

ASISH

ASSOCIATION FOR SAVINGS & INVESTMENT SA

Retirement Income Drawdown Accounts

“RIDDAAs”

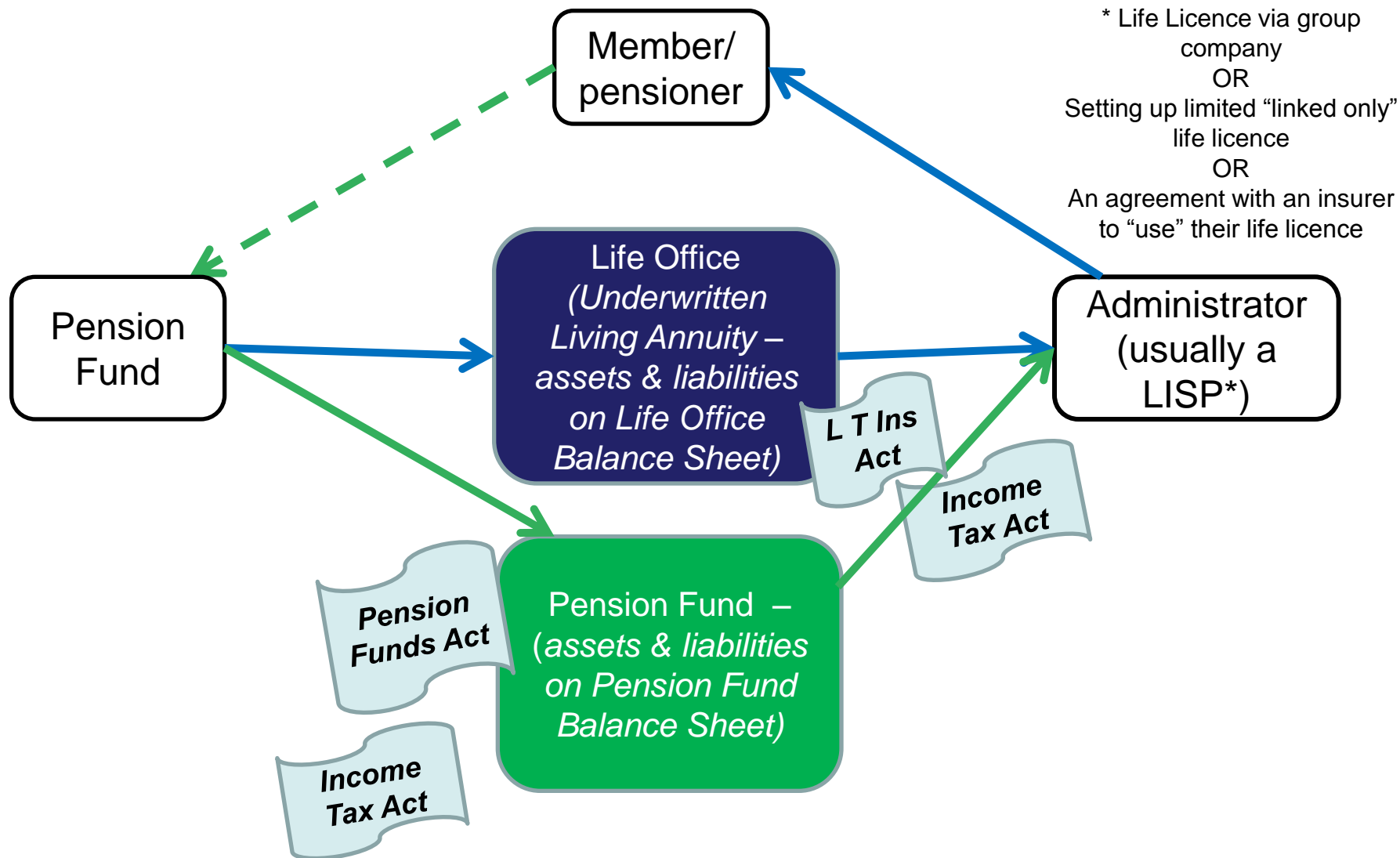
Proposes to:

- Delete definition of **LIVING ANNUITY**
(provided by LT Insurers & Pension Funds)

