



Planting the right seeds on the two-pot retirement system





Agenda (everybody's got one...)

- The objectives & structure of the two-pot retirement system
- Considerations before you withdraw
- Withdrawals: Tax, fees & process
- Member frequently asked questions





Objectives of the two-pot system : The South African Reality

- South Africa's current unemployment rate is roughly over 33%
- It is not uncommon for a single income earner to support a huge household
- At the same time, only 6% to 10% of South Africans retire with enough income to live comfortably - the rest live below the poverty line, or depend on family or charity
- Let's have a quick look at how and why we have ended up with the two-pot retirement system...



Recent Changes, & What 2-Pot Rearranges...

(Forget about vested rights for the moment, & let's understand the principle of what has been happening!)

Remember 1 March 2021? (Nobody blames you if you don't...)

Alignment of pension & provident funds for ALL new members after 1 March, BUT leakage on resignation remained...

And now with two-pot?

Emergency savings access annually ($\frac{1}{3}^{\text{rd}}$ of contributions monthly plus seeding); & $\frac{2}{3}^{\text{rds}}$ contributions => compulsory preservation until retirement

Did you know that the average working South African holds 4 to 7 jobs in their lifetime?

Hard Truth?

Two-pot addresses a very real current South African situation:

I can't feed/ clothe/ shelter my family today, but I am forced to save for when I am 60. Maybe I must resign, take it all & try to find another job?

VERSUS

I've got a new job offer...

- I can manage, but it's a struggle so let me take it.
- YOLO!! I want to live my best life!
... (fast forward 25 years)...

EISH!!! I'm 60 with so little saved...



Two-pot offers a balance...

But if you don't need it, DON'T TAKE IT!!



Your three pots as at 1 September 2024 ...

VESTED POT - (old rules apply)

Savings to 1/3/2021: up to 100% cash at retirement;

Contributions from 1/3/2021 to 1/9/2024 + return - annuitise 2/3rds at retirement;
Exit pre-retirement? Up to 100% in cash



Seeding

SAVINGS POT

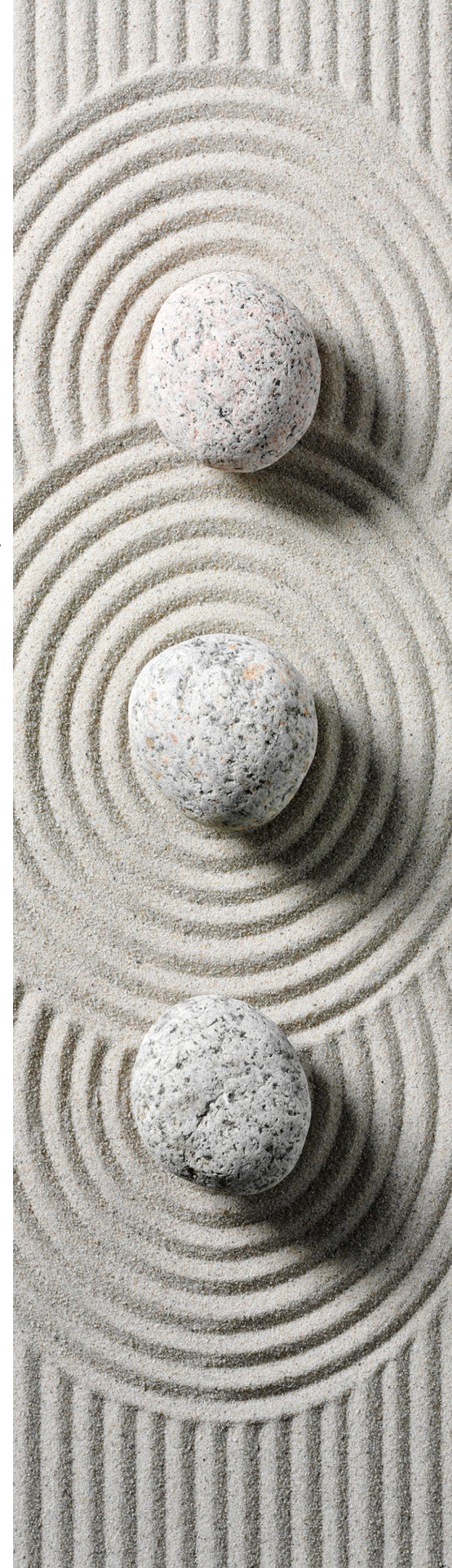


An initial seeding amount of 10% of your savings as at 1 September, capped at R30,000, will be transferred to your savings pot.

RETIREMENT POT



Your retirement pot will initially be empty.



Your three pots after 1 September 2024 ...

VESTED POT (less max of 10% / R30k
& old rules apply)



Monthly Contributions



TRANSFER? YES!

TRANSFER? NO!

TRANSFER? YES!

You may withdraw
annually from your
Savings Pot (min of
R2,000/max is whatever is
available)

Savings Pot

Retirement Pot

You will only be able to
access your retirement
pot **AT RETIREMENT** (even
you change jobs)

ALL of this
money is
invested in
your
investment
portfolio, &
will
continue to
earn
investment
return

If you move jobs,
you can transfer
your different
pots to THE SAME
POTS in your new
Employer's Fund.

You can transfer
from your
Savings Pot &
your Vested Pot
INTO your
Retirement Pot,
but NEVER the
other way.

Your three pots: exit pre-retirement ...

