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A RETIREMENT EDUCATION GUIDE · 2026/27 EDITION

THE RETIREMENT ROADMAP

Your money. Your retirement. **Your future.**

A clearer retirement starts with understanding your options.



Tax figures checked against SARS publications for the 2027 tax year
(1 March 2026 – 28 February 2027). Verified 4 November 2026.

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Ten short sections. **One clear picture.**

Read it cover to cover, or go straight to the sections marked for your stage. Every heading below is a link.

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FIND YOUR STAGE

PLANNING FOR RETIREMENT

"Am I on track for the retirement I want?"

RETIRING NOW

"What happens to my savings, how much cash can I take and how do I generate income?"

ALREADY RETIRED

"Will my money last, and is my strategy still suitable?"

HOW TO READ THE NUMBERS

FACT rule or rate from an official source **ASSUMPTION** an input we chose to illustrate a point **EXAMPLE** a worked illustration, not a forecast

01 WELCOME TO YOUR RETIREMENT ROADMAP

Retirement isn't just about how much you've saved. **It's about what your savings can do for you.**

Most people spend decades building retirement savings, then have a few weeks to make decisions that shape the next 30 years. This guide explains how South African retirement funds, tax and income options work, in plain language, so those decisions feel less like guesswork, and you know what to discuss with a planner.

MOST RELEVANT TO · Planning for retirement · Retiring now · Already retired

STAGE A

Planning for Retirement

"Am I on track for the retirement I want?"

Start with: Sections 2–4 and 7–9

STAGE B

Retiring now

"What happens to my savings, how much cash can I take and how do I generate income?"

Start with: Sections 3 to 6 and 9

STAGE C

Already retired

"Will my money last, and is my current retirement strategy still suitable?"

Start with: Sections 5 to 9

YOUR RETIREMENT JOURNEY



Planning for Retirement
Know your funds · check contributions · test your plan

Retirement
Cash or income · tax · choose an annuity

Living in retirement
Sustainable income · annual reviews · inflation

WHAT THIS GUIDE WILL HELP YOU UNDERSTAND

Your funds
What you own, and the rules attached to each

Tax
What SARS may take, and why timing matters

Income options
Living and life annuities, side by side

Key decisions
The choices that are hard to undo

KEY NUMBERS FOR 2026/27 AT A GLANCE

FACT 2027 tax year · verified 4 November 2026

R550,000
Lifetime tax-free portion of retirement lump sums

2.5–17.5%
Legal annual income range for a living annuity

R240,000
Small-benefit test at retirement: at or below it, the benefit may generally be taken in cash, subject to fund rules (page 13)

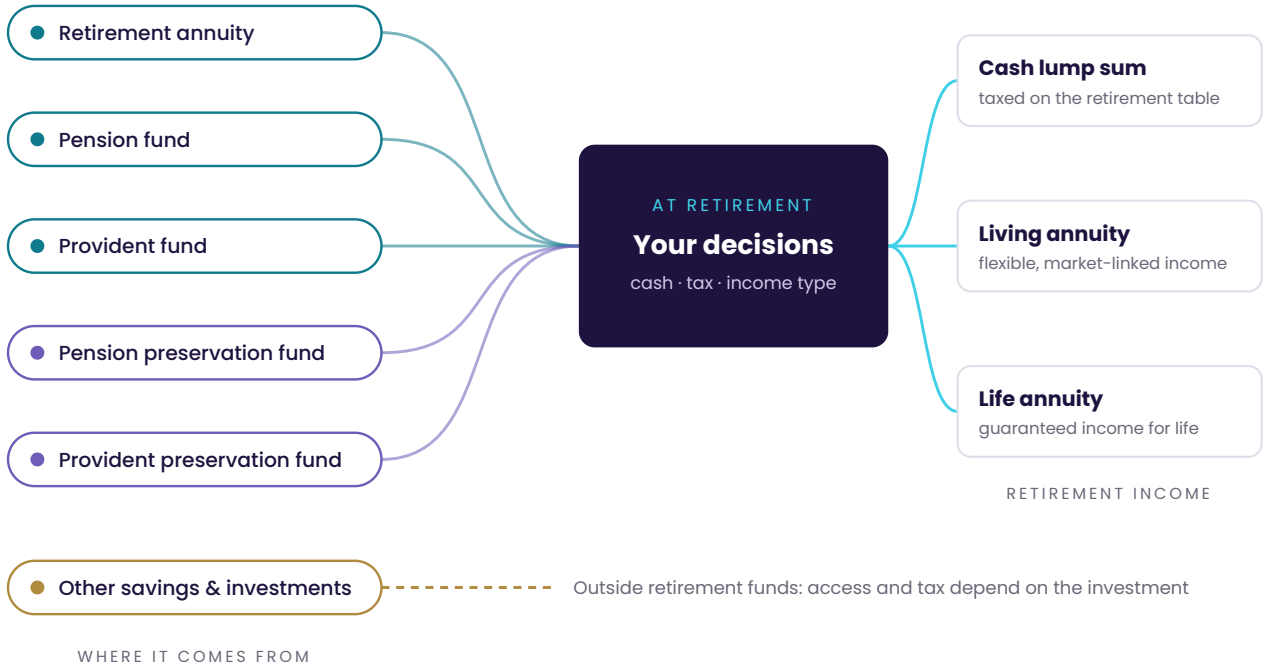
R2,000
Minimum savings component withdrawal, once a tax year

