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NEW INCOME TAX DISPENSATION FOR RETIREMENT AND DEATH LUMP SUMS EFFECTIVE 1 OCTOBER 2007

At retirement, including disability retirement, you have the option to select up to one third of your total available retirement capital as a lump sum. The Funds' death benefit also provides for lump sum benefits payable to dependants, nominees or your Estate.

Currently the tax free portion is determined by a complicated formula which is commonly referred to as the "R120 000 exemption". The balance of the lump sum is taxed at your highest average rate of tax payable in the tax year in which you retire or die or the year immediately preceding that year.

With effect **from 1 October 2007**, the tax payable on **retirement and death lump sums** will be calculated as follows:

- **On the first R300, 000 you will not pay tax;**
- **On the next R300, 000 you will be taxed at 18%;**
- **On the next R300, 000 you will be taxed at 27%; and**
- **On the balance (exceeding R900 000) you will be taxed at 36%.**

This change will bring about an average tax saving for members of between R60 000 and R130 000, on lump sum benefits that exceed R900 000 in value.

No change to the tax levied on monthly pensions has been announced and this income source will therefore still be taxed in terms of the tax tables applicable to individuals.

Should you require any further information, you are welcome to contact your Fund on (011) 481-8000.