VESTED POT - (old rules apply)

You may take full amount in cash; taxed at *withdrawal tax table*



Seeding

SAVINGS POT

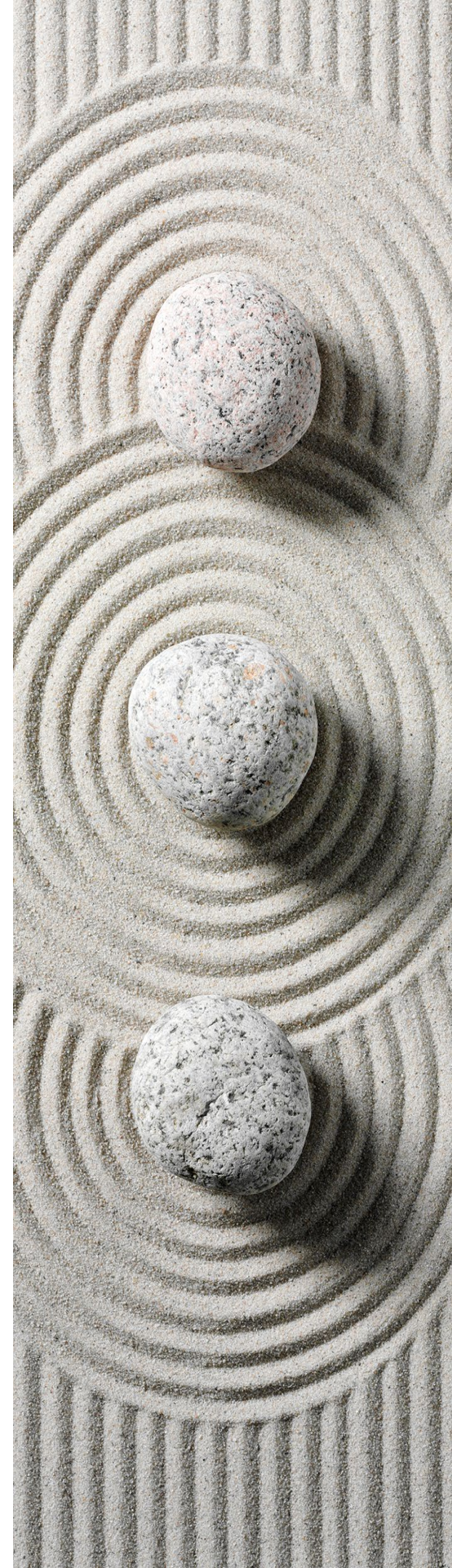


You may take full amount in cash; taxed at **marginal tax rates**

RETIREMENT POT



You **may not take any cash**. Must leave in UNISARF/ tfr to new Employer or Pres Fund



Your three pots: AT RETIREMENT...

VESTED POT - (old rules apply)



Unless you were 55 or older on 1 March 2021, split into :

- Savings till 1 March 2021- up to full amount in cash.
- Savings from 1 March 2021 till 31 August 2024: annuitise at least 2/3rds & up to 1/3rd in cash (**retirement tax table**).

SAVINGS POT

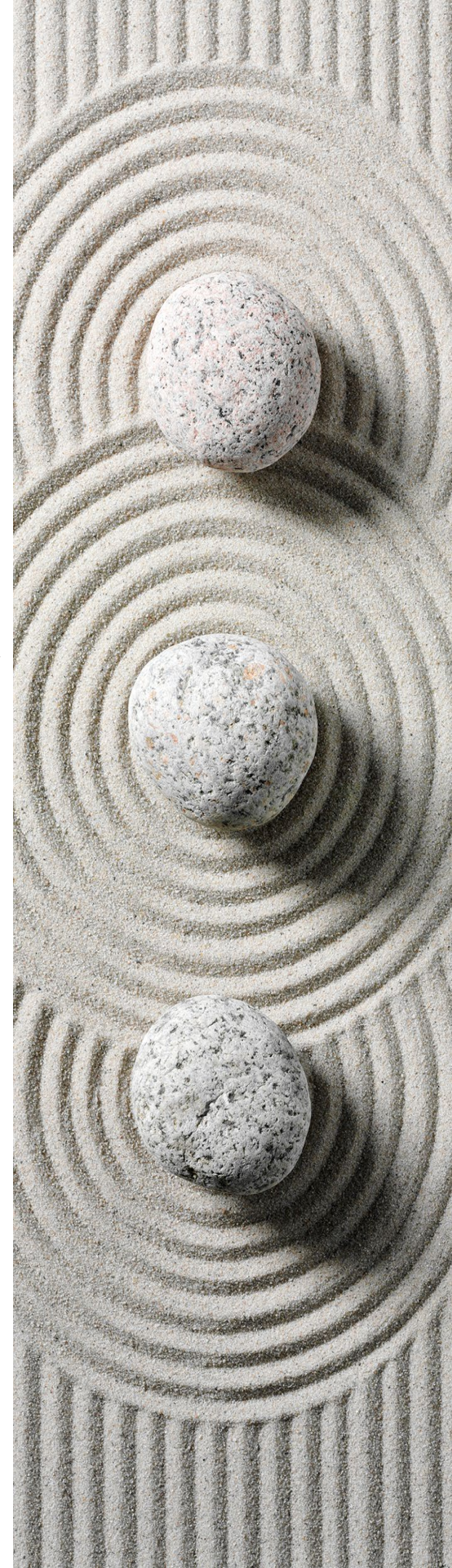


You may take full amount in cash; taxed at **retirement tax table**

RETIREMENT POT



Must use to buy a pension income!