02 WHERE IS YOUR RETIREMENT MONEY?

You've spent years saving. **But do you know exactly where your retirement money is?**

Many people retire with three or four different funds, each with its own rules. Knowing what you have is the first step to deciding what to do with it.

MOST RELEVANT TO · Planning for retirement · Retiring now



Employer funds

PENSION AND PROVIDENT FUNDS

You join through your job. At retirement you can generally take up to one-third in cash; the rest must buy an income. Older provident fund savings may follow more generous cash rules.

Your own retirement funds

RETIREMENT ANNUITIES AND PRESERVATION FUNDS

An RA is one you contribute to yourself. A preservation fund keeps an old employer benefit invested after a job change. Retirement is possible from age 55.

Everything else

UNIT TRUSTS, TAX-FREE INVESTMENTS, SHARES, PROPERTY

Investments outside retirement funds can offer greater flexibility, although access, tax treatment and costs depend on the type of investment.

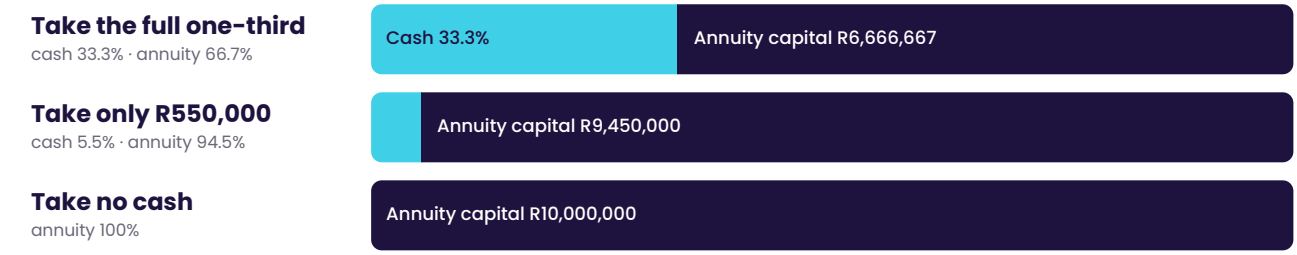
03 CASH TODAY OR INCOME TOMORROW?

Cash today or income tomorrow? **One retirement decision can affect both.**

Whatever you take in cash at retirement is no longer invested to pay you an income.

MOST RELEVANT TO Planning for retirement · Retiring now

R10 million at retirement: three choices



	MAXIMUM CASH	R550,000 CASH	NO CASH
Cash in hand, after lump sum tax	R2,405,583	R550,000	R0
Capital left to provide income	R6,666,667	R9,450,000	R10,000,000
First-year income at 5%, per month (before tax)	**R27,778**	**R39,375**	**R41,667**

Assumptions. All R10,000,000 in the vested component of a pension fund or RA; no earlier lump sums; 2027 tax year. Tax on the maximum cash: R143,550 + 36% × (R3,333,333 − R1,155,000) = R927,750. The 5% is an illustrative drawdown rate, not an investment return; later income depends on returns, fees, drawdown and longevity.

Generally one-third

Up to one-third of most retirement savings can be taken in cash; the rest must buy an income.

Some exceptions

Older provident fund savings, your savings component and small benefits may be taken as cash, subject to fund rules.

Cash is taxed

Up to R550,000 of qualifying retirement lump sums may be tax-free over your lifetime, depending on earlier lump sums (next page).

