

Transfer of Withdrawal Benefit from Approved Pension Fund to Retirement Annuity Fund and/or Preservation Pension Fund

Feature	Transfer to Retirement Annuity Fund	Transfer to Preservation Pension Fund
Accessibility/Liquidity of transferred money	No access to investment prior to age 55.	One taxable cash withdrawal may be made prior to retirement from the preservation fund, unless the original transfer benefit was reduced due to some legal stipulation or a court order (e.g. the payment of a portion of the benefit to a divorced spouse or the repayment of a mortgage loan provided by the employer or pension fund).
Transfer of portion of withdrawal benefit	Allowed. Portion of withdrawal benefit may be taken in taxable cash.	Not allowed. Total withdrawal benefit must be transferred to preservation fund or split between preservation fund and retirement annuity fund. (Exception: Payment of a portion of the withdrawal benefit to a former spouse in terms of a court order, or the repayment of a mortgage loan provided by the employer or pension fund.)
Taxability of withdrawal benefit	No income tax liability upon transfer.	No income tax liability upon transfer.
Retirement options	May only retire between ages 55 and 70. (Exception : Early retirement due to disability.)	May only retire between ages 55 and 70 (even if still in service of employer). If member is in service of new employer, retirement from the preservation fund must take place when retiring from employer's fund, or upon reaching retirement age in terms of service agreement.
Optional future contributions	Recurring or ad hoc contributions allowed.	Not allowed.
Income tax implications of cash lump sum at retirement	The greater of R120 000 and R4 500 x number of completed years of uninterrupted contributory membership, is tax free.	Only the number of completed membership years accumulated in the transferring fund is taken into consideration for the calculation of the tax-free benefit. The transferred membership years are reduced pro rata if portion of the withdrawal benefit was transferred to a retirement annuity fund, or if a cash withdrawal was made from the preservation fund.