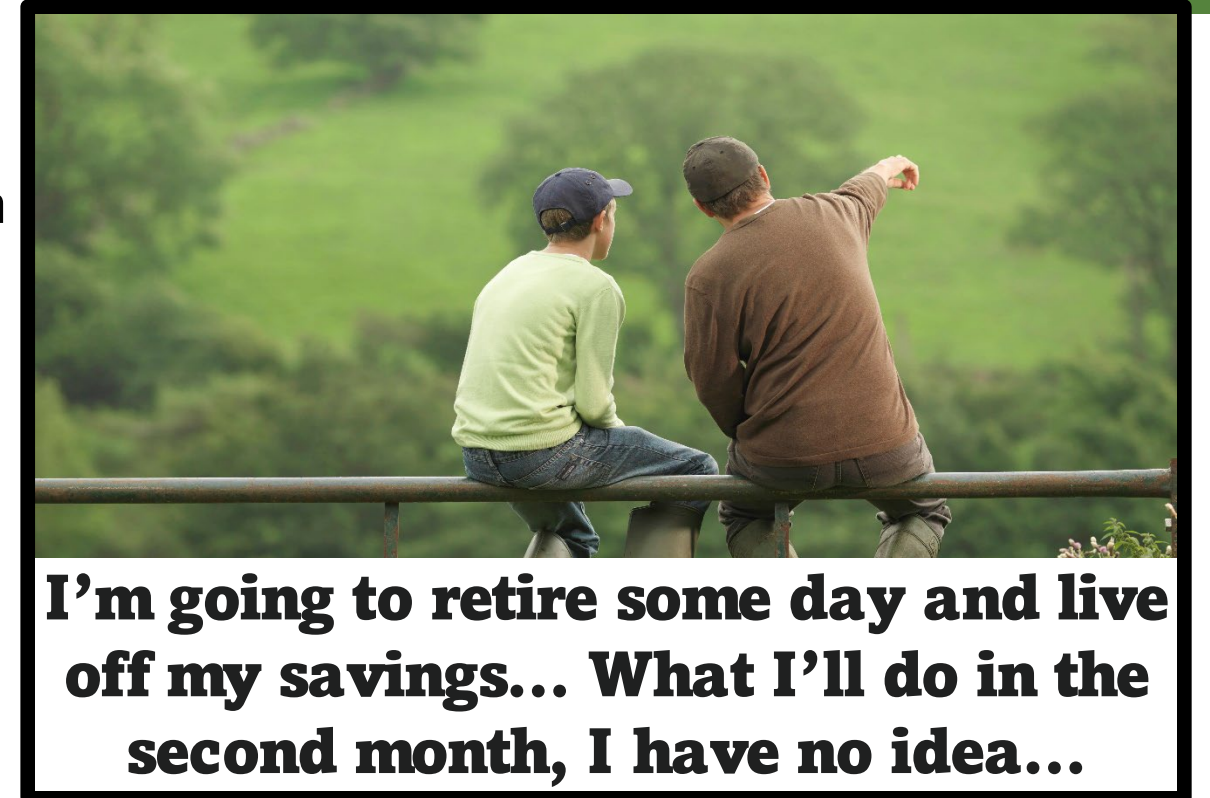
Exceptions



Are you a member that has a defined benefit underpin?

The two-pot system will affect your benefit a little differently.

Please refer to the special communication sent to you in this regard.



Were you 55 or older on 1 March 2021?

All Members who were 55 years or older on 1 March 2021 will be **excluded** from the two-pot system unless they decide to opt in.

To opt in, members will need to complete an opt-on form before 31 August 2025

(www.unisarf.co.za -> Forms -> Two-Pot Opt In Form)



Remember...

- Withdrawal from savings pot annually (1 March to 28 Feb – the tax year).
- You must have a minimum of R2,000 in your savings pot to withdraw.
- A withdrawal is not allowed if there will be insufficient funds to:
 - pay any maintenance orders
 - pay divorce orders
 - pay employer judgments against the member

Let's meet Mary...



Mary: Aged 50 yrs old

Benefit value of R580 000 on 31 August 2024 & contributions = R6 000 a month

On 1 September 2024: the Fund will create a savings pot & a retirement pot for Mary. The Fund will calculate 10% of her value (R58 000) but the Fund will transfer only **R30 000** to her savings pot.

Going forward her R6 000 monthly contributions will be split 1/3rd (R2 000) to her savings pot & 2/3rds (R4 000) to her retirement pot. Going forward Mary will have three pots, all with different characteristics as per below as at 1 September 2024:



VESTED POT

- Balance remaining: R550,000
- NO NEW CONTRIBUTIONS
 - Retains its rights
 - Continues to grow



SAVINGS POT

- Balance of R30 000
- 1/3rd of all new contributions
- Once a year can draw minimum of R2 000
- Withdrawals are taxable



RETIREMENT POT

- Balance of R0
- 2/3rds of all new contributions
- Cannot be accessed in cash
- Annuity income at retirement

What to Consider before withdrawing? Example

If Mary withdraws R30,000 on 1 Sept 2024 and withdraws what is available from her savings pot (R24,000) every year until retirement, she will retire with R1,638,300. If she took no withdrawals until retirement, she would retire with R2,665,000. **That's R1,026,700 difference at retirement, almost 40% difference!**

What does this mean in term of pension income? If you had to buy a basic life annuity (age, gender, market conditions etc. will impact this):

R1,026,700

You might receive around **R4,500**
per month

FUN FACT: Global life expectancy has more than doubled in the last 100 years

How long are your savings going to need to fund your life after you stop earning a salary?

