Glacier Preservation Funds

View the brochure for more details

Minimum contribution

R100 000 lump sum
R15 000 per additional contribution

How long to invest for

You must remain invested until you are at least 55 years old.

Freedom to move your money

You can move your preserved retirement savings to another preservation fund, retirement annuity or employer's fund without any penalties.

Freedom to change your choice

You have total freedom to change your underlying investments. There is no charge to make a change, but depending on where you move your money to, initial investment charges may apply.

Your investment choices

Access to the widest choice of investments:

- a range of risk-profiled investment funds
- local or offshore funds
- actively managed or passive index-tracking funds
- single manager or multi-manager funds
- individual shares, exchange traded funds (ETFs) and other instruments via our stockbroking service

Benefits

- Preserve and grow your retirement savings when you leave your employer
- If you are in a process of insolvency, your preservation fund investment is protected from creditors – they won't be able to take from your savings

How it works

- You make a lump sum transfer from your existing provident or pension fund
- We invest the money in the underlying investments that you choose in collaboration with your financial planner
- Your money can grow over time based on your underlying investments
- You are allowed to make one withdrawal before retirement

When you retire

When you retire, you will be allowed to take a portion of your savings as a lump sum. The remainder must be used to purchase an income-generating product (compulsory annuity) such as Investment-linked Living Annuity, our Investment-linked Lifetime Income Plan or a Life Annuity. These aim to provide you with an income for the duration of your retirement.

Access to your funds is determined by the Two-Pot System, which came into effect on 1 September 2024. Read more about the Two-Pot System here. In summary, your retirement savings are divided into 3 components, and each component gets treated differently at retirement:

- Vested component:
  Provident Preservation Fund:

  Benefits in the vested rights portion* of this component will be available as a lump sum (subject to taxation), as an annuity, or as a combination.

  Benefits in the non-vested rights portion* are subject to the purchase of a compulsory annuity (to provide you with an income during retirement) with at least two-thirds of the value.

  Pension Preservation Fund:

  All benefits in the vested component are subjected to the purchase of a compulsory annuity with at least two-thirds of the value. If the investment is funded by a provident/provident preservation fund, however, it may consist of a *vested and non-vested* rights portion.

  *Only if you were previously a member of a provident fund, you might have both a *vested* and *non-vested rights portion* inside your vested component.

- Retirement component: All benefits must be used to purchase a compulsory annuity to provide you with an income during retirement.
- Savings component: You can take the full amount as a lump sum, or use it to purchase a compulsory annuity.

If the full value of the retirement component + two-thirds of the *non-vested rights portion* in the vested component is equal to or less than R165 000, the full value of the retirement component and the *non-vested rights portion* of the vested component may be taken as a taxable cash lump sum.

Read more about the Two-Pot Retirement System here.

When you die

Trustees will take into account your wishes and all your dependants' needs when you die to decide who receives this benefit.

Early retirement

If you are permanently disabled before you retire, your benefit is paid out to you in the same way as if you had reached retirement (aged 55).

Access to money before retirement

- Vested component:
  You are allowed to make one withdrawal before retirement. Access is also possible in the case of emigration (three years cessation of tax residency), disability or death.
- Retirement component: No access at all, except in the case of emigration (three years cessation of tax residency), disability or death, subject to the applicable fund rules.
- Savings component: You can make one withdrawal per tax year, subject to taxation in terms of the individual income tax table. The value of the withdrawal must be at least R2 000 before costs, but there is no maximum withdrawal value

Read more about access to your retirement savings here.

Tax

- Tax benefits
  - At retirement there is no tax on the amount transferred to a post-retirement product that provides you with an income during your retirement
  - You don't pay tax on any interest or dividends
  - No capital gains tax is applicable
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What is taxable?

- o There is tax on any portion of your retirement savings that you withdraw in cash at retirement.
- There is tax on any withdrawal benefit before retirement.

Fees

Fees vary per product and your underlying investment. Please speak to your financial planner to make sure you understand which fees you pay and why.

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