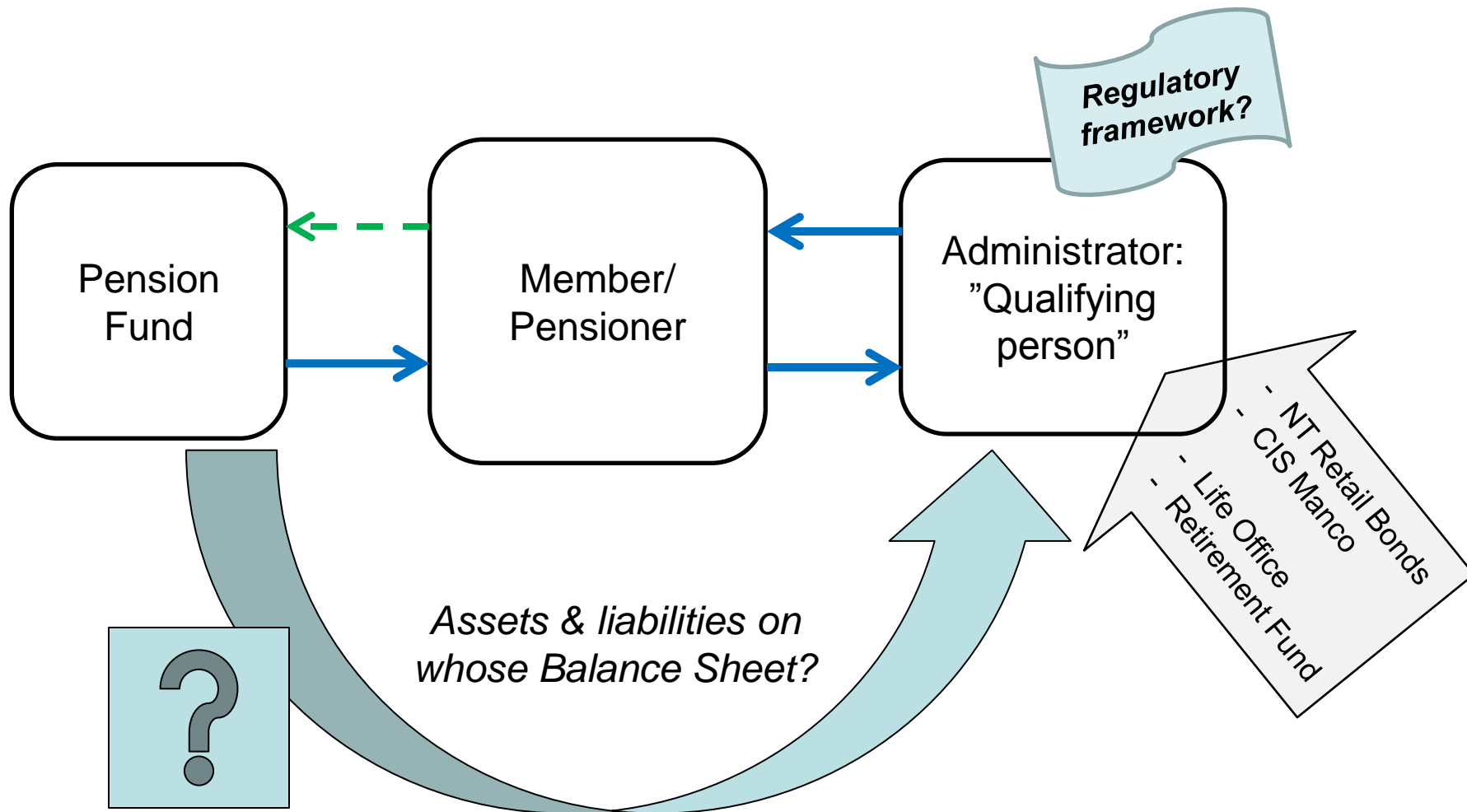
- Replace with definition of **Retirement Income Drawdown Account (“RIDDA”)**
(provided by “qualifying persons” - LT Insurers, Pension Funds, NT Retail Bonds, CISs)

- Why?
To increase competition and drive down costs

Living Annuities through a LISP



TREASURY'S PROPOSED Structure of a RIDDA



RIDDA regulation required to create protection & equity for pensioners

#	Act	Amendment/s
1.	Income Tax	<ul style="list-style-type: none">• Provide exemption from taxation (incl CGT) of assets held in RIDDAs
2.	CAR requirements	<ul style="list-style-type: none">• Provide for appropriate CAR where RIDDAs are to be offered – bearing in mind longevity of RIDDAs
3.	Administration	<ul style="list-style-type: none">• Consider including a requirement for administrators of RIDDAs to apply for a RIDDA administration licence – ensure adequate systems in place and that fit and proper requirements are met

RIDDA regulation required to create protection & equity for pensioners

#	Act	Amendment/s
4.	Market Conduct	<ul style="list-style-type: none">• Duplicate market conduct standards as provided in FAIS, Policy Holder Protection Rules• Compel transfer between RIDDA providers on investor's request and duplicate Registrar of Insurance Directive 135&135A re living annuity transfer requirements
5.	Pension Funds Act	<ul style="list-style-type: none">• Amend definition to allow Funds to provide RIDDAs• Require all Fund rules that currently provide for living annuities to be amended by a given date to cater for RIDDAs, alternatively• Deem all such rules to have been amended to allow transfer to qualifying persons who offer RIDDAs

RIDDA regulation required to create protection & equity for pensioners

#	Act	Amendment/s
6.	Insolvency/ Creditors	<ul style="list-style-type: none"> • Provide for protection of RIDDA assets from creditors and on insolvency
7.	Estate Duty	<ul style="list-style-type: none"> • Ensure all RIDDAs do not attract estate duty on death of pensioner
8.	Divorce	<ul style="list-style-type: none"> • ? Provide for division of RIDDA capital on divorce with the proviso that the divided capital must be utilised for the provision of a pension for the ex-spouse ?
9.	RIDDA Act ?	<ul style="list-style-type: none"> • To ensure consistency across all RIDDA providers, and to avoid duplication of and multiple amendments to legislation governing the various qualifying persons, a single Act governing RIDDAs could be a practical solution.