



MEMBER NEWS

Moving Towards A Better Future

June 2024

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*It is not what we have in life
but who we have in our life
that matters*

– JM Laurence

Welcome

As we approach the halfway mark of this year we should take stock of our lives. Just as you would go to the doctor to get an annual check up on your health you should do an annual health check on your financial planning for retirement and your financial affairs in general.

When last have you completed a Beneficiary Nomination form to identify your dependents and other nominees whom you would like to receive your benefits when you pass away. It is equally important to also complete a Nomination form for your Funeral Benefit as without this form, your benefit will be paid to your estate when you die.

The Two-Pot system will come into effect on 1 September 2024, and this results in many changes at your Fund. In this newsletter we include information about the savings withdrawal you will be able to make after 1 September 2024, without leaving your employer. Also make sure you read the Frequently Asked Questions Poster on the Two-Pot system that is available on the Fund's website at www.transportsectorfund.co.za

With all these changes comes added stress and in order to cope, many people are practising conscious self-care. Self-care means taking care of yourself so that you can be healthy, you can be well, you can help and care for others, and you can do all the things you need to and want to accomplish in a day. We discuss physical self-care next in this newsletter.

Living your life: physical self-care tips

We need to take care of our bodies if we want them to run efficiently. Remember that there's a strong connection between our body and our mind. When we care for our bodies, we'll think and feel better, too.

Physical self-care includes fuelling your body (by eating correctly), getting enough sleep, doing enough physical activity, and caring for your physical needs. Attending healthcare appointments, taking medication as prescribed, and managing your health are all part of good physical self-care.

Exercise is a tangible instance where you can observe the payoff of your perseverance towards a goal. You can push past the limitations of your mind and prove to yourself you may be stronger than you previously thought. This is one of the ways exercise helps with confidence and resilience.

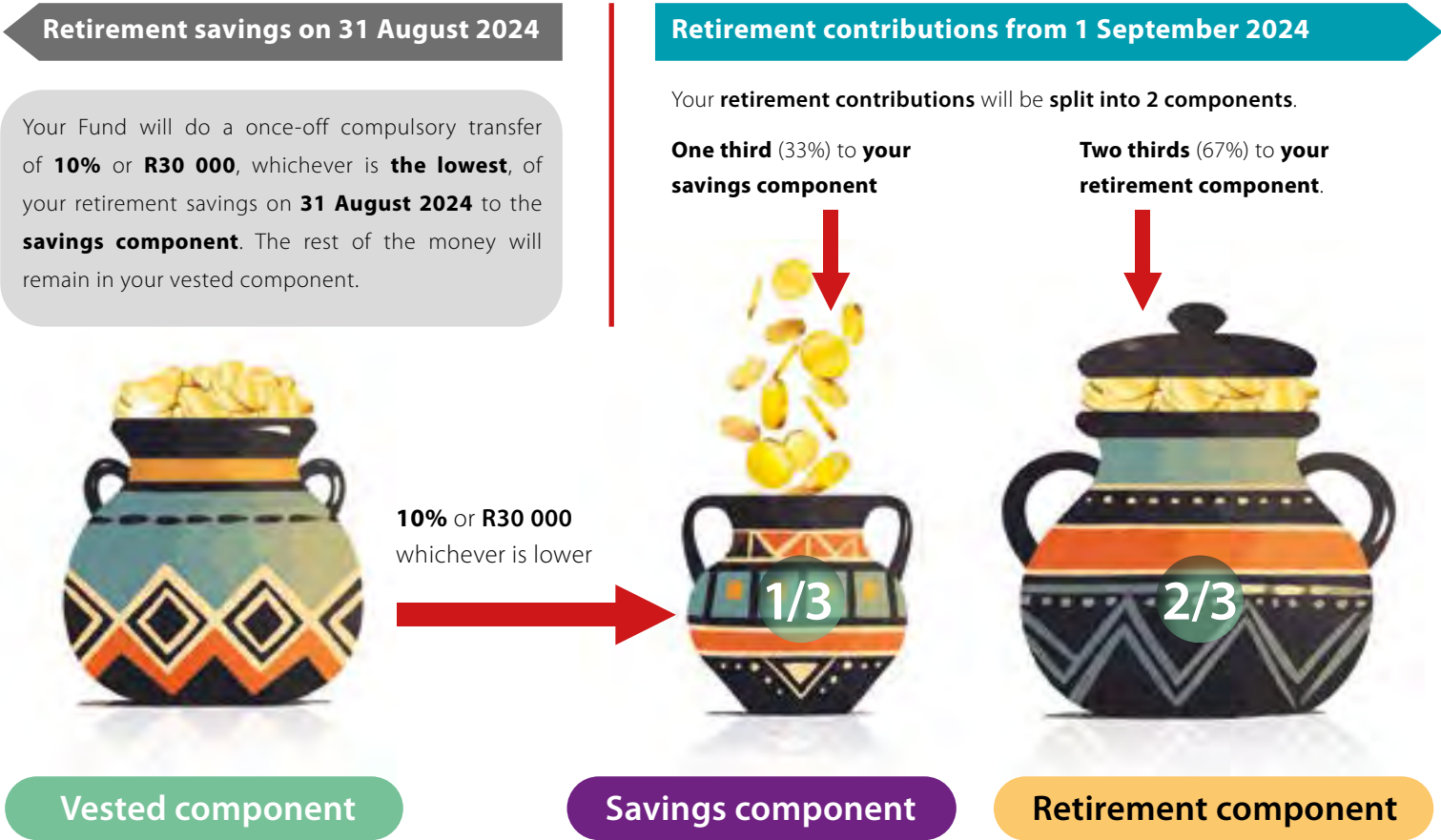
When it comes to physical self-care, ask yourself the following questions to assess whether there might be some areas you need to improve:

