



The two-pot system for retirement funds

Presented by
Member Education Services



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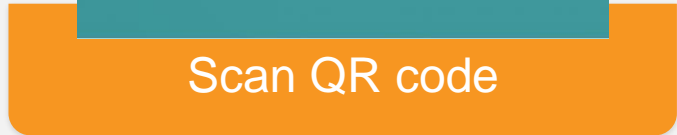
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- **Complete attendance register**
- **for entry to lucky draw competition!**



Lucky draw prize!
Gary Player weekend bag
(with shoe compartment)



Attendance register also helps us track which communication styles work best for members

- Used to determine whether to do more webinars

- Highlights if certain individuals have trouble joining webinars

Why the Two-Pot system?

The “two pot” system aims to address two major issues in South Africa:

- South African’s are battling in their retirement years
- South African’s are also drowning in debt

National Treasury recognises that we need a solution that works for South Africans, by:

- balancing our long-term retirement savings goals, and
- meet possible short-term financial needs

- Start date – 1 September 2024
- Main purpose of retirement fund is still to provide you with an income during retirement.

Important
note

Breakdown of the different pots

All your savings up to 31 Aug 2024

1. Vested pot



All your contributions since joining, including all contributions from now up to 31 Aug 2024.

This pot cannot be withdrawn while working

Only access 10% of it but limited to R30 000

Contributions from 1 Sep 2024

2. Savings pot



1/3 or 33% of contributions after 1 Sep 2024
Can be withdrawn while working

3. Retirement pot



2/3 or 67% of contributions after 1 Sep 2024
Will be received at retirement as income

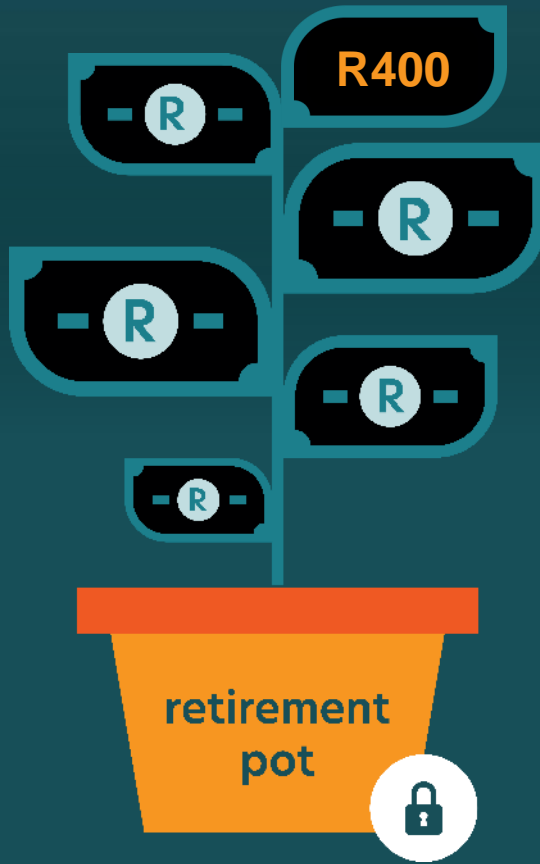
How the retirement fund will work from 1 Sep 2024



