

Amended Regulations To Living Annuities



Dear Client,

To provide South Africans with some relief during the COVID-19 period, National Treasury has temporarily relaxed certain rules governing living annuities. The relief period will last for 4 months, from 1 June 2020 to 30 September 2020.

Key changes

During the relief period, clients will have an opportunity to make temporary changes to their living annuity income. Clients will be able to make the following changes outside of their anniversary month during the 4-month period:

Reduce their income to a new minimum of 0.5%

- Reducing income after a market downturn can leave more capital available to benefit from potential higher returns going forward.

Increase their income to a maximum of 20%.

- This may provide clients with access to additional income required at this time.

Fully withdraw from their living annuity if the market value is less than or equal to R125 000 (up from R75 000/R50 000)

- This is a permanent change which is effective immediately and not limited to the relief period.

How the new income will be calculated

- The investment company will apply the chosen percentage to the investment value on the previous anniversary date and divide it by the payment frequency. Please note they are required to recalculate tax based on their new income payments.

As new elections apply only to income for the 4-month relief period rather than the policy year as a whole, the extent at which you can reduce, or access additional income will be pro-rated accordingly.

From October 2020 the income will automatically revert to the value applicable before the relief period.

