

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 330 [NW433E]

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330. Mr P F Smith (IFP) to ask the Minister of Finance:

- (1) What is holding back the implementation of the Treasury proposals that the minimum drawdown on living annuities be lowered from 2,5% to 0%;
- (2) if this can be done independently of Treasury's current review on retirement savings?

NW433E

REPLY:

- (1) The proposal to lower the minimum drawdown rate on living annuities is part of a broader retirement reform process which is still in the consultation phase. On Budget Day a document was submitted with revised proposals on retirement reform, for further public consultation until the 31st May 2013, after which we will put forward concrete legislative proposals for tabling in Parliament later in 2013. The National Treasury is embarking on a comprehensive and holistic review of all retirement income products, including living annuities. The review will cover various issues, also including and where appropriate, suitable product standards. This approach will limit the risk of unintended consequences and will achieve policy consistency.
- (2) No, as indicated above, the National Treasury prefers a comprehensive and holistic approach to ensure consistency in policy and avoid unintended consequences. Therefore, the level of the draw down rate will be considered as part of this holistic and comprehensive review.