



MEMBER NEWS

Moving Towards A Better Future

September 2024

Don't panic - if you resign after 1 September 2024

You can still take your Vested benefits in cash. Your Vested benefit is your accumulated Fund Credit on 31 August 2024.

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Aimed at providing greater flexibility and security for our retiring and disabled members.

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There is nothing permanent except change

– Heraclitus

Welcome

Although the Two-Pot is a change from the current system your benefits in the Fund remains the same. It is only the way in which contributions are allocated and benefits are paid, that changes. As we fast approach the implementation date for the new Two-Pot system we are pleased to share this newsletter with you that contains most of the important information you will need to know.

The Fund would like to assure members that there is no need to panic and that members will still be able to take their vested benefit (Fund credit as of 31 August 2024) in cash when they resign after 1 September 2024. There is no need to resign before the implementation of the Two-Pot system.

If you are concerned, please contact the Fund at 011 544 8300

Two-Pot changes, in short

The law is changing with effect from 1 September 2024. To comply with the new Two-Pot system the Fund has submitted the amendment of the rules to the Financial Sector Conduct Authority (FSCA) and await approval. The **Two-Pot system** actually involves **three components** or pots. **The vested, savings, and retirement components.** This structure enables Fund members to access a portion of their retirement savings before retirement without having to resign, this is a change from the current system. Despite this change your benefits in the Fund remains the same, it is only the way in which contributions are allocated and benefits are paid that changes. From 1 September, members will be able to manage their retirement savings in a more flexible and accessible manner.

In short

- The **Vested component** consists of the retirement savings accumulated until 31 August 2024, which remains subject to the old rules, which means that you can continue to take this benefit in cash when you resign.
- The **Savings component** allows for partial annual withdrawals in case of emergencies, reflecting the government's understanding of the financial realities many South Africans face.
- The **Retirement component**, on the other hand, is strictly preserved for retirement, ensuring long-term financial security.

Retirement savings on 31 August 2024

Your Fund will do a once-off compulsory transfer of **10% or R30 000**, whichever is **the lowest**, of your retirement savings on **31 August 2024** to the **savings component**. The rest of the money will remain in your vested component.

Retirement contributions from 1 September 2024

Your **retirement contributions** will be **split into 2 components**.

One third (33%) to your savings component

Two thirds (67%) to your retirement component.



Vested component

10% or R30 000 whichever is lower



Savings component



Retirement component

Don't panic - if you resign after 1 September 2024, you can still take your vested benefits in cash

The Fund has had many enquiries from members of the Fund, thinking that they must resign if they want to access their money. **THIS IS INCORRECT!** If you resign after 1 September 2024, you will still be able to take your Vested benefit in cash. Your Vested benefit is your accumulated Fund Credit on 31 August 2024.

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 Lebo decides to resign from the Fund on 1 October 2024 he will be able to take the R45 000 left in his Vested component in cash as a resignation benefit.

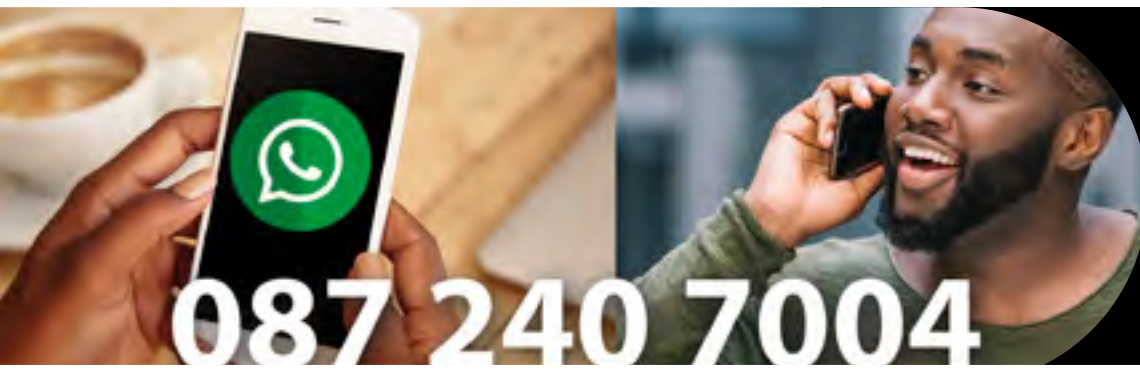
What will happen on 1 September 2024?

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 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.