Example

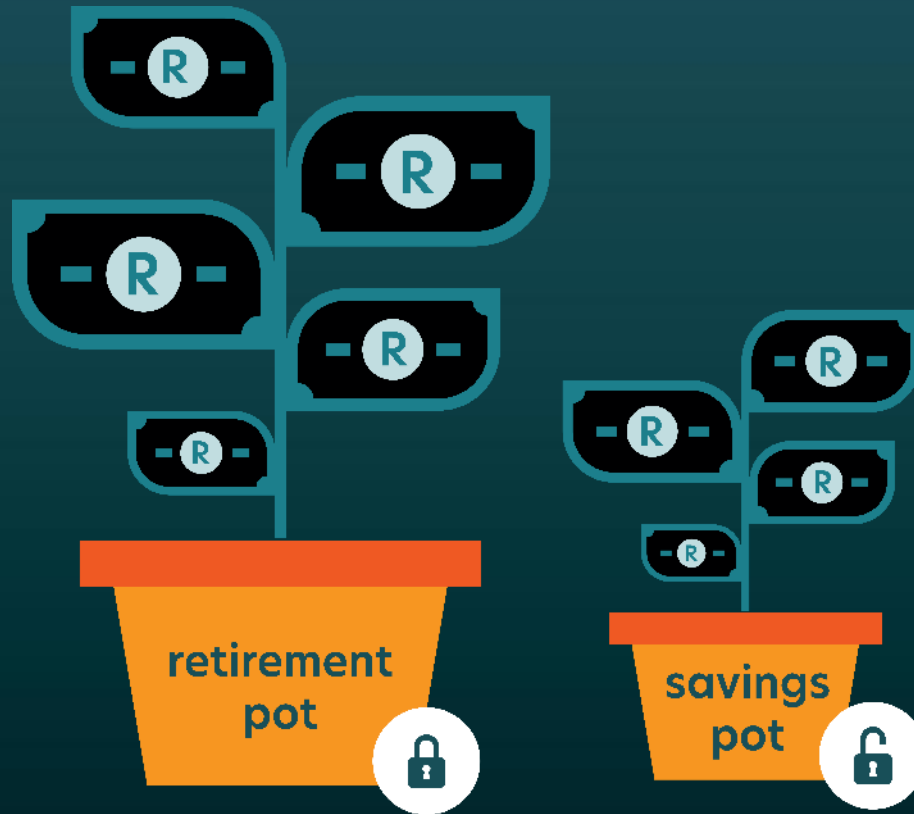
If you contribute

R600



How my two new pots will work

You must use your retirement pot to set up a retirement income. No withdrawals are allowed from this pot.



You can withdraw from your savings pot once a tax year if you need to.

Alexforbes recommends that you keep all your retirement savings for retirement whenever possible, including any savings in your savings pot.



Example




If you have **R30 000** saved

10%

of that is **R3 000**

You can't withdraw less than **R2 000**.
This means that you can withdraw any amount from **R2 000** to **R3 000**.

