taxable income	Rate of tax
R1 – R25 000	0% (Note: tax relief on lump sum benefits is allocated once in a lifetime)
R25 001 – R660 000	18% of taxable income above R25 000
R660 001 – R990 000	R114 000 + 27% of taxable income above R660 000
R990 001 and above	R203 400 +36% of taxable income above R990 000

These tables were correct at the time of writing 1 November 2021.