



Financial Implications When Emigrating: Questions & Answers



This article is aimed at answering a few questions that you may have pertaining to any financial implications when emigrating from South Africa:

- I have already retired, and my retirement fund is in a Living Annuity, am I correct in thinking that I cannot withdraw the full lump sum amount, but I can still draw the monthly income just in another currency such as British Pounds or US Dollars etc.

With regards to Living Annuities, you are unable to withdraw the benefit in full even if you have formally emigrated. The income will continue to be paid into a South African bank account and then once in the bank account the investor can then choose to transfer it offshore. The investment companies will unfortunately not pay the income into an offshore account as this must be paid into a South African bank account in the name of the investor.

- If the Rand continues to depreciate this could give me problems regarding exchange rates, not so? Is there any way around this? I seem to recall some method suggested by Global & Local where the money can be transferred to another currency. Is this an option?

Yes, there is an option available where you can invest your Living Annuity into direct offshore funds. However, the income you draw from this Living Annuity is still payable in Rands into a South African bank account. We can allocate the majority of the investment to offshore direct funds but are required to hold a portion in a local Rand fund in order to pay your annuity income.

To read more about this option [click here](#)

- If I withdraw my Unit Trust & Offshore investments, would I have to pay capital gains tax on anything I take out of South Africa and any idea at what rate?

If the capital gains on your withdrawals are less than the allowable exemption of R40 000 then there should not be any capital gains tax triggered. Anything that exceeds the R 40 000 exemption will be taxable at 40% which is the capital gains tax inclusion rate for individuals. Once the inclusion rate of 40% has been applied the actual tax payable will be the amount multiplied by your individual marginal tax rate.

We would recommend that you leave your offshore investment invested even if you formally emigrate. If the funds are invested offshore you can get the funds paid into an offshore bank account when a withdrawal is requested, the only requirement is that the funds must go into a bank account in the name of the investor.

- Apart from the money in my investments my wife has investments with you, but she is still working so this pension has not been activated. The only other assets we have is our house which we bought last year, but due to the depressed market I cannot see any profit on this if we sold it.

Retirement Annuities and Preservation funds can be withdrawn in full subject to tax if you are able to prove you have formally emigrated. There is a list of requirements that will need to be provided before the full withdrawals will be actioned. If you are considering emigrating, then it would be advisable not to convert these investments into Living Annuities as you will not be able to withdraw them once converted.

Please note that the above are just a few questions that we received, however should you require any additional information that is more specific to your situation, please do not hesitate to contact our office.

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