**How
to make a
savings withdrawal
from
10 September 2024
onwards**

The Fund and its administrator will be ready to start making Savings withdrawal payments to members from 10 September 2024 onwards.

It is estimated that the Fund will receive thousands of withdrawal requests and therefore it may take up to 4 weeks for members to receive their money.

Here is what you need to know about making a Savings withdrawal.

- ✓ 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 10 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 (TSRF Member Portal)** will provide you with a balance and the same will also be shown on the annual benefit statement you receive from the Fund. Benefit Statements are distributed from October 2024.

How do I register on the Member Portal?

- ✓ To Register WhatsApp 'Hi' to 087 240 7004.
- ✓ Once you are registered you are able to apply for the **Savings Withdrawal** from **10 September 2024**.

Claiming Online via the TSRF Member Portal

The claiming process is simple:

1. **When you are ready to claim**, select **Savings Withdrawal Claims** from the main menu and **click on the link** that will take you to the claim portal.
2. **Fill in a short form providing details** like address, tax number and bank details. Please ensure the bank details are correct and belongs to you.
3. **Lastly, we need to ensure that you are really who you say you are.** You will receive an SMS with a link to prove your identity, please follow the link and instructions.

For more information, select **Education** from the main menu.

Information required from Member:

- Tax number
- Valid bank account number

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.**



How will my exit/resignation benefits be paid after 1 September 2024?

If you resign after 1 September 2024 your withdrawal benefit will be paid as follows:

If you joined the Fund BEFORE 1 SEPTEMBER 2024

When you **resign** from the Fund **after 1 September 2024** you will receive:

Vested Component	+	Savings Component	+	Retirement Component
<ul style="list-style-type: none">The Vested Component may be taken in cash when you withdraw, abscond or are terminated by your employer.		<ul style="list-style-type: none">You may take 100% in cash unless you have made a withdrawal in the preceding 12 months.If you have already taken a withdrawal in the tax year and the amount is more than R2000 it must be transferred to your new employer or a preservation fund.If it is less than R2000 it may be taken in cash		<ul style="list-style-type: none">No withdrawal is allowed.The entire benefit must be transferred to your new employer’s fund or a preservation fund or retirement annuity fund, for retirement.

Important to note:

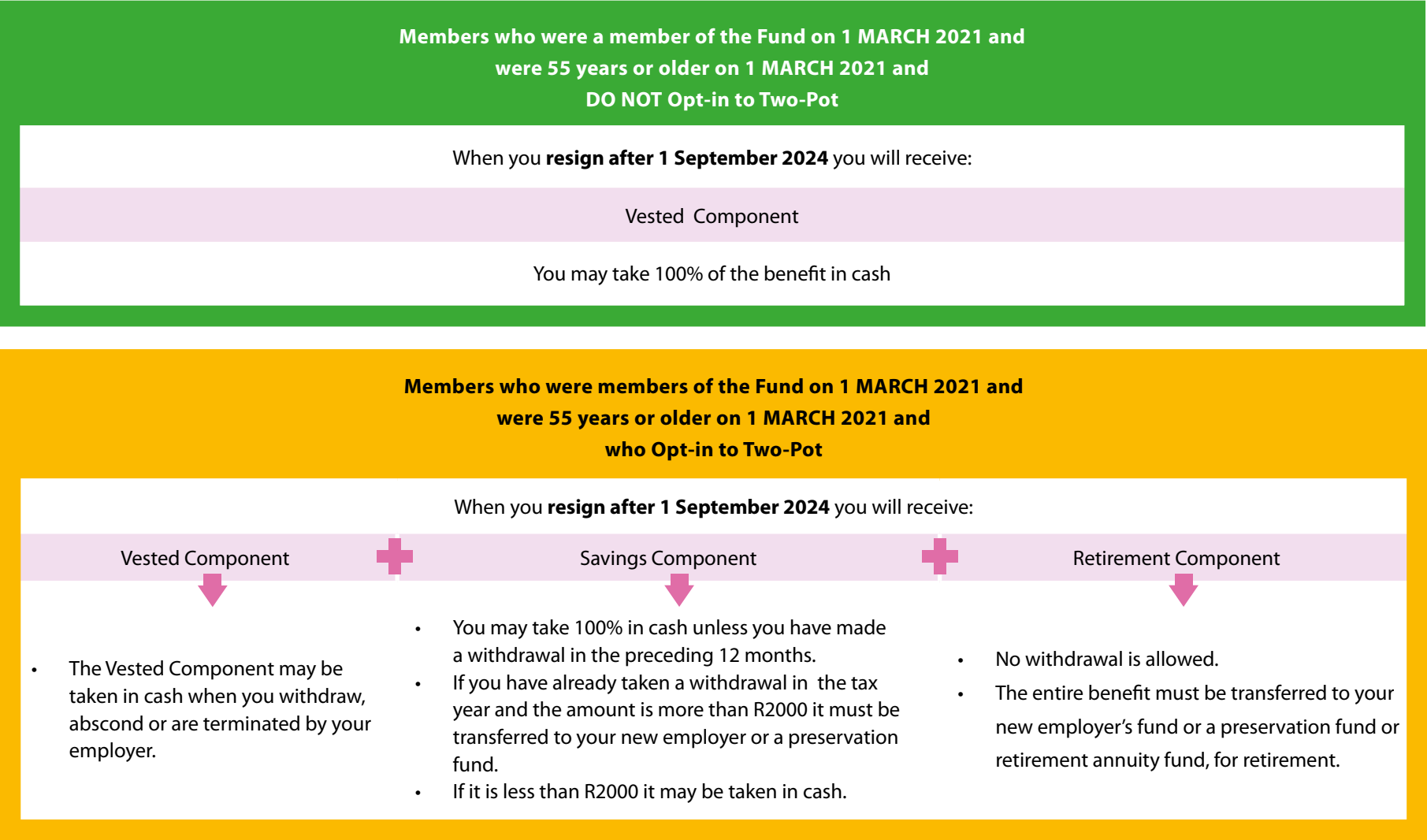
Some planning will need to happen in future before a member decides to resign. This planning is in terms of the money available in the member’s Savings component, as only 1 withdrawal is allowed per tax year. If you have therefore already made a withdrawal from your Savings component in a tax year and you decide to resign in the same year you will only be able to take amounts that are lower than R2000 in cash. You may therefore consider resigning in the new tax year to be able to take the full Savings component in cash when you resign.