> *The amount you take in cash can affect how much capital remains to provide income throughout retirement.*

Why your situation is different. The right split depends on your other savings, debts, income needs and tax history. Model your own numbers →

04 WHAT SARS MAY TAKE

Before you take cash, **understand what SARS may take.**

Retirement lump sums are taxed on special SARS tables. When you take the cash, and what you have taken before, can change the tax dramatically.

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R550,000

Tax-free at retirement

Up to R550,000 of qualifying retirement lump sums may be tax-free over your lifetime, depending on previous lump sums. Above that, rates rise to 36%.

R27,500

Tax-free before retirement

Applies to qualifying lump sum withdrawals before retirement, with a steeper table. Two-pot savings withdrawals are taxed as ordinary income instead.

Lifetime

Your history counts

SARS takes certain previous retirement, withdrawal and severance lump sums into account when calculating your tax. The tax-free allowances apply over your lifetime, not separately to each fund.

FACT SARS retirement and withdrawal lump sum tables, 2027 tax year (1 March 2026 – 28 February 2027), unchanged from 2026. Savings component withdrawals and annuity income are taxed at your normal income tax rates instead.

EXAMPLE **The same R1,000,000. Very different tax.**

Taken at retirement
Retirement lump sum table

R101,700 tax



R39,600 + 27% × (R1,000,000 − R770,000)

Taken before retirement
Withdrawal table, e.g. cashing out on resignation

R199,710 tax



R125,730 + 27% × (R1,000,000 − R726,000)

Assumes no earlier lump sums.

05 LIVING ANNUITY OR LIFE ANNUITY?

Your savings need to become an income. **The two main options work in opposite ways.**

The part of your benefit you don't take in cash buys an annuity: a product that pays you a regular income.

MOST RELEVANT TO Retiring now · Already retired

FLEXIBILITY

Living annuity

An investment account that pays you an income. You choose the funds and how much to draw, and what is left passes to your beneficiaries.

The trade-off: nothing is guaranteed. Draw too much, or hit poor markets early, and income can fall.

CERTAINTY

Life annuity

You hand capital to an insurer, which pays an agreed income for the rest of your life, however long that is.

The trade-off: you give up flexibility, and without added options nothing is left for your heirs.

	LIVING ANNUITY	LIFE ANNUITY
Your income	You choose 2.5%–17.5% of the capital each year	Set by the insurer at purchase
If you live longer than expected	Income can fall if capital runs low	Income continues for life
On death	Remaining value goes to your nominated beneficiaries; with no valid nomination, generally to your estate	Income stops, unless you chose a guaranteed period or spouse's pension
Changing your mind	Can later move into a life annuity	Generally permanent once bought

FACT Income from both is taxed at your marginal income tax rate. A life annuity can include inflation-linked increases (with a lower starting income), a guaranteed period or a spouse's pension.

Or both

Some retirees split their capital: a life annuity to cover essential costs for life, and a living annuity for flexibility, growth and a legacy. The right mix depends on your other income, health, dependants and attitude to risk.

QUESTIONS WORTH ASKING

Which expenses must be covered no matter what? Who depends on my income if I die first? How would I feel if my income had to fall in year ten?

> *This is one of the hardest retirement decisions to reverse, so it is worth getting right the first time.*

06 WILL YOUR MONEY LAST?

Your retirement could last 30 years. **Will your income?**

Retiring at 65 means planning for an income that may need to last into your 90s, through several market cycles and decades of rising prices.

MOST RELEVANT TO · Planning for retirement · Retiring now · Already retired



EXAMPLE

What R20,000 a month buys

Buying power of a fixed R20,000 a month at 5% inflation a year



Longevity

Living longer than your money lasts. A plan for 85 may fall short at 95.

Inflation

Quietly erodes buying power, year after year (left).

Market movements

A living annuity's value rises and falls with markets.

Sequence of returns

Poor returns early in retirement do more lasting damage than later.

Fees

Every 1% a year comes straight out of the return that funds your income.

Annual reviews

Drawdown, returns and spending should be checked every year, not set and forgotten.

> *Retirement planning isn't only about how much income you receive today. It's about how that income may be sustained tomorrow.*

DID YOU KNOW?

For 2026/27, a taxpayer aged 65 to 74 pays no income tax on taxable income up to R153,250 a year, and from 75 up to R171,300. Annuity income counts towards these thresholds.

07 YOUR INVESTMENTS DESERVE A SECOND LOOK

Are your retirement investments **working as hard as they should?**

Around retirement your capital is at its largest and has the least time to recover from mistakes. It is the best time to check how it is invested and what it costs.