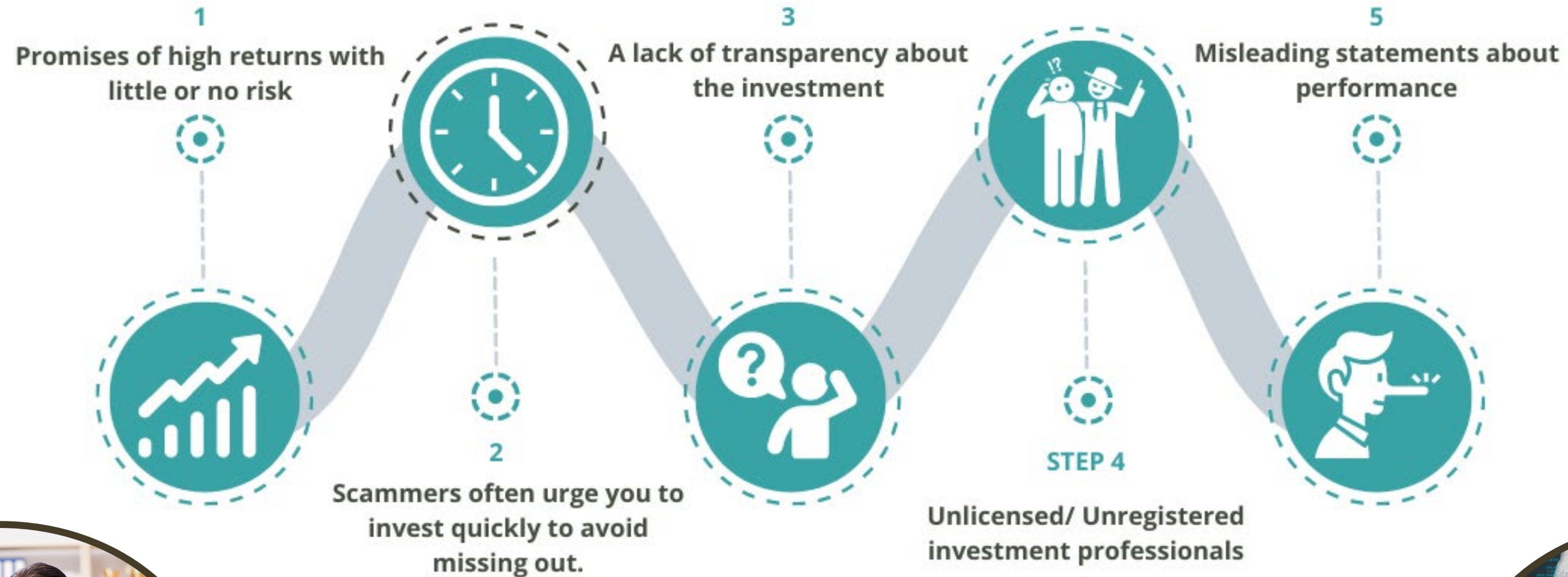
R2,665,000

You might receive around **R12,000**
per month

FUN FACT: Women live on average 4 to 7 yrs longer than men

🌿 What to Consider before withdrawing?

5 Signs of an Investment Scam



You are not the only person
that wants your money!





Savings Pot withdrawals are considered **INCOME**. Taxed when you take cash pre-retirement from savings pot on ***marginal tax table (why?)***:

Taxable income (R)	Rates of tax (R)
1 – 237 100	18% of taxable income
237 101 – 370 500	42 678 + 26% of taxable income above 237 100
370 501 – 512 800	77 362 + 31% of taxable income above 370 500
512 801 – 673 000	121 475 + 36% of taxable income above 512 800
673 001 – 857 900	179 147 + 39% of taxable income above 673 000
857 901 – 1 817 000	251 258 + 41% of taxable income above 857 900
1 817 001 and above	644 489 + 45% of taxable income above 1 817 000



Vested Pot withdrawals taxed when you take cash at **pre-retirement exit** on ***withdrawal tax table***:



Taxable income (R)	Rate of tax
1 – 27 500	0% of taxable income
27 501 – 726 000	18% of taxable income above 27 500
726 001 – 1 089 000	125 730 + 27% of taxable income above 726 000
1 089 001 and above	223 740 + 36% of taxable income above 1 089 000

Savings Pot withdrawals taxed when you take cash at **retirement** on ***retirement/ severance tax table***:



Taxable income (R)	Rate of tax
1 – 550 000	0% of taxable income
550 001 – 770 000	18% of taxable income above 550 000
770 001 – 1 155 000	39 600 + 27% of taxable income above 770 000
1 155 001 and above	143 550 + 36% of taxable income above 1 155 000

Ta x

- **Alexander Forbes** will apply to SARS for a tax directive for any savings pot withdrawals
- Members will need to **pay any additional outstanding taxes** as well (IT88 – includes outstanding penalties & arrear assessed tax owing to SARS).
- It is **YOUR RESPONSIBILITY** to understand your tax situation before cash in your savings pot – you can ask SARS for a **Statement of Account** via e-filing, their digital channels or their WhatsApp number 0800 11 7277.

I'm glad I learned about
parallelograms instead of
how to do my taxes.

It's really come in handy
this parallelogram
season.



If SARS declines the tax directive, or issues an IT88, the administrator MUST abide by it.



Tax: *Example*

Meet Bonggi...

Bonggi earns R360,000 a year. According to the tax table, she pays 18% on the first R237,100 + 26% on the income above that:

Taxable income (R)	Rates of tax (R)
1 – 237 100	18% of taxable income
237 101 – 370 500	42 678 + 26% of taxable income above 237 100
370 501 – 512 800	77 362 + 31% of taxable income above 370 500

If she withdraws the full R30,000, it will push her income for the year to **R390,000**. The 26% tax rate will apply up to R370,501, but above that, she will pay **31%**. So of the R30,000, she will pay 26% on the first R10,501, but the remaining R19,499 will be taxed at the **higher 31% income tax rate**.





Fees

- The fee for savings pot withdrawals between R2 000 and R5 000 will be R100 per withdrawal.
- The fee for savings pot withdrawals higher than R5 000, will be 2% of the withdrawal amount before tax, limited to a maximum fee of R600 per withdrawal.

Examples:

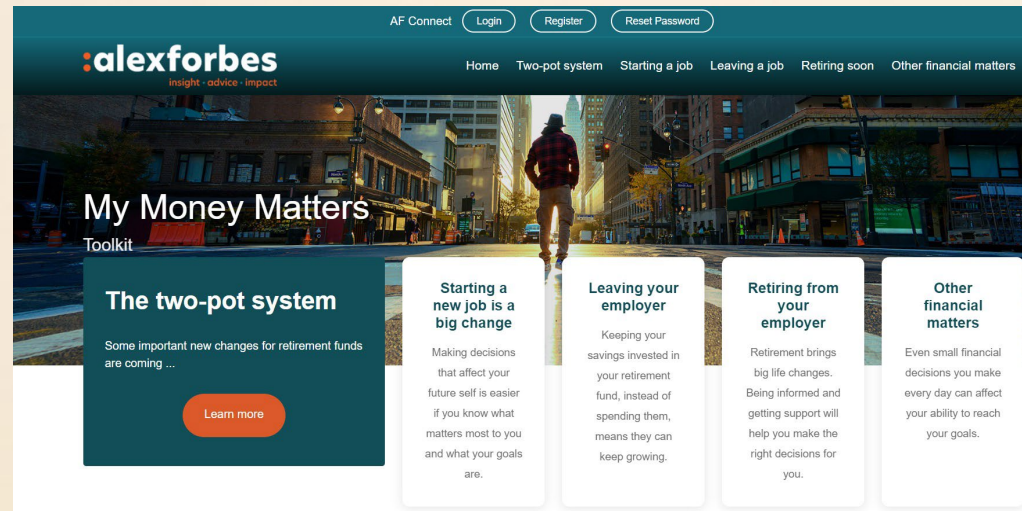
- ✓ For a member withdrawing R4 500 the fee is simply R100
- ✓ For a member withdrawing R18 000 the fee would be R360
- ✓ For a member withdrawing R30 000 the fee would be R600

The above fees are applicable effective 1 September 2024 and will be reviewed annually.

