



ISASA

Independent Schools Association of Southern Africa

PENSION SCHEME PART (I) AND PART (II)



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MARCH 2019

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WELCOME

The Board of Trustees and Management wish you and your loved ones a wonderful New Year filled with abundance, joy and treasured moments. Let new beginnings signify a new chapter, a clean slate, a fresh perspective and new challenges.

We sincerely thank you for your continued support throughout the years and may 2019 bring us more wonderful opportunities to be of service to you, our pensioners.

LIVING THE YEARS Golden NEWSLETTER

INDUSTRY RECOGNITION FOR THE FUND YET AGAIN

The Fund has once again won an Institute of Retirement Funds Africa (IRFA) Best Practices Award at a special awards evening held on 23 January 2019 at the Wanderers Club in Illovo.

The IRFA is a non-political body which represents and promotes the interests of the retirement industry in Southern Africa, to the ultimate benefit of the members of retirement funds.

By entering this competition funds share their strategies and programmes with their peers in the industry which contributes to maintaining consistently high standards and practice throughout the retirement fund industry.

This year saw a record number of entries in all categories. As the winner of multiple Best Practices Awards over the last 6 years your Fund is proud to add another award to its collection for Excellence in Stakeholder Engagement and Education.

Shown in the photo below is Principal Officer, Mr John Rollason, receiving the award during the IRFA Gala Event.





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Provident Funds

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February 11 at 3:05 PM ·

Welcome to the brand new Facebook page for all ISASA Pension and Provident Fund members.



FUND NOW ALSO ON FACEBOOK

If you are an avid “Facebooker” then we have good news for you! The Fund now has its very own Facebook Page in order to connect with you on social media. The Facebook Page was created to stay current in a fast moving, instant and technology-driven world and to expand our communication channels. All members and pensioners of the Pension Scheme and Provident Fund will now have access to the Fund Facebook page where regular news stories and informative and insightful messages will be posted for your convenience. You may access this service anytime, day or night. **We trust that this additional service will add value to your overall experience as a pensioner.**

Enjoy!

 Like us on
Facebook

#ISASANestEgg

Please remember to click the “Like” button to become part of this new community and gain immediate access to all Fund-related information and important notifications.

Use the #ISASANestEgg for any comments or posts.



PHOTO COMPETITION 2019

We trust that you have received the 2019 calendar showcasing all the beautiful photographs sent in by you, our valued pensioners. This competition has proven to be so popular and has become a highlight on our annual calendar. Please get your cameras ready and start capturing those precious family moments and rare nature scenes. As always there are four categories:

- **Family moments**
- **Nature at its best**
- **Man's best friend (pets)**
- **Thrill seekers (action)**

Entries open **02 May 2019** and will close **16 August 2019**.

The winner of each category will receive a Woolworths gift voucher. Please send your entries, with this caption in the email subject line: “**ISASA Photo Competition**” to retirementwise3@gmail.com or

you are also welcome to post them to:

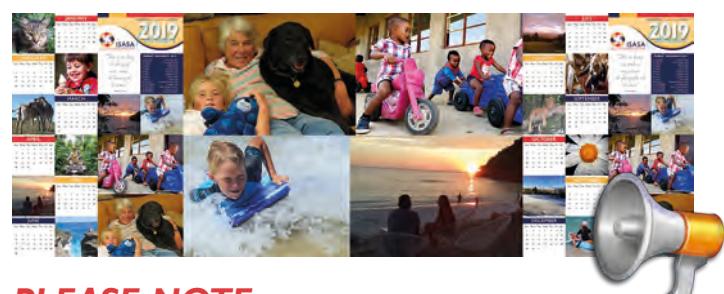
Tebogo Mosime

ISASA Photo Competition

P O Box 2444

Saxonwold

2132



PLEASE NOTE:

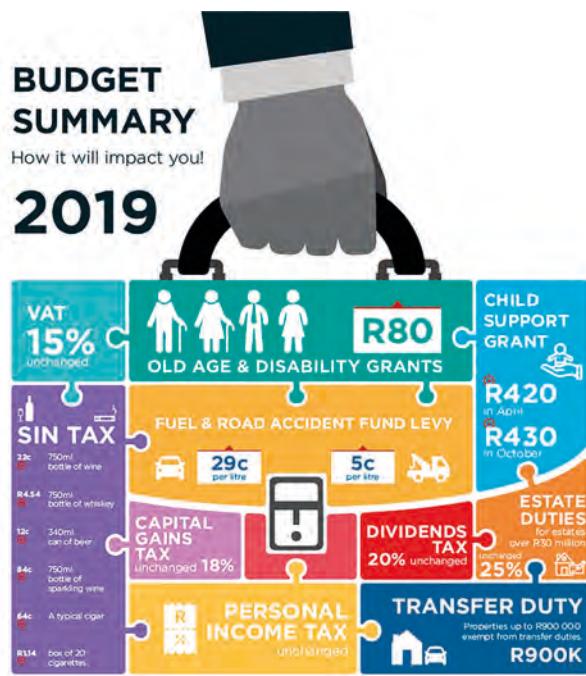
The resolution of the photograph, when submitting online, should **not be less than 500 KB per picture**. Please check your camera or mobile camera settings are **the highest resolution**. Photos of lower resolution (which may look great on screen but will not print well on items such as the calendar) will not be a suitable size for entry into the photo competition. Low-res photos pixelate in print. **Thank you in advance. We look forward to your entries.**



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NATIONAL BUDGET 2019 – SUMMARY

INDIVIDUALS

The maximum marginal rate for natural persons remains at 45% and is reached when taxable income exceeds R1 500 000.