MOST RELEVANT TO · Planning for retirement · Retiring now · Already retired

Investment performance
Returns after all fees, measured over a period that suits your timeline and against a fair benchmark.

Fees and charges
Advice, administration, platform and fund fees together: the Effective Annual Cost (EAC).

Diversification
Spreading across asset classes, managers and regions, so one setback does not derail income.

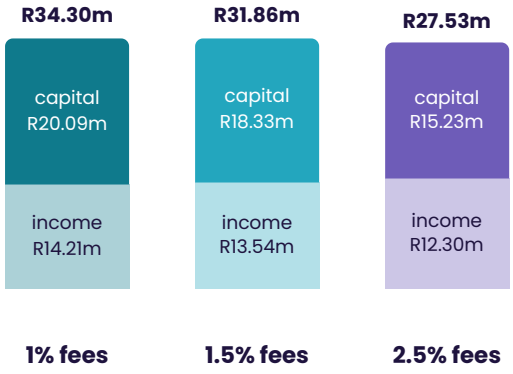
Investment risk
Enough growth to outpace inflation, without more volatility than your income can absorb.

Asset allocation
The mix of shares, bonds, property and cash drives most of the outcome over time.

Suitability of advice
Whether the strategy still matches your age, income needs and plans today.

EXAMPLE **R10m living annuity over 20 years**

Income received plus capital remaining, at three total fee levels



Assumptions. 10% a year before fees; 5% of the capital drawn at the start of each year; amounts in rands of the day (not inflation-adjusted); before tax. Figures rounded. Not a comparison of any specific product.

WHAT 1% A YEAR ADDS UP TO

Moving from 1.5% to 2.5% in total fees in this example means

R1.24m less income received over 20 years

R3.10m less capital left at year 20

> *Small differences in investment returns and fees can have a meaningful impact over time.*

Cost is only half the picture: what counts is the return after fees. The question is whether you know what you pay, and what you get for it.

NEXT STEP

Would a second opinion help?

If you would like your existing investments reviewed, Investonline's Investment Portfolio Analysis looks at performance, fees, risk and the advice behind your portfolio. It is entirely optional.

EXPLORE INVESTMENT PORTFOLIO ANALYSIS →

www.investonline.co.za/investment-portfolio-analysis/

08 YOUR RETIREMENT ACTION CHECKLIST

Wherever you are on your retirement journey, **there are important questions worth asking.**

Print this page and keep it with your fund statements. Tick off each item as you work through it.

MOST RELEVANT TO · Planning for retirement · Retiring now · Already retired

STAGE A
Planning for Retirement

- [ ] Identify all your retirement funds
- [ ] Understand your projected retirement income
- [ ] Review your current contributions
- [ ] Check investment performance and fees
- [ ] Review tax and withdrawal rules
- [ ] Assess your retirement readiness

Notes

STAGE B
Retiring now

- [ ] Understand cash versus income choices
- [ ] Estimate your retirement lump sum tax
- [ ] Compare living and life annuities
- [ ] Determine your income requirements
- [ ] Consider inflation and longevity
- [ ] Review beneficiaries and spouse protection

Notes

STAGE C
Already retired

- [ ] Review your existing income drawdown
- [ ] Monitor capital sustainability
- [ ] Review performance and fees
- [ ] Consider inflation protection
- [ ] Assess investment risk
- [ ] Review your retirement strategy regularly

Notes

Four questions for every stage

Q1 Do I know every fund I belong to, and the rules attached to each?

Q2 Have I taken any lump sums since October 2007 that will affect my tax?

Q3 Who are my nominated beneficiaries, and are they up to date?

Q4 If my income had to fall, which expenses would I cut first?

09 BEYOND THE CALCULATOR

You can calculate your retirement income. **But have you planned your retirement?**

A calculator provides useful estimates. A personalised retirement plan considers the bigger picture.

MOST RELEVANT TO · Planning for retirement · Retiring now · Already retired

WHAT A CALCULATOR SHOWS

- Your projected monthly income
- How long your savings may last
- The effect of different assumptions

WHAT A PERSONALISED PLAN BRINGS TOGETHER

Lifestyle goals

What does a good retirement look like for you, and what will it cost?

Access to cash

Can you pay for a new car, travel or home repairs without disrupting your income?

Medical costs

Are you allowing for medical costs that may rise faster than inflation?