- Are you getting adequate sleep?
- Is your diet fuelling your body well?
- Are you taking charge of your health?
- Are you getting enough exercise?



What you need to know about Two-Pot savings withdrawals

The Two-Pot system is set to be implemented on 1 September 2024.



The Two-Pot system changes will allow members of the Fund to take a portion of their retirement benefit before they retire and without leaving their employer.

What will happen on 31 August 2024?

On the 31 August 2024, Salt Employee Benefits will do a once-off compulsory transfer of 10% of your retirement savings to a maximum value of R30 000, whichever is the lowest, to your savings component. This will not apply to members who were 55 years and older on 1 March 2021. These members are automatically excluded from the Two-Pot system and have to apply to the Fund if they wish to participate by completing a Two-Pot Opt-in Form.

The rest of the retirement savings at 31 August 2024, will remain in your vested component. **Let's look at an example of how your money will be allocated!**

Retirement savings on 31 August 2024	Amount transferred to your Savings Pot (Component)
R5000	R500
R10 000	R1000
R20 000	R2000
R50 000	R5000
R100 000	R10 000
R300 000	R30 000
R500 000	R30 000

As seen from the table above - if you have less than R20 000 as a Fund Credit (retirement savings) as at 31 August 2024 you will not be able to make a savings withdrawal from the Fund on 1 September 2024. You will have to wait until you have at least R2000 in your savings component before you can withdraw this money.



Example

Lebo is 30 years old and has R50 000 in his retirement savings.

On 31 August 2024, 10% of his retirement savings (R5 000) will be transferred to his Savings component as an opening balance.

This will leave him with R45 000 in his Vested Component.

When Two-Pot is implemented, Lebo can do the following with the R5000 in his Savings Component:

▶ Withdraw it – this will be subject to tax. Lebo's marginal tax rate is 26% he will therefore pay R1300 tax on the R5000. He will also be charged a transaction fee for the withdrawal to cover administration costs.

▶ Let it continue to grow. He can access it once per tax year for future emergencies.

▶ Avoid withdrawing it until retirement. At retirement he can choose to receive it as a lump sum (subject to tax) or add it to his Retirement component to purchase a pension.

If you have an emergency and want to withdraw from the savings pot, what do you need to know?