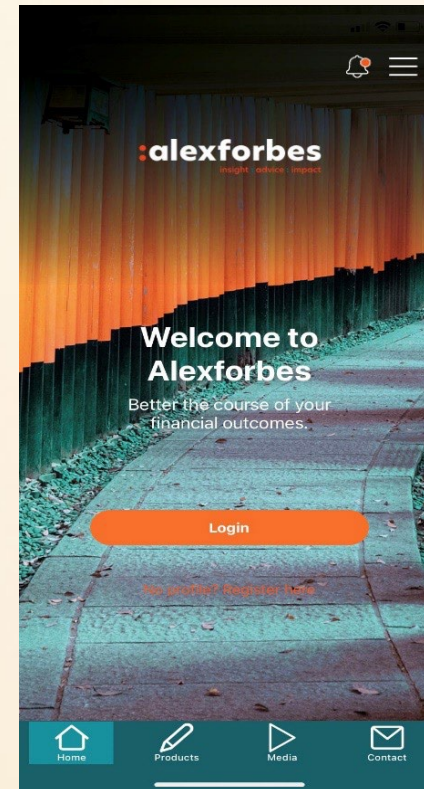
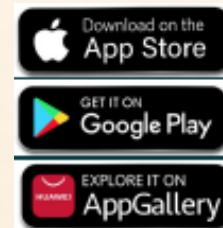


Withdrawal Process

In order to claim, Members will need to claim individually via Alexander Forbes. There will be 3 options available:



AF Connect/ AF Online



AF Mobile App



Currently no
claim
submission,
balance enquiries
etc. only

AF Whatsapp self-service

+27 60 043 9601: Type **Help**,
select **Register** and follow the
menu prompts

AF Connect can be accessed directly on <https://online.alexforbes.com/af-connect> or via My Money Matters on <https://mymoneymatters.alexforbes.com/>

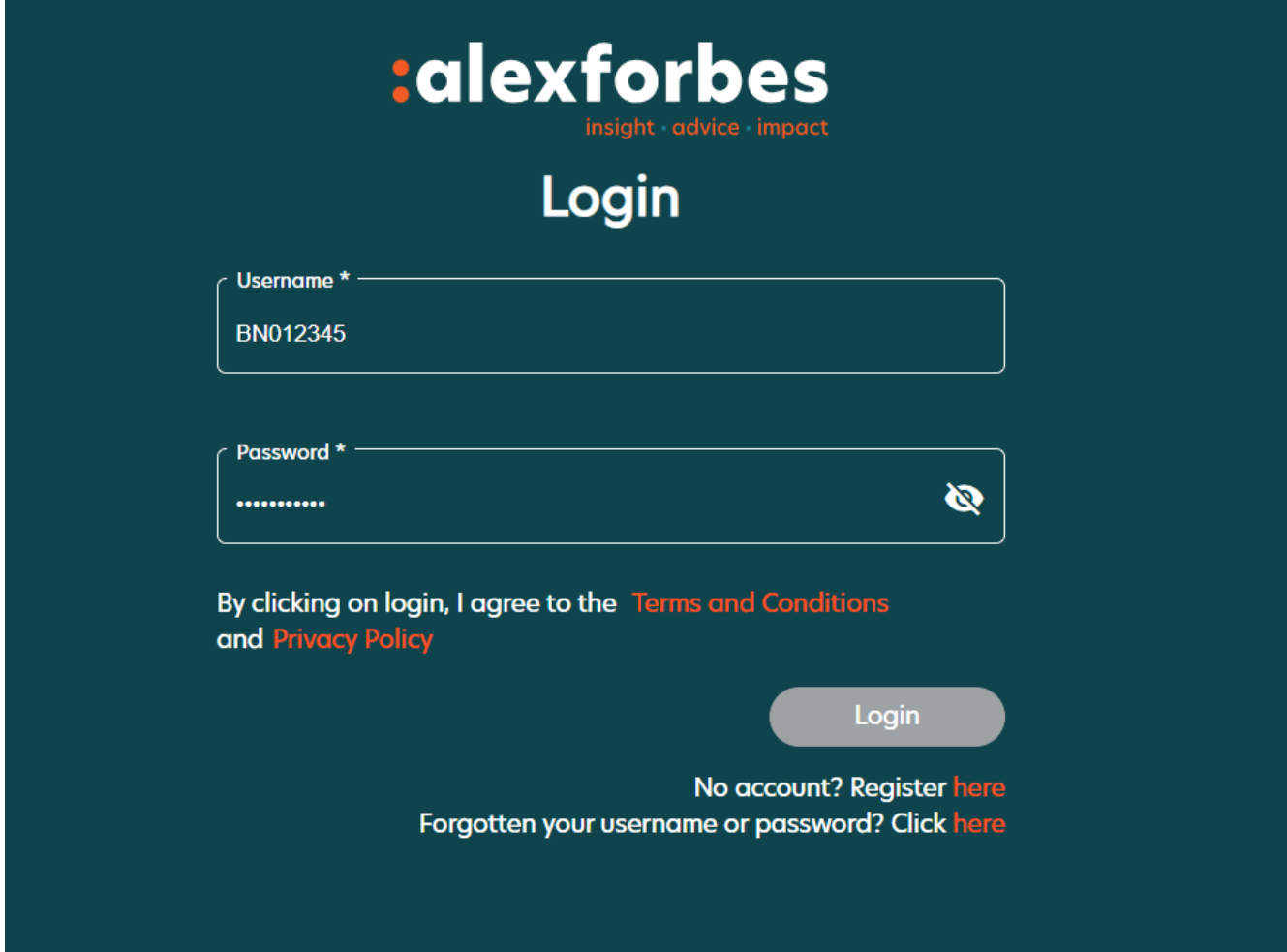


AF Connect - Registration

- If you have not registered, click the “Register here” link below the Login button
- Your **username** will be your ID number **OR** your e-mail address
- You need to create your own password:
 - **N.B** Your password **may not contain your name or surname**

Registered but forgot your username/ password?