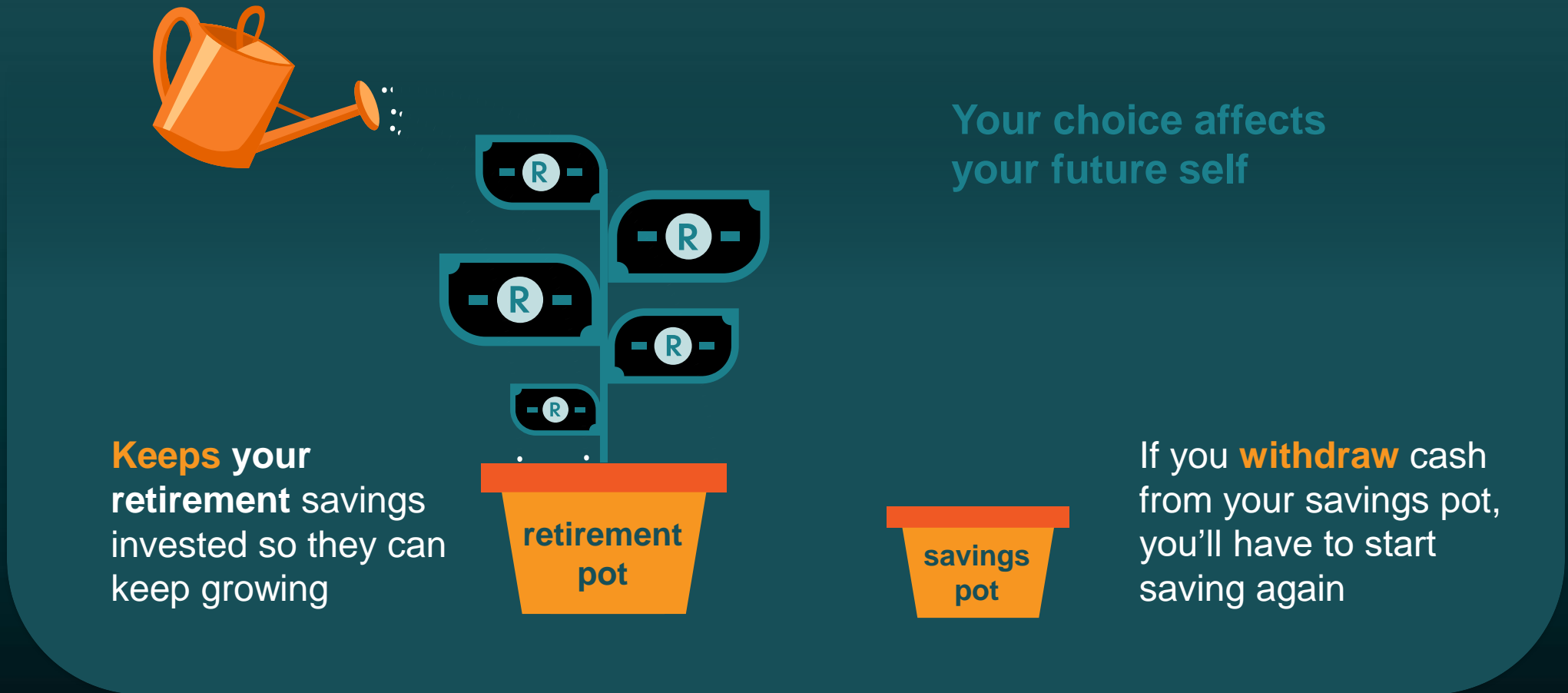
 Tax and processing fees will first be deducted.
Taxed at marginal tax rate

Withdrawal taxed at marginal tax rate

Taxable income	Rates of tax
R0 – R237 100	18 % of taxable income
R237 101 – R370 500	R42 678 + 26% of amount over R237 100
R370 501 – R512 800	R77 362 + 31% of amount over R370 500
R512 801 – R673 000	R121 475 + 36% of amount over R512 800
R673 001 – R857 900	R179 147 + 39% of amount over R673 000
R857 901 – R1 817 000	R251 258 + 41% of amount over R857 900
R1 817 001 +	R644 489 + 45% of the amount over R1 817 000

Current scale – 2025 tax year

- Any amounts you withdraw from your savings pot before retirement will affect your retirement



What happens when I leave?



Old withdrawal rules will apply on the vested pot – withdrawals of retirement savings before September 2024 date is allowed



You can only withdraw from the savings pot from 1 September 2024



No withdrawal from the retirement pot will be allowed after 1 September 2024

What happens when I retire?

Provident fund members:

The old rules will apply to the vested pot – retirement savings on a provident fund saved before 1 March 2021 can be taken in cash. Tax will apply.

Provident fund members above age 55

on 1 March 2021 and stays with the same fund:

Old rules will apply and compulsory annuitisation and two pot does not apply

Pension fund members:

Same rules apply at retirement

What if I am close to retirement?

Provident fund members
over age 55 on 1 March 2021

You are not
automatically part of
the two-pot system

If you opt-in, seed
capital will transfer to
the savings pot.

If you don't make a
choice, then the
two pot system
rules do not apply.