The minimum rate of tax remains at 18% on taxable income not exceeding R195 850.

The primary rebate for all natural persons has been increased to R14 220 (previously R14 067). The additional rebate for persons aged 65 years and older is increased to R7 794 (previously R7 713). Persons aged 75 and older are granted a further R2 601 (previously R2 574).

The tax free portion of interest income remains at R23 800 for taxpayers under 65 years, and R34 500 for persons aged 65 years and older. In addition the tax-free savings dispensation for other investments, including collective investment schemes, became operative 1 March 2015 and remains at R33 000 per tax year.

LIVING THE YEARS *Golden* NEWSLETTER

TRUSTS

The flat rate remains at 45%, although distributions in the same tax year are taxed instead in the beneficiaries' hands.

Liability for tax is as follows:

Under 65 years:	R 79 000	(previously R 78 150)
65 to 74 years :	R122 300	(previously R121 000)
75 years and older:	R136 750	(previously R135 300)

INDIVIDUAL TAX THRESHOLDS

Liability for tax is as follows:

Under 65 years:	R 79 000	(previously R 78 150)
65 to 74 years:	R122 300	(previously R121 000)
75 years and older:	R136 750	(previously R135 300)

ESTATE DUTY AND DONATIONS TAX

The rate of estate duty and donations tax remains at 20% for dutiable estate amounts of R30 million or less and increases to 25% for dutiable estate amounts over R30 million.

The estate duty abatement (exempt threshold) remains at R3,5 million per person and a surviving spouse may also benefit automatically from any unused deduction in the first dying spouse's estate. i.e. The abatement remains a combined maximum R7 million for the second dying spouse.

There is a similar treatment of Donations Tax namely 20% for donations of R30 million or less, and increases to 25% for donations over R30 million. The first R100 000 of amounts donated in each tax year by a natural person remains exempt from donations tax. Donations between spouses are fully exempt.

CAPITAL GAINS TAX (CGT)

- ✓ The annual capital gain exclusion for individuals remains at R40 000.
- ✓ The primary residence exclusion from capital gains tax remains at R2 million.
- ✓ The capital gain exclusion at death remains at R300 000.



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- The effective rate of CGT is the range of 7.2% to 18% for individuals, 22.4% for companies and 36% for Trusts, although correctly structured Trusts can result in the individual rate being applicable.

TRANSFER DUTY

The rates remain, i.e. property costing less than R900 000 will attract no duty. A 3 percent rate applies between R900 000 and R1,25 million, 6 per cent between R1,25 million and R1,75 million, 8 percent between R1,75 million and R2,25 million, 11 percent between R2,25 million and R10 million and 13 percent thereafter.

MEDICAL EXPENSES

Taxpayers may in determining tax payable deduct monthly contributions to medical schemes (a tax rebate to be known as a medical scheme fees tax credit) up to R310 for each of the taxpayer and the first dependant on the medical scheme and R209 for each additional dependant.

An individual who is 65 and older, or if that person, his or her spouse or child is a person with a disability, 33.3% of qualifying medical expenses paid and borne by the individual and an amount by which medical scheme contributions paid by the individual exceed 3 times the medical scheme fees tax credits for the tax year.

Any other individual, 25% of an amount equal to qualifying medical expenses paid and borne by the individual and an amount by which medical scheme contributions paid by the individual exceed 4 times the medical scheme fees tax credits for the tax year, limited to the amount which exceeds 7.5% of taxable income (excluding retirement fund lump sums and severance benefits).

VAT

The rate remains at 15%.



ABSOLUTE SMOOTH GROWTH

The Trustees, at their meeting on 24 August 2018, agreed to switch from the Absolute Stable Growth (Smooth Bonus 80% Guarantee) portfolio to the Smooth Bonus (50% Guarantee) portfolio with effect from 1 October 2018.

The Smooth Bonus (50% Guarantee) portfolio has the same underlying portfolio as the 80% guarantee portfolio and also provides the same smoothing mechanism. The lower fee will result in a 0.5% pa higher return going forward.

Absolute Smooth Growth Portfolio (Old Mutual)		
December 2018	Net Return (annualised)	CPI
1 Year	7.0 %	5.2%
3 Years	8.1 %	5.5%
5 Years	11.6%	5.4%

Although the portfolio has grown by 7% for the 12 months ended 31 December 2018, it is important to remember that, when the Scheme's Actuary assesses the solvency of the pensioner pool, the assets need to earn a return of at least 5% per annum merely in order to fund the current pension payments. Therefore, only to the extent that the portfolio earns a return in excess of 5% pa, can this excess be taken into account when the trustees consider a pension increase.



DID YOU KNOW?



The Funds' performance is always measured against the growth targets set by the Board of Trustees in the Investment Policy Statement. These targets are linked to inflation and measured over specific periods.