- Click on the link below the registration link. You can have your username or password sent to either your e-mail address or cell. If BOTH have changed, you need to contact the contact centre.



The screenshot shows the 'alexforbes' login page. At the top is the logo 'alexforbes' with the tagline 'insight · advice · impact'. Below the logo is the word 'Login'. There are two input fields: 'Username *' containing 'BN012345' and 'Password *' with masked characters and an eye icon to toggle visibility. Below the fields is a line of text: 'By clicking on login, I agree to the Terms and Conditions and Privacy Policy'. A 'Login' button is positioned below this text. At the bottom, there are two links: 'No account? Register here' and 'Forgotten your username or password? Click here'.



Claims Process – It's all you baby!

Once logged in, you can check the available amount in your Savings Pot

& submit your claim. A 'submit claim' button is visible on the screen.

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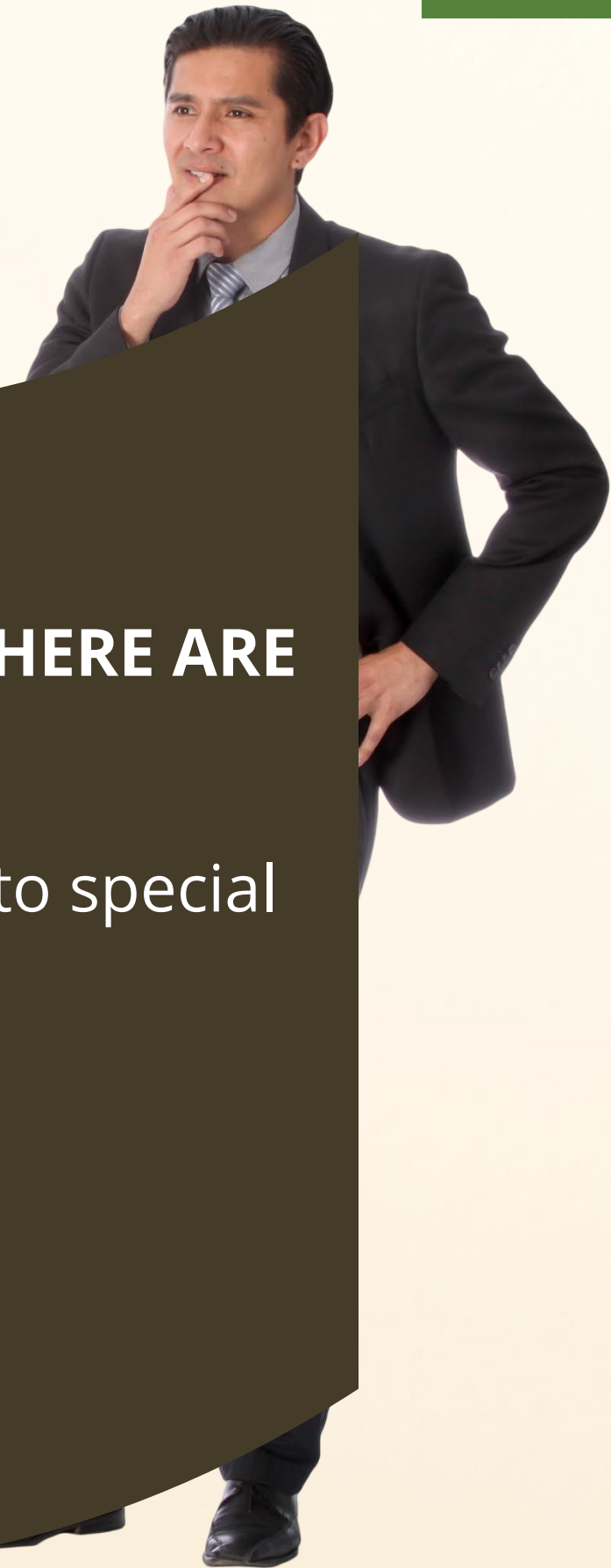
You

must upload the required documents

N.B. IT IS EXPECTED THAT CLAIMS WILL TAKE 45 DAYS TO PAY OUT, ASSUMING THERE ARE NO ISSUES WITH THE CLAIMS PROCESS.

Members with Defined Benefit underpins may have a longer turnaround time due to special calculations required.