You can choose to opt into
the two-pot system
(you have 12 months from
1 September 2024)

Vested pot seed
capital will be
calculated as at
31 August 2024



Tax implications

Tax when you access from your savings pot:



- you will be taxed at your marginal tax rate
- processing fees will apply

Tax if you take cash when you resign:



- the withdrawal tax table will apply to the vested pot

Tax if you take cash when you retire:



the retirement tax table will apply



Transactional fee | Savings component withdrawal

A transactional fee of 2% pre-tax withdrawal (VAT inclusive) applies across all members, *subject to:*

Saving component withdrawals between R5,000 and R30,000 incur a fee equal to 2% of the pre-tax withdrawal amount to a maximum of R600.

Saving component withdrawals between R2,000 and R5,000 incur the minimum transaction fee of R100.

Minimum and Maximum fee limits are subject to annual inflationary adjustments.



The **transactional fee** applies to any member withdrawing money from their savings component.

Savings withdrawal benefit | Pension Funds Amendment Bill



Pension Funds Amendment Bill allows for withdrawal benefits to be suspended in certain situations

- Situations where a member may not be able to claim a savings withdrawal benefit



Housing loan is in place and there are insufficient funds to repay the loan

Employer obtains a judgement against a member for misconduct and there are insufficient funds to pay the Employer

The fund is notified of divorce, non-member spouse must consent to savings withdrawal

Where fund receives a maintenance order and there is insufficient value to pay the maintenance

Try to save your savings pot



Why it's not a good idea to use your savings pot before you retire:

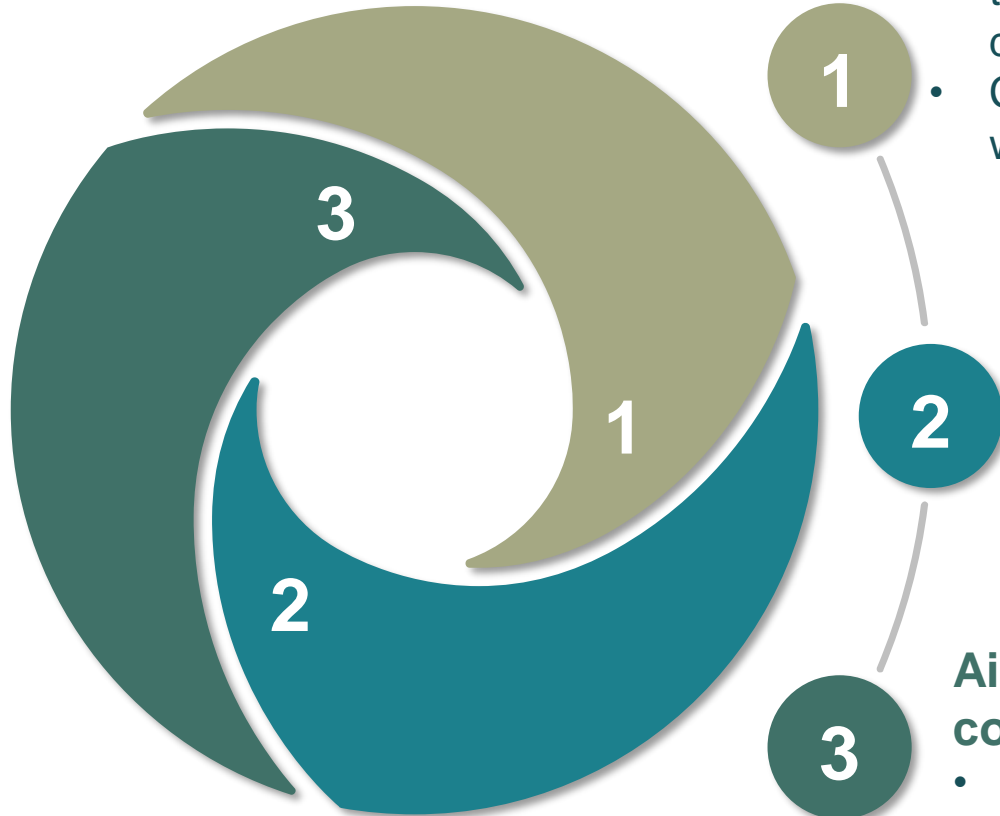
1. You may not have enough cash to meet your needs when you retire one day.
2. You must pay tax at the highest rate that applies to you on any amounts you withdraw from your savings pot.
3. You may not have enough retirement savings to live on when you retire.



