

# Proposed changes to living annuity income

By Annalise De Meillon Muller, Manager: Distribution and Sales Support

Suggested relief on living annuity income has been highlighted recently in a draft Government Notice as well as the explanatory memorandum accompanying the Revised Draft Disaster Management Tax Relief Bill (published on 1 May 2020).

## Impact on living annuity clients

Currently it is proposed that annuitants will be allowed to change their drawdown rates for an interim period of four months, beginning 1 May 2020 and ending on 31 August 2020, irrespective of whether the annuitant's anniversary date falls within the four-month period.

The industry is awaiting details for implementation of the allowance.

## How we support you and your client

Take the time to urgently review your client's retirement plan

We urge you to prepare for the implementation whilst we await finality. Review your living annuity client list in order to facilitate the planning required for those clients who need to take up the opportunity. See below for more detail.

Client engagement guidelines: consider the client's needs and objectives and remember:

- An increased income drawdown will affect the long-term sustainability of the client's living annuity income. This impact is amplified when taking a higher drawdown on depressed living annuity capital.
- An increase in drawdown can increase the tax we have to recover and may result in a lower-than-expected after-tax income.
- A reduction on income will allow depressed capital a better chance to recover. This will better preserve living annuity capital and increase the sustainability of living annuity income.
- Holistic financial advice also entails reviewing the client's total portfolio (client's wellbeing and factors like income and expenses) in deciding the income drawdown.

We'll assist you in the preparation and planning process

You can access your living annuity clients' income revision dates and current drawdown percentages on our Intermediary Web.

There are two ways to access this list, that you will be able to also download as an Excel spreadsheet.

1. Intermediary Web landing page > Quick Links > Living Annuities: Income Revisions
2. Intermediary Web landing page > My Practice tab > Income revisions

This exportable list of living annuity clients will contain the following information for each client:

- Name of the client
- Plan number
- Revision date
- Frequency of income payments
- Option the client selected (percentage or amount)
- Income % (if the client selected a %)
- Gross income amount
- Investment value

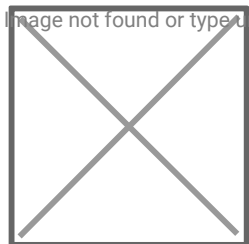
We will be ready

We are attending to the system capability to enable you to implement income changes for your clients just as soon as the new measures are final. We endeavour to make the process as digital, easy and streamlined as possible.

We will communicate more detail around the implementation and process soon.

Please contact your Glacier representative or Glacier Client Communications should you have any queries.

## Annalise De Meillon-Muller



Annalise is responsible for support of the Business Development team with respect to product entrenchment, legal expertise, regulatory compliance, financial planning principles, digital communication, and strategic project collaboration. Her role is key to ensuring the fulfilment and maintenance of the competency and expertise of the team and selected partners. Annalise joined Glacier in 2015 as a Sales Training Manager looking after the competency and expertise of the Glacier Distribution and Sales team. Before Glacier, Annalise's career spanned almost two decades as a technical professional in the fields of law, financial planning, development, business development and marketing at the Road Accident Fund, Bowline Fulfilment, Bowman Gilfillan Attorneys and Milpark Education. Annalise obtained a B. Proc degree and Postgraduate LLB degree from the University of Johannesburg (1993 to 1999), Postgraduate Diploma in Financial Planning (CFP®) from the University of the Free State (2008) and an Advanced Postgraduate Diploma in Financial Planning (Advanced CFP®) in Estate Planning and Personal Risk Management from the University of the Free State (2010)

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Glacier Financial Solutions (Pty) Ltd.

A member of the Sanlam Group

Private Bag X5 | Tyger Valley 7536 | Email [client.services@glacier.co.za](mailto:client.services@glacier.co.za) | Tel +27 21 917 9002 / 0860 452 364 | Fax +27 21 947 9210 | Web [www.glacier.co.za](http://www.glacier.co.za) | Reg No 1999/025360/07

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Private Bag X8 | Tyger Valley 7536 | Tel +27 21 950 2600 | Fax +27 21 950 2126 | Web [www.smmi.com](http://www.smmi.com) |\*Reg No 2002/030939/07  
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Sanlam Life Insurance Ltd. | Email [life@sanlam.co.za](mailto:life@sanlam.co.za) | Tel + 27 21 916 5000 / 0860 726 526 | Fax +27 21 947 9440  
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