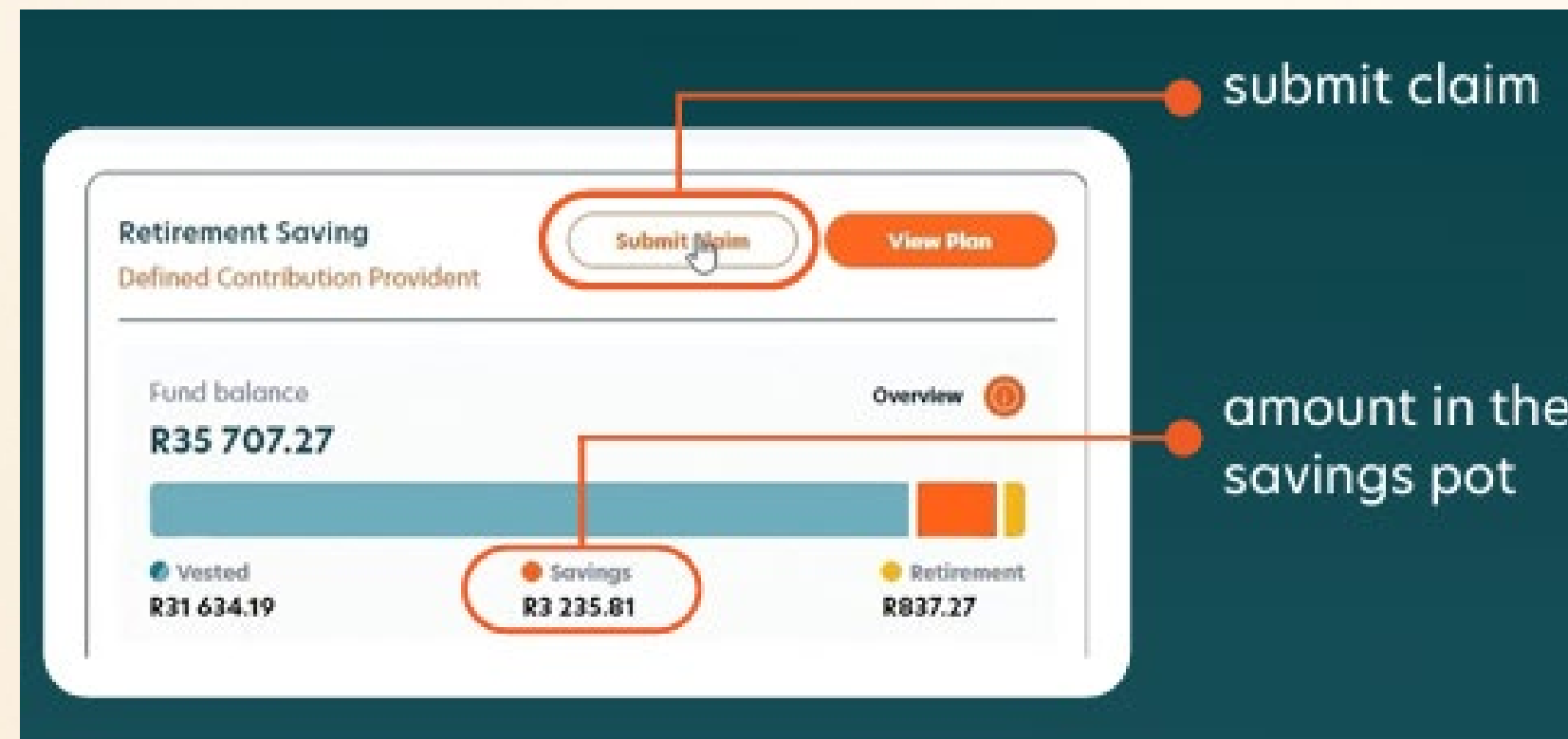
- ID or passport document
- Proof of tax (e.g. tax certificate)
- Proof of bank (e.g. 3 months bank statements or bank confirmation letter)



Claims Process – It's all you baby! 🌿

Once logged in to AF Connect, you can check the available amount in your Savings Pot & submit a claim (if you have more than R2,000). Follow the necessary prompts.

You may go through an authentication process (multiple choice from data AF has) to ensure you are you! 80% pass needed, or you are locked out for 24 hrs. 2nd failure => contact AF.



You may need these documents if the validation fails during the claim submission - must then upload the required documents to submit your claim:

- ID or passport document
- Proof of tax (e.g. tax certificate)
- Proof of bank (e.g. 3 months bank statements or bank confirmation letter)





AF Connect – Claims Process

1. Get Docs Ready

The screenshot shows a web application interface with a modal titled "Before you proceed". The modal contains a list of required documents: ID/Passport document, Proof of tax (e.g. tax certificate), and Proof of bank (e.g. 3 months bank statement). The background shows a "Retirement Investment" section with a total balance of R584 604.60.

2. Confirm Personal Details

The screenshot shows a web application interface with a modal titled "Confirm personal details". The modal contains fields for First name, Middle name, Surname, and Passport number. The background shows the same "Retirement Investment" section with a total balance of R584 604.60.

3. Confirm Tax & Contact Details

The screenshot shows a web application interface with a form titled "Savings withdrawal claim". The form contains fields for Personal information (First name, Middle name, Surname, Date of birth, Country, Phone number, Email address, Passport number, Country of residence, Tax number) and a sidebar with "Amount available: R16 172.92" and "My Money Matters" section.

4. Confirm Physical & Postal Address

The screenshot shows a web application interface with a form titled "Savings withdrawal claim". The form contains fields for Physical address (Unit, apartment, suite, house number, etc., Complex name, Street number, Street or Farm name, Suburb, City or Town, Postal code, Country) and Postal address (Address 1, Address 2). The sidebar shows "Amount available: R16 172.92" and "My Money Matters" section.



AF Connect – Claims Process

5. Claim Amount & Banking Details

Savings withdrawal claim

Your withdrawal will be taxed according to SARS's current marginal tax rate, which ranges between 18% and 45%.

Please provide the following information:

Percentage

Amount *

Limit: Amount ≤ Savings Amount

Please provide the following information:

Account holder's name *

Account number *

Bank name *

Branch code *

Account type *

Note: Your withdrawal amount will be taxed at SARS's current highest applicable marginal tax rate.

Failed to validate banking details. An additional step for document upload will be required.

Amount available:
R16 172.92

Withdrawal amount before tax:
R2 010.00

Balance after withdrawal:
R14 162.92

Pause for a moment

Being able to withdraw some cash from your savings pot may help get through a financial challenge instead of needing to borrow money.

A financial advisor can guide you towards alternative debt management strategies that align better with your long term financial vision. Make choices today that you'll thank yourself for tomorrow.

My Money Matters

Get the most out of your money

Learn more

6. Upload Supporting Docs

Savings withdrawal claim

To proceed with your claim submission, kindly upload the necessary supporting documents.

You are required to upload the following documents:

Document upload

Tax certificate

Upload

Note: Please ensure your documents are not password-protected for a successful submission.

COMPLETED

Proof of bank account BeneficiaryReport lump del sucpg.pdf

Amount available:
R16 172.92

Withdrawal amount before tax:
R2 010.00

Balance after withdrawal:
R14 162.92

Withdrawal before retirement: know the costs

Withdrawing cash before retirement comes with its consequences:

1. Tax payment: you'll have to pay tax on the withdrawn amount.

2. Reduced retirement income: early withdrawal mean less money left for your retirement years.

3. Decreased cash reserves at retirement: withdrawing now means less cash available when you need it most in retirement.

My Money Matters

Get the most out of your money

Learn more

7. Review & Accept Disclosures

Savings withdrawal claim

Withdrawal tax information:

Upon withdrawal, your funds may be taxed based on the SARS's prevailing marginal tax rates, currently ranging between 18% and 45%. This estimate is provided for reference purposes only and does not replace the actual tax deduction determined by the South African Revenue Service (SARS). Alexforbes recommend visiting the SARS website at www.sars.gov.za for more information.

