



momentum

Corporate retirement annuity

One of the most valuable assets of any business is its employees, especially those with the relevant knowledge, skills and experience. Many small and medium sized businesses wish to provide their employees with retirement benefits but due to the costs involved with setting up and administering a retirement fund, it is often left to the discretion of the employee. This often results in no or non-sufficient retirement funding available at retirement.

A corporate retirement annuity is the solution for small and medium businesses.

How the plan works

Each employee becomes the owner of his/her own retirement annuity policy. The employer is the premium payer on the scheme. The employer may choose the following funding options:

- The retirement annuity is totally employee funded; or
- The employer and employee both contribute to the retirement annuities.

Should the employee leave the service of the employer prior to retirement, the benefits will remain the property of the employee, as with all defined contribution retirement funds. In addition, the employee can continue to contribute to the retirement annuity until retirement age.

The employer's administration is limited to the premium payment, the deduction of the correct tax from each employee and maintaining the employee register the benefit of the insurer who will be deducting the premiums from the employer's account.

Benefits to the employer

1. It provides a simple yet effective retirement solution to employees;
2. It aids with the retention of employees;
3. The total amount paid by the employer is tax deductible, as it is part of the remuneration of the employee;
4. The costs and the administration burdens are limited.

Benefits to the employee

1. The employee receives a retirement benefit;
2. The employee is the owner of the policy and therefore it will retain portability. Simply stated: It leaves with the employee;
3. This is a forced saving, making provision for future needs easier to the employee;
4. The retirement annuity is managed and funds are selected to suit each individual employee and they are involved in the fund selection;
5. The retirement annuity will be payable to either the dependents or nominated beneficiaries of the employee;
6. The employee can retire from a retirement annuity any time after the age of 55 since it is not linked to his formal retirement age from employment.