



INFORMANT

NEWSLETTER FOR PENSIONERS
MARCH 2021

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Your Retirement - Our Passion

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BUDGET 2021 HIGHLIGHTS

The Minister of Finance delivered his Budget Speech to Parliament on 24 February 2021. This article summarises the possible impact that tax proposals may have on pensioners' household budgets.

Personal Income Tax

Tax relief for individual taxpayers is incorporated in the revised tax tables and rebates. The following tax table will apply from **1 March 2021**:

| 2021 Income Tax Table for Individuals | |
|---------------------------------------|--|
| Taxable Income | Rate of Tax |
| R0 to R216,200 | 18% of each R1 |
| R216,201 to R337,800 | R38,916 plus 26% of the amount above R216,200 |
| R337,801 to R467,500 | R70,532 plus 31% of the amount above R337,800 |
| R467,501 to R613,600 | R110,739 plus 36% of the amount above R467,500 |
| R613,601 to R782,200 | R163,335 plus 39% of the amount above R613,600 |
| R782,201 to R1,656,600 | R229,089 plus 41% of the amount above R782,200 |
| R1,656,601 and above | R587,593 plus 45% of the amount above R1,656,600 |

These tax table adjustments and increased rebates give effect to increased tax thresholds:

| Age category | Total Rebate | Annual Tax Threshold |
|--------------|--------------|----------------------|
| Below 65 | R15,714 | R87,300 |
| 65 to 74 | R24,327 | R135,150 |
| 75 and older | R27,198 | R151,100 |

The following table illustrates the anticipated **annual** tax reductions that individual taxpayers can expect:

| Annual Taxable Income | Annual tax reduction Younger than 65 | Annual tax reduction Aged 65 to 74 | Annual tax reduction Aged 75 plus |
|-----------------------|--------------------------------------|------------------------------------|-----------------------------------|
| R85,000 | -R342 | | |
| R150,000 | -R756 | -R1,170 | -R1,107 |
| R200,000 | -R756 | -R1,170 | -R1,305 |
| R250,000 | -R1,580 | -R1,994 | -R2,129 |
| R300,000 | -R1,580 | -R1,994 | -R2,129 |
| R400,000 | -R2,390 | -R2,804 | -R2,939 |
| R500,000 | -R3,510 | -R3,924 | -R4,057 |
| R750,000 | -R4,496 | -R4,910 | -R5,045 |
| R1,500,000 | -R5,140 | -R5,554 | -R5,689 |
| R2,000,000 | -R8,312 | -R8,726 | -R8,861 |

Other Tax Matters

- The value of the monthly **Medical Tax Credits** on medical aid contributions will increase to R332 (from R319) each for the main member and first dependant and to R224 (from R215) for every dependant thereafter.
- Lump sum tax tables and the contribution tax deduction remain unchanged.

Duties & Levies

Increases in duties and levies may impact household budgets as it will increase the cost of fuel, alcoholic beverages and tobacco products.

RULE AMENDMENTS TO ENABLE THE PROTECTION OF PROVIDENT FUND VESTED RIGHTS FROM 1 MARCH 2021

Although these amendments do not directly impact pensioners, we share it to keep you abreast of changes to the Fund's Rules.

Sentinel is preparing amendments to the Rules of the Fund to ensure compliance with the changes that were promulgated by the Taxation Laws Amendment Act of 2020 and took effect on 1 March 2021. These amendments do not affect Sentinel members' accumulated retirement savings as these have always been subject to compulsory annuitisation of at least 2/3rd's of total retirement capital at retirement.

Previously, provident fund members were not compelled to annuitise at retirement. The recent amendments completed the "T-Day" process through which the tax treatment of all retirement funds was equalised.

Provident fund members will hold two accounts in their provident fund from 1 March 2021 onwards: a vested account with accumulated savings on 28 February 2021 plus net growth earned thereon and a non-vested rights account with accumulated savings plus net growth earned from 1 March 2021 onwards. At retirement, 2/3rd's of the non-vested rights account will be subject to compulsory annuitisation and the full vested rights account can still be withdrawn in cash, or voluntarily annuitised. Provident fund members who are aged 55 and older on 1 March 2021 will enjoy full vested protection until they retire, provided that they stay in the same fund until retirement.

From the above, it is clear that only former members of provident funds who hold a vested account in a provident fund and then transfer to Sentinel on or after 1 March 2021, will be affected in that their vested accounts will continue to enjoy protection in Sentinel. These members will hold two accounts in Sentinel: a vested and a non-vested account and growth and costs will be accounted for separately in these accounts. When they reach retirement, they will be compelled to annuitise 2/3rd's of their non-vested account (provided that the total value exceeds the *de minimus* rule which is currently R247,500 and allows for full lump sum commutation) and should they so elect, withdraw the full vested account as a lump sum.

In addition, transfers from a pension to a provident fund will, from 1 March 2021, no longer be subject to tax.

COVID-19 UPDATE & MEMBER SERVICE IMPROVEMENTS

Sentinel successfully implemented a remote working program and, with strict protocols, managed to keep our five Client Service Centres open. This has proven to be very effective as recorded visits to these Centres have increased drastically in comparison to previous years.

Notwithstanding this, we have also improved other Client Service facilities with the aim to satisfy all pensioner personal interaction preferences. These improvements include:

Enhanced Secure Pensioner Portal

This enhanced electronic facility allows pensioners to personalise their online profile, view their personal information, access statements, and complete and submit Fund documents electronically. Additional measures have been put in place to prevent fraudulent activities and improve account security. To ensure your online safety, One Time Pins (OTP) will be sent to your mobile phone or email address.

Pensioners are encouraged to make use of this facility! Please access our website at www.sentinel.za.com, click on LOGON on the Home Page, select 'Convert' and follow the easy steps.

We sincerely hope that you enjoy our new-look website and enhanced portal!

Enhanced Call Centre Contact

We have upgraded our electronic equipment to address unexpected spikes in incoming calls. Pensioners are requested to be patient when they call during busy periods and if this is not convenient, please email us at info@sentinel.za.com or, if possible, visit one of our Client Service Centres.

Email delivery - “spam/junk folders”

With cybercrime and other unwanted actions increasing constantly, security measures are constantly enhanced to protect personal information. Email messages from Sentinel's email address (and many other institutions that you may deal with on a daily basis) could be delivered to your “Junk” or “Spam” folder. Your most recent Annual Pensioner Benefit Statement may very well have been diverted to one of these folders.

Please regularly check these folders for important valid emails and if possible, add Sentinel to your trusted email address list.

Sentinel's Contact Details

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