If you don't have emergency savings, you can start preparing for unexpected expenses today

Responsible savings

Important note!



Link a goal to your savings

- Main goal of retirement fund is to provide you with an income during retirement.
- Consider other options before you withdraw from your savings pot

Know your current replacement ratio

- This is the percentage of your income you can replace at retirement
- Aim to replace 75% of your income at retirement

Aim to maximize your contributions

- The more you save, the better your outcome at retirement



Speak to a financial advisor to help you to achieve your financial goals

Impact of accessing the savings pot

Age 42
Monthly salary R37 500
Fund credit R1 030 000
(31 Aug 2024)



Rajesh

Goal: retirement

Saves an additional 1% and takes nothing



Thuli

Goal: retirement, but life happens

Only withdraw from savings pot for emergencies



Peter

No goals

Takes vested pot and savings pot annually

Contribution rate

16%

15%

15%

Replacement ratio (75%)

66%

57%

33%

Replacement amount (R28 125)

R24 750

R21 375

R12 375

Consider your contribution rate



Meet 24-year-old Thandi
She is thinking about increasing her contribution rate. She speaks to a financial advisor to see how this will impact her income at retirement

Thandi also wants to know the impact on her retirement income if she withdraws her total savings pot every year

She currently earns **R29 000 p/m** and contributes **8%** to her retirement fund

Impact on retirement income from withdrawing from savings every year

	Contribution	Replacement ratio	Pension income p/m	Replacement Ratio	Pension income p/m
Current	8%	40%	R11 600	27%	R7 830
+ 4%	12%	60%	R17 400	40%	R11 600
+ 8%	16%	80%	R23 200	54%	R15 660

