

Information on the cancellation (commutation) of an Investo living annuity contract

This document is for information purposes only, and is not advice.

Background

As a result of changes to the Income Tax Act, 58 of 1962, you may cancel your living annuity in full under certain circumstances. It means that we will cancel the contract and pay the full remaining fund value of the living annuity out to you as a single cash lump sum.

Qualifying criteria

You may cancel a living annuity contract if the full remaining fund value at any time is equal to or less than the prescribed amount.

Aggregation of living annuities

If you have more than one living annuity contract with Momentum, you have the option to cancel each living annuity contract separately. The combined value of all the living annuity contracts with us must fall below the prescribed minimum, which is currently R150 000.

The effect on tax

The amount that you receive is a taxable lump sum benefit. Momentum Metropolitan Life Limited (we, us) will apply for a tax directive from the South African Revenue Service (SARS) on your behalf before we pay you. Please discuss this cancellation with your financial adviser, as it will affect your retirement.

Administration

You can call us to begin the transaction or email the *Investo cancellation (commutation) form for a living annuity* (Investo016), together with the supporting documents listed on the form.

Important considerations

1. You can't reverse the cancellation

Once we receive a fully completed form and start the cancellation process, we can't reverse it. According to legislation, the lump sum becomes yours on the date that we cancel the living annuity contract. **We can't cancel the directive and stop the process**, even when the payment of the cancelled lump sum is delayed.

2. No income will be payable

Once you have chosen to cancel, the contract stops and you will no longer receive a monthly income from the annuity, even when the payment of the cancelled lump sum is delayed.

3. IT88

Once SARS issues your tax directive, we must act on it. We will therefore only pay the lump sum once we have deducted all money due to SARS. In addition, SARS may issue an IT88 (the notice to an agent/employer to pay taxes) to recover any outstanding tax you owe SARS.

4. Tax number

To apply for a tax directive, we must have your income tax number and yearly income.

Please speak to your financial adviser if you need more information or advice.

You can also contact us on weekdays from 08:00 to 17:00 for more information.

Kind regards

Investo Service

Contact details

ShareCall: 0860 664 321, Telephone: +27 (0)11 505 800, Email: investo@momentum.co.za

Address: 268 West Avenue, Centurion, 0157 Postal: PO Box 7400, Centurion, 0046 Website: momentum.co.za

Momentum Metropolitan Life Limited

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Refer to the company websites for directors and company secretary details momentum.co.za momentumgrouppltd.co.za