

**General Note GN 18A/96**  
**Providing annuities on retirement from employment**

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| GENERAL SUBJECT: | DEFINITIONS OF PENSION FUND, PROVIDENT FUND AND RETIREMENT ANNUITY FUND  |
| SPECIFIC ASPECT: | PROVIDING ANNUITIES ON RETIREMENT FROM EMPLOYMENT  |
| STATUS:          | DECISION   |
| BACKGROUND:      | Following discussions with representatives of the pensions industry, certain aspects relating to the contents of GN 18 need to be clarified.   |
| DECISION:        | <ol style="list-style-type: none"><li>1. Concern was expressed that the wording "full value of the retiring member's benefit" in the first paragraph of the second page of GN 18 could be interpreted to mean that no commutation of an annuity at all will be permitted. The wording is, however, followed by the wording "which is available for the provision of an annuity" which means that the remaining capital i.e. after commutation must be used to purchase the annuity.</li><li>2. Subject to the consent of the Registrar of Pension Funds this office has no objection should a pensioner wish to change his or her existing annuity to one contemplated by GN 18.</li><li>3. The references to "retirement funds" in GN 18 include an approved retirement annuity fund.</li></ol> |

ISSUED BY THE SOUTH AFRICAN REVENUE SERVICE JANUARY 1997

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