Tax efficiency

Could your income and investments be structured more tax-efficiently?

Your family

What could taxes and estate costs take from what your beneficiaries receive?

Changing needs

How might your needs change at 70, 80 and 90?

> *At Investonline, our financial planners bring these decisions together, helping you build a plan around your goals and adapt it as life changes.*

10 YOUR NEXT STEP

The next step: **your own numbers.**

Use the calculator for an estimate. Speak to a planner for the bigger picture.

Questions to ask a financial planner

Q1 Am I saving or drawing at a sustainable rate?

Q2 How will my lump sum history affect my tax?

Q3 What am I paying in total fees, and for what?

Q4 Is my mix of investments still right for my stage?

PLAN

Plan your retirement income

A useful starting point: see how your savings could translate into monthly income, and how long it may last.

Scan with your phone camera, or tap the button.

investonline.co.za/calculators/retirement-calculator

RETIREMENT CALCULATOR →

REVIEW

Review your investments

See how your portfolio measures up on performance, risk, diversification and fees.

Scan with your phone camera, or tap the button.

investonline.co.za/investment-portfolio-analysis

PORTFOLIO ANALYSIS →

TALK

Speak to a financial planner

Turn an estimate into a plan: talk through your goals, your family and the questions a calculator can't answer.

Scan with your phone camera, or tap the button.

investonline.co.za/contact-us

CONTACT INVESTONLINE →

Prefer to learn more first? Explore Investonline's webinar recordings on retirement, tax and estate planning →

You may be asked to provide some information to receive your results.

REFERENCE

Jargon buster **and sources.**

The terms used in this guide, in plain language.

Annuity
A product that pays a regular income: a living annuity or a life (guaranteed) annuity.

Drawdown
The percentage of a living annuity's value you take as income each year: 2.5% to 17.5%.

Lump sum
A once-off cash payment from a retirement fund, for example at retirement or on resignation, taxed on SARS's special tables. Savings component withdrawals before retirement are taxed at your income tax rate instead.

Preservation
Keeping retirement savings in a retirement fund when you change jobs, instead of cashing out.

Savings component
The part of two-pot savings you can access once a tax year, taxed at your income tax rate.

Retirement component
The part of two-pot savings that stays locked until retirement and must then provide an income.

Vested component
Savings built up to 31 August 2024, less the once-off amount transferred to the savings component (10%, capped at R30,000). The balance keeps the previous rules.

Vested rights
Protected older rules, notably provident fund savings before 1 March 2021 that may be taken in cash.

De minimis
The small-benefit rule: if two-thirds of the non-vested portion of the vested component plus the full retirement component is R240,000 or less (from 1 March 2026), the benefit may generally be taken in cash, subject to fund rules.

Effective Annual Cost (EAC)
A standard industry measure that combines all the fees on an investment into one annual percentage.

SOURCES

1. SARS, Retirement Lump Sum Benefits: lump sum tables, 2027 tax year.
2. SARS and National Treasury, Budget 2026 Tax Guide: income tax rates and thresholds.
3. SARS, Guide to Complete the Lump Sum Tax Directive Application Forms (IT-AE-41-G02): two-pot components and small-benefit rule.
4. Income Tax Act 58 of 1962, Second Schedule; Revenue Laws Amendment Act, 2024 and Pension Funds Amendment Act, 2024 (two-pot system).
5. Moonstone, 14 May 2026: confirmation from National Treasury and SARS that Budget 2026 retirement thresholds apply from 1 March 2026.

Tax figures apply to the 2027 tax year (1 March 2026 – 28 February 2027). Sources verified 4 November 2026.

About the examples in this guide. All examples are illustrations, not forecasts. Unless stated otherwise they assume retirement at 65; 10% annual returns before fees and 1.5% total fees (8.5% net); 5% inflation; income drawn at the start of each year within the legal 2.5%–17.5% living annuity band; and no earlier retirement lump sums. Income is shown before tax. Your own results will depend on your savings, fees, investment choices, tax history and how long you live.

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THE RETIREMENT ROADMAP

A more confident retirement begins with **better information.**

The next step is understanding your own numbers.

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IMPORTANT INFORMATION

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Examples and projections are illustrative and based on the assumptions stated with each one. They are not forecasts or guarantees. Investment values can go down as well as up, and past performance is not a reliable indicator of future returns. Tax law, thresholds and fund rules change, and individual fund rules may differ from the general position described here. The linked Investonline tools are operated separately and may request information to provide their results.

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