



## General Notes - Second Schedule to the Income Tax Act, 1962

### General Note 8

GENERAL SUBJECT: DEFINITION OF PENSION AND PROVIDENT FUNDS

SPECIFIC ASPECT: PURCHASE OF ANNUITIES AT RETIREMENT

STATUS: DECISION

BACKGROUND: Some pension or provident funds are purchasing (insuring) annuities (pensions) for the benefit of a member of such a fund on retirement from employment from more than one registered insurer, or on a basis that results in more than one pension payable to one member by the same fund or by an insurer.

DECISION: A pension or provident fund may, if its rules permit, insure a compulsory life annuity at a registered insurer on a member's retirement from service. Such a fund may, however, not insure or pay more than one pension for a member on retirement from employment.

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Reviewed by the

Legal and Policy Division of SARS on

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No changes made

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