

Adviser Notice 87

February 2023

Dear Adviser

Changes to transfers of total interest in retirement annuity funds

A recent amendment to the Income Tax Act will "allow retirement annuity fund members to transfer one or more contracts in a particular retirement annuity fund to another retirement annuity fund... subject to... certain conditions". To date, members have only been able to transfer their entire benefit in a retirement annuity fund, as partial transfers have not been permitted.

What is the current legislation in this regard?

The current provisions state that a member of a given retirement annuity fund wanting to transfer their interest in the fund to another retirement annuity fund must transfer their *total* interests, i.e. the total value of *all* contracts in the fund.

What is the change?

The amendment will allow members of retirement annuity funds to transfer one or more contracts in a retirement annuity fund to another retirement annuity fund, subject to the following conditions:

- the value of each individual transfer out must exceed R371 250, and
- where a member does not transfer their total interest, the remaining value of their interest in the source retirement annuity fund after the transfer of a contract(s) must exceed R371 250.

If a member transfers their total interest in a retirement fund to another retirement annuity fund, the above-mentioned conditions (in relation to the amount being transferred and the balance remaining after the transfer) will not apply.

Effective date

The amendments come into effect on 1 March 2023 and apply to years of assessment commencing on or after that date.

How is the PSG Wealth platform responding to these changes?

We will implement the necessary process changes within our client services department to ensure compliance with these legislative updates.

**Need more information?**

If you have any queries, please contact your investment specialist or your dedicated client service team.

Kind regards

Cindy Tshabalala

Head of Client Service