



**Columbus Retirement Fund**

Financial Health



## WHY CASHING OUT COULD

**HARM YOUR FUTURE**

<http://yourfund.co.za/columbus>

Reports indicate that the number of South Africans who take their benefits in cash when they resign has doubled over the last four years. Using your retirement money for current expenses may satisfy a short-term need, but could cause financial hardship in the long term.

**When you retire, you would want to carry on experiencing the same standard of living you enjoy now, wouldn't you?** However, if you don't make informed money decisions today, like allowing your retirement savings to grow over a long-term period, then your retirement might not be as comfortable as you expect.



If you take your money in cash, you will be taxed on the benefit and only a small portion is tax free.

If you resign from the employer, a number of options are available to you. These options include:

Take your money in cash

Transfer your money to your new employer's Pension and / or Provident Funds

Transfer your money to a Retirement Annuity Fund

Transfer your money to a Preservation Fund

**If you decide to take your money in cash, a substantial portion of the cash may go to the taxman.**

The first R25 000 of a cash withdrawal will be tax-free, with the balance taxed as follows:

R0 – R25 000	0%
R25 001 – R660 000	18% of the amount exceeding R25 000
R660 001- R990 000	R114 300 plus 27% of the amount exceeding R660 000

**R990 001 and  
above**

**R203 400 plus 36% of the amount exceeding  
R990 000**

**Please note:** you cannot get R25 000 tax free from the Columbus Retirement Fund and R25 000 from another Fund in the future. The cash portions will be added together, and the first R25 000 will then be tax free. The balance will be taxed according to the scale above. This applies to all your withdrawal benefits over your lifetime.

Visit your financial advisor with your benefit statement and your Mentenova information to shape an individual retirement plan that will work for you. Start saving early, add to your investment whenever you can afford to, and resist the urge to dip into your retirement savings.

**Avoid temptation. Make informed money decisions!**

**Contact:**

Should you have any questions, contact Johan Hartzenberg, the Fund's Principal Officer, on 082 801 3323; or email [jhhartz@outlook.com](mailto:jhhartz@outlook.com).

***Want to learn more?***

***Visit the Columbus Your Fund Website.***

**[www.yourfund.co.za/columbus](http://www.yourfund.co.za/columbus)**