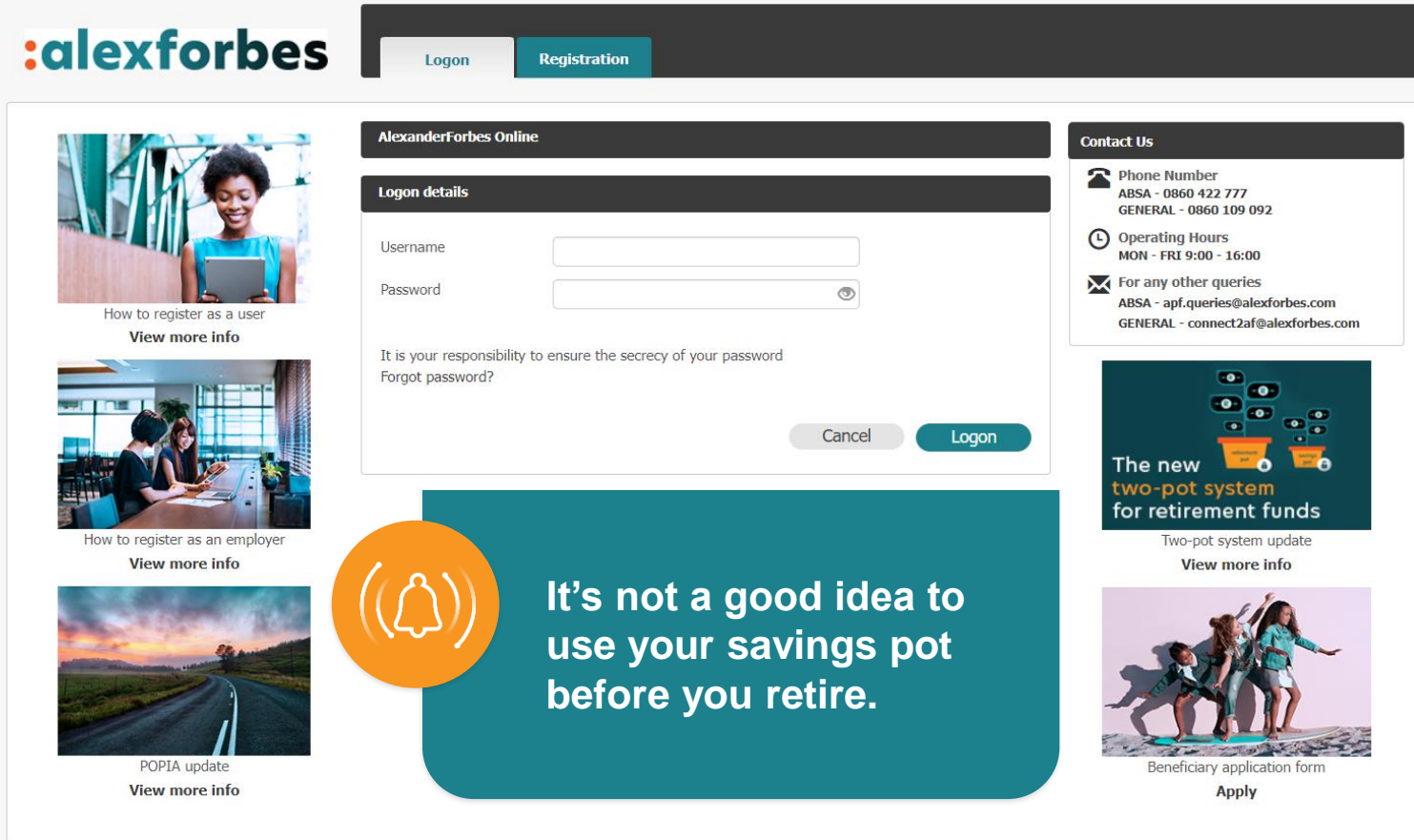


How do you apply for access to the savings pot?

Connect2AF



connect2AF.alexforbes.com



alexforbes Logon Registration

AlexanderForbes Online

Logon details

Username

Password

It is your responsibility to ensure the security of your password
Forgot password?

Cancel Logon

Contact Us

- Phone Number
ABSA - 0860 422 777
GENERAL - 0860 109 092
- Operating Hours
MON - FRI 9:00 - 16:00
- For any other queries
ABSA - apf.queries@alexforbes.com
GENERAL - connect2af@alexforbes.com

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The new two-pot system for retirement funds
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Beneficiary application form
[Apply](#)



It's not a good idea to use your savings pot before you retire.



Landing page

Personal details ▼ Scheme information ▼

My funds



When did I start contributing to the fund?	01/05/2015
What is my monthly salary?	10 148.29
What is my monthly employee contribution?	761.12
What is my monthly employer contribution before costs?	1 082.72



Have you done your planning?

It is never too early to start planning for retirement

Planning calculator

Savings Withdrawal



Tool tip to explain – template configuration

My fund value

Summary

ACTIVE MEM...

My benefits

Retirement

Death

Complete the withdrawal

Savings Withdrawal

Men

Surname	NEELS	Fund	UNICROSS RETIREMENT FUND	Fund value	120 838.14
Initials	A	Member reference	123	Savings component	11 587.32

[History](#)

Cont

Post:	STREET	Residential address	Cell phone number
	LE		Home phone number
			Business phone number
Postal code	8460	Kuruman	
Email address		Postal code	8460

[Edit](#)

Bank details

Bank	Branch	Branch code
Account name surname	Account name initials	Account number
Account type	Swift bank code	Start date

[Edit](#) [History](#)

Withdrawal details

Withdrawal amount	<input type="text" value="2 500.00"/>	Withdrawal percentage	<input type="text" value=""/> %	Tax number	<input type="text"/>
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A minimum of R2 000 can be withdrawn. You can only withdraw once in a tax year, between 1 March and 28 February. You will be charged an administration fee for the withdrawal. You will pay tax on the withdrawal benefit based on your marginal tax rate. If you have a pension or provident fund and resign from your work you will only be able to cash out your savings pot if it is less than R2 000 or you have not already accessed your one withdrawal per tax year. Otherwise, you will have to preserve this benefit.