- ✓ You can withdraw a minimum of R2000 (before fees and taxes) once a tax year without leaving your employer.
- ✓ You will pay tax (marginal tax rates - which is the highest tax rate) and a processing fee on saving withdrawals.
- ✓ If you decide to withdraw your money from your savings component you need to notify the Fund. The Fund will not automatically transfer the money to your bank account.
- ✓ From 1 September 2024, one of the primary ways you will be able to withdraw from your savings component will be through the TSRF Online Benefit Counsellor Tool, we will give you more detail about the process within the next few months. For now please ensure that you are registered on the Benefit Counsellor.
- ✓ You can only start the process of withdrawing money from 2 September 2024 (first business day), and only if you have at least R2000 in your savings component (pot). It will take at least two weeks to process your request and for you to get your money. Remember that the tax and processing fee will be deducted so you will not receive the full R2000.

How will I know what the value of my savings pot is?

The Fund's Benefit Counsellor will provide you with a balance on 2 September 2024 and the balance will also be shown on the annual benefit statement you receive from the Fund.

How do I register on the benefit counsellor?

To register type **transport benefit counsellor.com** in your internet browser

Step 1: Select Register

Step 2: Enter your ID, accept T&Cs

Step 3: Answer the security questions

Step 4: Update your details and enter a password

Step 5: Enter a referral code if you were helped

Step 6: See your referral code

Step 7: Take a selfie for facial recognition

📞 Once registered, you can **dial *120*15552#** or

📞 **WhatsApp 087 240 7004** to see your fund balance.

What to keep in mind:

The money in your savings component should also be saved for retirement and will be available as a cash lump sum when you retire.

Think carefully before you withdraw this money.

No action is required from members at this stage.



Remember to complete and update a Beneficiary Nomination Form

In the unfortunate event that you pass away, the Board of Trustees of the Fund will make a decision on the distribution of your death benefit in the Fund in terms of Section 37C of the Pension Funds Act, which states that the Board of Trustees need to consider all potential beneficiaries that were dependent on you at the time of your death. This benefit is taxed in accordance with the retirement lump sum tax table (first R550 000 is tax free).

While the Board of Trustees of the Fund will normally take into account the wishes of the member, they retain the discretion to make payment of death benefits to dependants and/or nominees as they deem equitable. Therefore, the Beneficiary Nomination Form acts only as a guideline to the Board of Trustees and they are in no way bound by its provisions.

Who can you nominate?

You may nominate any persons to receive any part of the benefit payable. This includes your dependants (financial and legal dependants) as well as persons unrelated to you and not dependent on you for support. The trustees, in exercising their discretion, may override your nomination if they consider it appropriate.

The Trustees have a duty in terms of the Act to apportion (divide) the benefits equitably between your dependants and nominees at their

In summary, the Pension Funds Act provides that on the death of a member, such member's benefits in the Fund will not form part of the deceased member's estate, but will be dealt with as follows –

- if the Fund discovers any dependants within 12 (twelve) months of a member's death, the benefit shall be paid to one or all of the dependants in a manner and proportion deemed equitable by the Board of Trustees;
- if the Fund does not become aware of any dependant within 12 (twelve) months of the member's death and the member has nominated a beneficiary who was not dependent on the member, the benefit shall be paid to the nominee; provided that where the aggregate debt in the member's estate exceeds the aggregate assets, the difference shall be paid to the estate from the benefit and the balance shall be paid to the nominee;
- if a member has a dependant and has also nominated another beneficiary to receive a benefit, the Fund must pay the benefit to the dependant(s) and nominee(s) in a proportion deemed equitable by the Board of Trustees;
- if the Fund does not become aware of any dependant of the member within 12 (twelve) months of the member's death and the member has not nominated any beneficiaries, then the benefit shall be paid into the estate of the member or if there is no estate, into the Guardian's Fund or into an unclaimed benefit fund.

What is the difference between a beneficiary and a dependant?

You may nominate, in writing, any natural person(s) to receive your death benefits. Such a beneficiary can include a dependant or any other person (even if they do not necessarily depend on you financially).

What is a dependant?