OR

decide not to make a savings withdrawal when you know you intend to resign from your employer.

What members who were 55 years and older on 1 March 2021 should know

If you were a member of the Fund before 1 March 2021 and you were 55 years or older on 1 March 2021 (now 58 and older) and you remained a member of the Fund, your benefits are protected and means that whether you resign or retire after 1 September 2024 you will always receive all your benefits in cash. You are exempted from the Two-Pot system and will only have a Vested component. Your contributions to the Fund after 1 September 2024 will continue to be invested in your Vested component. If you do however want to Opt-in to Two-Pot, you may do so before 31 August 2025. You therefore have 12 months to consider if you want to join the Two-Pot system. **Please see these two diagrams that will show you the difference in the payment of withdrawal benefits if you retain only a Vested component as opposed to joining the Two-Pot system and from 1 September 2024 also having a Savings component and Retirement component.**



It is important to note that once you Opt-in to Two-Pot your decision is irrevocable and cannot be changed.

Your Fund introduces default annuity enhancement to Fund Benefits

The Fund is excited to announce a significant enhancement to our benefit offerings aimed at providing greater flexibility and security for our retiring and disabled members. After careful consideration and in response to changes in retirement regulations, we are introducing a new default annuity strategy that empowers retiring and disabled members to utilise their disability and retirement benefits to purchase an annuity/ pension for life. ***This initiative is effective from 1 May 2024 and will provide members with a reliable stream of income during their retirement years or in the event of a disability.***

What is an annuity?

An annuity is an insurance policy that provides you with an income (monthly pension) in retirement. After 1 September 2024 when you retire you will have to use the money in your Retirement component and your non-vested benefits (if applicable) to buy a pension unless this value is below R165 000 then it may be taken in cash. The Fund has therefore created a default annuity for members of the Fund with Sanlam.

The benefits of choosing the Fund default annuity from Sanlam

The Trustees believe it is a good solution for many members because it is easy to invest in, and it provides a reliable monthly pension for life. Best of all, it is cost effective because the charges you will pay are similar to those that are usually only available to staff of big companies, not individuals.

Benefits include:

- **It is safe** – as it will last your whole life;
- **It is cost-effective** – as it's offered to you at good rates that would normally only be available to employees retiring from a big company; and
- **It is trusted** – it has been chosen by your Fund trustees and is offered by Sanlam.

Remember the Fund provides free Benefit Counselling to assist members with the choices they have at retirement and when they become disabled.



Final word

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Change begins at the end of your comfort zone

— Roy T Bennett

We are ready and waiting to be of service to you

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