Market change declaration:

In recognising the inherent nature of market changes, your withdrawal balance may fluctuate based on market dynamics. It is crucial to note that if your savings pot balance decreased while your withdrawal claim is in progress, only the available amount will be paid out.

Savings claim administration fee:

An admin fee will be levied for processing this claim.

By selecting the box, you confirm that:

You comprehend the available options, including potential tax implications, administration fees, and market fluctuations.

Your decision may be shared with your employer for record keeping.

You have made an independent decision or were assisted by an adviser.

The information provided in your withdrawal claim is accurate and consistent with your identification and bank details. Alexforbes will verify this information with the Department of Home Affairs and the provided bank. Any discrepancies may result in processing delays for your claim.

Neither Alexforbes nor associated funds assume responsibility for losses incurred due to inaccuracies in the provided details.

Upon receipt of all necessary information, Alexforbes will promptly process your withdrawal requests in accordance with established fund rules and withdrawal claim procedures.

Any permissible deductions or suspensions under Section 37D of the Pension Funds Act will be applied to your benefit, if applicable.

Instructions provided to Alexforbes that are not legally binding will not be actionable, rendering this form null and void.

Once your claim is submitted, it cannot be altered.

Amount available:
R16 172.92

Withdrawal amount before tax:
R2 010.00

Balance after withdrawal:
R14 162.92

Plan wisely for your future

Make informed decisions today to secure a brighter tomorrow. Prioritise your long term financial wellbeing by planning with a financial advisor. Together, let's navigate towards a retirement that fulfils your dreams and aspirations.

My Money Matters

Get the most out of your money

Learn more

8. View Claim Summary & Record Claim Number

Investments and policies

Retirement Investment

View details

View Plan

Life Cover

View Details

Funeral Cover

Refer to your member booklet for complete information regarding this benefit.

No beneficiaries listed yet.

Success!

Hi [Name],

Good news!

Your withdrawal claim for the amount of R2 010.00 has been successfully submitted!

Here are the details of your withdrawal claim:

Amount: R2 010.00

Claim number: [Number]

Date of withdrawal: 2 May 2024

Your request is now in motion, and we want to assure you that we're dedicated to providing you with seamless service throughout the process.

Keep an eye on your inbox for forthcoming communication from Alexforbes. Our team will keep you informed every step of the way, providing updates on the progress of your claim.

Close

Claims Process – stumbling blocks...



SARS related issues

- Your tax directive is rejected because:
- Your ID number does not match the ID with SARS
- Your tax number is not active
- Outstanding tax matters with SARS

You must contact SARS directly to resolve these issues.



What can cause a delay with your claim?

- You are not registered on AF Connect.
- You don't pass the verification process. Further checks and documents will be required to validate your transaction.
- The bank account details provided are not verified as your own.
- You are not registered for tax.



Benefit related issues – do any of these apply to you?

- You don't have enough money in your savings pot.
- Matters such as:
 - An employer judgment,
 - divorce consent,
 - maintenance orders; and
 - housing loans.

🌱 Frequently Asked Questions 🌿

How much will the transaction fee be to make a withdrawal?

- For withdrawals between R2,000 & R5,000: **Fee = R100**
- For withdrawals over R5,000: **Fee = 2% of gross amount before tax, capped at R600**

How will my withdrawal be taxed?

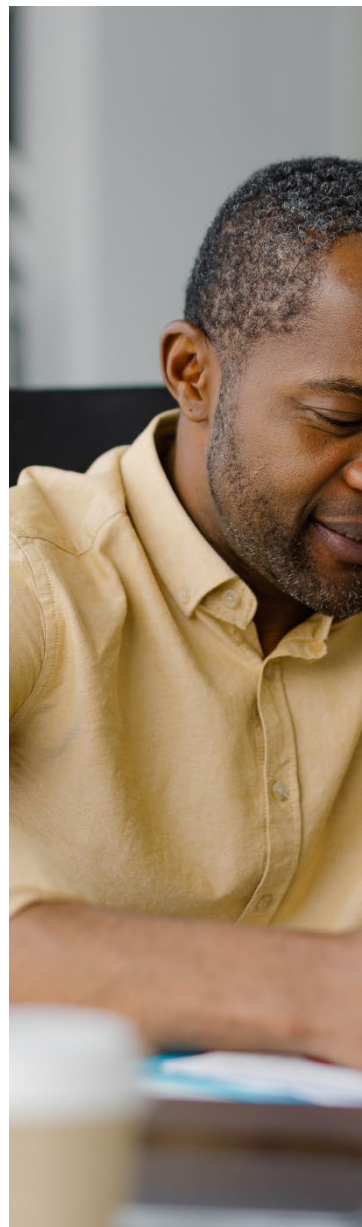
It will be taxed as income, according to your **marginal tax rates**.

What is the process to withdraw?

You need to register on **AFConnect**, & submit your claim via self-Service online.

How long will a withdrawal take?

If there are no issues, it is estimated that withdrawals will take 45 days.



Frequently Asked Questions

How much can I withdraw?

You can withdraw the full amount available in your savings account; however, it **must** be at least R2,000.

How often can I withdraw?

You can withdraw once every tax year (that is, between 1 March and 28 February annually).

How can I make up any emergency savings I withdraw so my retirement isn't affected?

Contact the Fund's benefit counsellor, Keabetswe Riet on kea@infund.co.za.



Frequently Asked Questions

What is seeding?

10% of your savings at 31 August 2024 will be transferred from your **vested pot** to your **savings pot**. This is capped at R30,000, BUT WILL NOT NECESSARILY BE R30,000.

Are my savings pot withdrawals capped at R30,000?

No. You can take the full amount available.

Is the withdrawal a loan I need to repay?

No, it is not treated as a loan and you do not need to repay it. If you want to try to address the savings gap any withdrawals create, you can use AVC's.

Is two-pot only applicable to employer funds?

No. This system applies to all retirement funds in South Africa.

Thank You! 