[Upload Document](#) [Submit](#)

The available balance in your savings pot is indicated here and view the progress on your savings pot claim

Existing self-service process for editing your contact details

View progress of claim

Payment details

Date	Amount	Payee	Bank	Branch code	Account number	Status
15/05/2023	2 050.00		ABSA BANK	632005		Finalised
06/02/2024	2 487.35		ABSA BANK	632005		In Process
06/02/2024	12.65	SOUTH AFRICAN REVENUE SERVICE				In Process



Return

Other statuses:

- Awaiting tax
- Tax issue
- Bank account
- Disinvestment




Age 55 | Opt-in through self-service

Personal details ▾ Scheme information ▾

My funds

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Have you done your planning?
It is never too early to start planning for retirement

[Planning calculator](#)

[Select Two-Pot](#) ⓘ

My fund value

Summary ACTIVE MEM...

My benefits

Retirement Death

Visible for age 55 and older



Frequently asked - claim related questions



Turnaround time for processing a verifiable claim is – **15 business days**

Step 1: We disinvest the money

Step 2: We apply for a SARS tax directive – tells us how much of your withdrawal must be deducted and paid to SARS

Step 3: Final verifications – to ensure the money is paid to the right person



NOTE: Claims submitted by email using manual form could take longer. Member Web claims channel is more efficient and therefore faster

How to reset or retrieve your Member Web password

- [Go to Member Web login page](#)

How to update your contact details

- [Call or email us to update contact details](#)

Why the value in the savings pot and other pots fluctuates

The money in your savings pot from 1 September 2024 is also invested in the market, which means that if you had R30 000 seed capital, this amount could grow and be more; or even less depending on how the markets are doing.

Resetting your password

alexforbes

Logon Registration

AlexanderForbes Online

Logon details

Username

Password

It is your responsibility to ensure the security of your password

Forgot password?

Cancel Logon



connect2AF.alexforbes.com



Updating your contact details

Contact Us



Phone Number

ABSA - 0860 422 777

GENERAL - 0860 109 092



Operating Hours

MON - FRI 9:00 - 16:00



For any other queries

ABSA - apf.queries@alexforbes.com

GENERAL - connect2af@alexforbes.com



Process

- Call Centre will use security questions to verify member's identity
- If contact details provided match database, then member can submit a manual claim form

Information about claims



Login tips

If you belong to any of these funds, **don't** try to register or submit claims on AF Connect – **you must use Connect2AF**

- If you're unable to log in, refresh your internet browser and try again
- Login during low demand times – i.e. : between 22:00 and 5:00
- If you've submitted a manual claim, by email, don't submit another claim on Connect2AF or on email
 - Only submit your claim once
 - Duplicate claims clog the system and cause delays

Connect2AF funds

- North-west University Pension Fund
- Electrical Industry KwaZulu Natal Pension Fund
- Electrical Contracting Industry Pension Fund
- Electrical Contracting Industry Provident Fund
- Absa Pension Fund

There is no rush to claim

There is no rush to claim and if you want to make a withdrawal from your savings pot, there is no cut-off date. You do not lose the chance to withdraw your money in the future.

You can only take one withdrawal **at any time** in a tax year (1 March to 28 February). You can't take less than R2 000.

- **Two-pot webinar feedback**
- **Tell us how it was**

Scan QR code or click on link in Q&A chat to give us your feedback on one quick survey question.

Two-pot webinar survey



Scan QR code

Your feedback matters to us!

Questions and Answers

Are there still some questions
you need answered?

Let's talk about them!



Thank you



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