

GEPF

Member Guide to Retirement

Retirement made easy



Resign, retire early, or wait for normal retirement?

1 Wait for retirement or resign before – which is a better option?

What happens when you resign before retirement?

- 👍 You may cash out all your money should you wish to do so.
- 👎 This option often results in significant tax penalties and the risk of money running out. You may also lose out on other benefits that kick in after retirement such as medical subsidies and funeral benefits.

What happens when you wait to either go on early retirement (age 55+) or normal retirement (age 60+)?

- 👍 A portion of your retirement lump sum benefit will be tax-free. You may retire with a higher pension benefit amount and could be eligible to receive other employee benefits like medical subsidies and funeral contributions.
- 👎 You can only access up to one-third (33.3%) as a lump sum pay-out, the rest of your benefit would be used to purchase an annuity that will provide you with income in your retirement.

2 If you choose to wait for retirement, should you stay with the GEPF or transfer to a private retirement fund?

Staying within the GEPF

- 👍 You will receive a guaranteed income for the rest of your life, and your legal spouse will be eligible to receive a percentage of your annuity income for life, in the event of your death.
- 👎 Only the first 5 years' worth of annuity income is guaranteed. That means if you pass on a year after your retirement, your legal spouse and qualifying children will receive 4 years' worth of your annuity income. And should you pass on at year six (or later) since your retirement date, your legal spouse is still entitled to receive a percentage of your annuity income for life, however, your qualifying children will not receive any income.

Transfer to a private retirement fund

- 👍 You can still withdraw a third of your money but will have better control of the income you receive and access to expert advice at any time. In the event of your death, your beneficiaries will receive the full market value of your living annuity at the time of death.
- 👎 Your income is not guaranteed. That means that depending on the solution selected, there may be fluctuations to your investment.

3 So, what should you do?

Having a large amount of money in the bank account is tempting but can also result in unnecessary spending. When you retire, you want to still maintain a good standard of living and for that to be achieved, you need to put away some of the money into a retirement income solution that will provide a monthly income.

There is no one-size-fits-all solution to retirement. Whether you choose to resign or wait for retirement age, you need to speak to an adviser to help tailor a solution that is suitable for your unique needs. Seeder Invest is here to help you navigate this journey. Speak to our trusted advisors today on what options will provide you with the best possible outcome and ensure that you are not left worse off later.

4 Who is Seeder Invest?

We are a wealth management business that makes various financial solutions accessible to address the varying needs of our clients. We take a holistic approach to managing, growing and protecting our clients' wealth. We do this through our broad range of solutions and services, offered through credible and trusted investment houses. Our offering includes but is not limited to retirement planning, investment advice, and management of wills and estates. www.seederinvest.co.za

Question and Answer

All that you need to know before making your decision

1 Is it wise to resign before retirement?

It is always advisable to wait until retirement as some benefits might be lost if you resign and there are tax implications.

2 Can I retire in my employer's retirement fund, or do I have to take my money out?

You have the option to retire with your employer's Fund or retire privately outside of your employer's Fund. The decision requires you to get professional advice from a trusted provider such as Seeder Invest.

3 Will my money be safe when I transfer from my employer's fund to another?

Yes. If you transfer to a registered and reputable fund, your money will be safe.

4 What is a living annuity?

Living annuities provide monthly or annual income for a retiree until their death. It is like an investment that you put money into, and it pays you an agreed monthly income. Importantly, living annuities also provide you with the option to elect your own beneficiaries.

5 Can I do lump sum withdrawals after transferring to another fund?

You do have the option to withdraw a third of the money upon retirement and then invest the rest. Monthly and or annual payments from your investment will be determined by you and your adviser. Your adviser will also guide you on the best solution with the least tax payable.

6 Where can I seek advice on my retirement options?

Seeder Invest has a group of trusted financial advisors ready to assess all your financial needs to provide you with a tailor-made solution.

7 Is Seeder Invest registered?

Yes. Seeder Invest is an authorised financial services provider.

8 How is Seeder Invest different from the well-known financial advisory houses?

Unlike some of the well-known financial advisory firms, which only offer advice on their own products, Seeder Invest is an independent financial adviser, which means that we work with various financial institutions to source the best deals for our clients and are therefore not incentivised to promote any product.

9 How long does it take to transfer?

It takes between 8 to 12 weeks to finalise the transfer from the time the GEPF confirms that it has received all the required documents.

10 When should I initiate my retirement processes?

We recommend that you consult us at least two years before you want to retire. We will assist you with all the required paperwork to avoid delays in payment of retirement benefits.

CONTACT US

Email: info@seeder.co.za

Tel: 010 824 7194

Website: www.seederinvest.co.za

Address: Suite 8, 2nd Floor Building I
Hertford Office Park
90 Bekker Road
Midrand, 2196