The Pension Funds Act defines a dependant as being:

- Any person for whom you are legally responsible for maintenance.
- Any person for whom you were not legally responsible for maintenance, but was, in the opinion of the Board, in fact dependent on you for maintenance at the time of your death.
- Your spouse, including a party to a customary or civil union.
- Your children, including a child born after your death, an adopted child and an illegitimate child.
- Any person for whom you would have been legally responsible for maintenance if you had not died.

What is the purpose of the Beneficiary Nomination Form?

1. To make it easier to trace dependants by contacting family members using the contact details you have provided on the form;
2. To speed up the process of assessing who your dependants are and the extent to which they depend on you; and
3. To identify any other beneficiaries, apart from your dependants, to whom you may wish to allocate a portion of your benefit.

How often must you complete a Nomination form?

Complete a nomination form when you first join the Fund and thereafter when your personal circumstances change. Your Beneficiary Nomination Form must be completed and retained in your personnel file at your employer.

New nomination form for funeral benefits

It is also required by law to complete a Funeral Nomination Form. In the event of your death, the funeral benefit will be paid to the person that you nominated in your nomination form. It is advisable to appoint a beneficiary who is responsible to pay for the cost of your funeral. Should you fail to complete a nomination form, then the benefit will be paid into your estate.

Very important: Please note that your estate may take up to 12 months to be registered and your family may not have the money to bury you should a completed form not be available. You can download the form from the Fund website, www.transportsectorfund.co.za



Ensure your Divorce Order is binding on the Fund

Divorce is a traumatic and life-altering experience with wide-ranging implications, especially when it comes to retirement savings. A 'pension interest' deduction allows a non-member spouse to be eligible for a pension benefit from the member spouse's pension from the date of divorce. It doesn't take into consideration the duration of the marriage or whether you were married when you first became a member of the Transport Sector Retirement Fund. A pension interest distinguishes between pension interest in a retirement annuity fund, and pension interest in any other retirement funds (e.g. a pension fund, provident fund, pension/provident preservation fund).

Section 7 of the Divorce Act, 1979, facilitates the payment of a pension benefit to a member's former spouse with immediate effect. This means that if a member divorces and the parties include the assets of the Pension Fund in the divorce settlement agreement, the former spouse may immediately claim his or her part of the pension benefit. There are costs involved for the member.

Note:

In order for the Fund to pay any part of the member's pension interest to the non-member spouse, a final divorce order to that effect must have been granted on a date prior to the member's termination of service due to resignation/retranchment/dismissal/retirement. If a member exited the Fund prior to the date that his/her final divorce order was granted, the non-member spouse is not entitled to any benefit at date of divorce from the Fund.

To be binding on the Fund, a divorce order must provide for the following:

- The Fund must be properly identified or identifiable from the order, e.g. Transport Sector Retirement Fund.
- It must be specifically ordered by the Court that the Fund should pay the amount concerned to the other party.

- The amount and/or percentage of the pension interest that is due or assigned to the non-member spouse, must also be clearly expressed as a % or Rand value, not exceeding 100% of the pension interest. (Tax is payable on this amount by the receiving spouse.)
- If the above 3 conditions are not met, the Fund is not legally bound and will not make a payment to the non-member spouse.

Suggested simplified wording for binding Divorce Order:

Instead of the long-winded provisions often found in divorce orders, it is suggested that where a member, non-member spouse or an attorney acting on behalf of either party requests assistance with the wording of a divorce order that is intended to be binding on the fund, the following wording be suggested to them:

"It is recorded that the Plaintiff is a member of the Transport Sector Retirement Fund. The Plaintiff hereby agrees that the Defendant shall be entitled to a% share of the Plaintiff's pension interest in such fund (as defined in section 1 of the Divorce Act No. 20 of 1979) as at date of divorce. An endorsement shall be made in the records of the Fund that the Defendant's share of the Plaintiff's pension interest is payable to the Defendant. The Fund shall pay to the Defendant his/her share of the Plaintiff's interest as referred to herein within 60 days of being informed of how the amount must be dealt with in accordance with the Defendant's election."

Who is responsible for the tax?

In terms of the provisions of the Income Tax Act, if the non-member spouse elects to take a cash lump sum, the benefit will be taxed in his/her hands. However, if the benefit is transferred to another retirement fund, the benefit will be transferred tax-free. When the non-member retires or withdraws from that retirement fund, he/she will be liable for tax on the retirement or withdrawal benefit.

What to take note of:

If you are in the process of a divorce, and you ensure that the wording of the court order and settlement agreement is in line with legal requirements, you should not have any issues with regards the settlement. However if the order is granted and the wording is not competent, the Fund will not be able to give effect to the order. This will require the court to formally amend its original order, which is a lengthy and costly exercise.



Surviving Retirement?

Retirees have to be resilient. The changes that take place when entering retirement and into retirement are often underestimated.

The challenges that retirees face often do not diminish; as one ages, challenges tend to escalate not only in intensity but also in numbers.

Without a decent support system and proper planning that was done in the past, retirement for many is not a pleasant experience. This is sad because retirement should be the time that you enjoy the fruits of your past hard labour. Realistically, one must accept that with age comes diminishing health, memory, strength, and increasing emotional challenges.

There is not much that one can do about this, but one can reduce stress and emotional worries by **making sure that financial challenges are minimal and, at the very least, that you understand what your future financial position will be and adapt your lifestyle accordingly.**

Far too often, retirees are burdened with the financial affairs of their children or family members. It may be necessary to have a hard talk with children prior to entering retirement. If you don't and keep on funding children, then the discussion around who is going to fund you and pay your medical expenses in retirement when your funds run out, becomes crucial.

The six challenges for retirees are:

1. What monthly income will I require at the start of retirement?

Create a detailed budget and stick to it as best you can. Make allowance for holidays and investing. It is important to keep investing in retirement to provide for unforeseen expenses.

2. What inflation number am I going to use?

Remember that medical expenses are going to increase the older you get. Medical inflation is much higher than core inflation. Use an inflation number of at least 2% above the published CPI.

3. What capital expenses do I anticipate during my retirement?

Replacing a car, visiting children overseas, etc.

4. Do I plan to leave capital for my loved ones?

This is crucial. The more money you want to leave your children, the larger the initial capital requirement will be.

This will ultimately also determine your drawdown rate and the quality of your retired life. If you do not intend to leave a legacy, then your drawdown rate can probably be increased to 7% compared to 4% if you want to leave a legacy.

5. Longevity

We generally plan to age to at least 90 as far as an income requirement is concerned. You can adapt your longevity according to genetics, health issues, etc. in your family.

6. Emergency reserves

It is always advisable to have a decent amount saved in a cash-type investment for emergency expenses. How much you would like to save is up to you, but as a guide, it is recommended that you save six times your monthly retirement income.

Full Article: [Surviving retirement - Moneyweb](#)

Are your ducks in a row?

It is stressful for the family to lose a loved one and it can be overwhelming trying to find important documents which may be required immediately. **Organising your Estate file correctly is the greatest gift of love that you can give your family.** It will create a sense of order and direction for them when they may be immobilized by grief.



Herewith a valuable checklist of information to keep up to date in your Estate file.

Emergency Checklist	
(documents listed below apply to yourself and your significant other)	
1. Certified copy of Identity Document	14. Life Insurance Details - Keep an up-to-date policy schedule on file
2. Passport	15. Fixed Property Title Deeds and Mortgage Details
3. Birth Certificate	16. SARS Tax Details
4. Marriage Certificate	17. Utility/Water Bills
5. Marraige Contract	18. Leases or Hire Purchase Agreements
6. Location of Will and Contact Details of Responsible Person (Lawyer/Bank)	19. Rental Agreements
7. Current Employer Contact Details	20. Property and Inventory Details
8. Proof of income/ payslip	21. Car registration details
9. Banking Details (Account Numbers & passwords)	22. Any club membership details
10. Credit Card Details	23. Retirement Fund Details
11. Bank Loans Details	24. Organ Donor Details
12. Investment Details	25. Contact person in Case of Emergency
13. Stokvel Details	

We are ready and waiting to be of service to you



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www.transportsectorfund.co.za



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