
EJOBURG RETIREMENT FUND

TWO POT SYSTEM

OCTOBER 2024

HOWARD / ANDERSON
NTHABISENG / KATHLEEN

FUND ACTUARY
DEAF FEDERATION SA

1. Explanation of the Two Pot system
2. How to make a Savings Pot withdrawal
3. Importance of member data verification
4. Two Pot communication

WORKSHOP APPLICATION



Only applies for members of the eJoburg Retirement Fund – other funds may have different processes, contact details, administration fees, etc

IMPORTANT TWO POT ISSUES



All existing benefits and rights up to 31.8.2024 are protected, e.g. to take cash on resignation or on retirement – there was therefore no need to resign before 31.8.2024 to take benefits

Two Pot restrictions only apply to contributions after 1.9.2024

Your member data must be correct and held by the Fund, otherwise you will not be able to take a Savings Pot withdrawal

TWO POT - HIGH LEVEL SUMMARY



Commenced 1 September 2024

Savings Pot may be withdrawn in cash:

Seeding capital of 10% of Fund Credit on 31.8.2024, subject to a maximum of R30 000

1/3rd of retirement contributions after 1.9.2024 plus investment returns

Minimum amount that may be withdrawn is R2 000

Amount withdrawn will be taxed as income and reduced by an administration fee

Only one amount may be withdrawn in each tax year

Balance of benefits as at 31 August 2024 retain existing rights

2/3rd of retirement contributions after 1.9.2024 plus investment returns must be preserved until retirement

ACTUALLY REQUIRES 4 POTS



Vested Lump Sum Pot – accrued benefits on 31.8.2024 with vested rights to be taken in cash on withdrawal and retirement (transfers from the Soweto City Council Pension Fund and transfers from provident funds) less seeding capital

Vested Annuity Pot – balance of accrued benefits on 31.8.2024 which retain existing rights (full amount for almost all eJoburg members) less seeding capital

Savings Pot – Seeding capital and 1/3rd of retirement contributions after 1.9.2024

Retirement Pot – 2/3rd of retirement contributions after 1.9.2024

The seeding capital will be taken pro rata from the Vested Lump Sum Pot and the Vested Annuity Pot

The same rate of investment return will be added to each Pot

POTS ON RESIGNATION



Up to 31 August 2024

FUND CREDIT
All contributions



From 1 September 2024

VESTED ANNUITY POT
No further contributions

SAVINGS POT
Seeding Capital plus
1/3rd future contributions

RETIREMENT POT
2/3rd future contributions

Paid in cash on resignation

Paid in cash on resignation

**Must be preserved to
retirement**

POTS ON RETIREMENT



Up to 31 August 2024

FUND CREDIT
All contributions



From 1 September 2024

VESTED ANNUITY POT
No further contributions

SAVINGS POT
Seeding Capital plus
1/3rd future contributions

RETIREMENT POT
2/3rd future contributions

1/3rd in cash on retirement
Balance to purchase an annuity on retirement

Paid in cash on retirement

Full amount to purchase an annuity on retirement

All in cash if total benefit less than R247 500

All in cash if total to purchase an annuity less than R165 000

POTS SUMMARY



Up to 31 August 2024

FUND CREDIT
All contributions



From 1 September 2024

VESTED ANNUITY POT
No further contributions
Less Seeding Capital

SAVINGS POT
Seeding Capital plus
1/3rd future contributions

RETIREMENT POT
2/3rd future contributions

Resignation: Cash
Retirement: 1/3rd in cash
and balance annuity

Withdrawal: Cash
Resignation: Cash
Retirement: Cash

Resignation: Preserve
Retirement: Full annuity

IMPORTANT: SAVINGS POT



Savings Pot withdrawals:

Will reduce your future resignation and retirement benefits from the Fund

Are simply an early withdrawal of amounts that you could have taken in cash on resignation or retirement

May mean that you may not be able to take much or anything in cash on resignation or retirement

Are taxed as income and an administration fee of R250 will be deducted

Only one amount may be withdrawn in each tax year

Savings Pot can't be paid on resignation if a Savings Pot withdrawal previously taken in the same tax year (unless the Savings Pot is less than R2 000)

IMPORTANT: RETIREMENT POT



Amounts in the Retirement Pot:

Cannot be taken in cash on resignation (must be left paid-up in the Fund or transferred to another approved retirement fund or preservation fund)

Transfers allowed from:

Vested Lump Sum Pot to Retirement Pot

Vested Annuity Pot to Retirement Pot

Savings Pot to Retirement Pot

No transfers allowed from the Retirement Pot to the other Pots

IMPORTANT CONSIDERATIONS



You don't need to take a Savings Pot withdrawal immediately as you can take it any time (subject to only one withdrawal in a tax year)

You don't need to take your full Savings Pot if you don't need it as you can make further withdrawals when needed (subject to only one withdrawal in a tax year)

Trustee recommendation is that you only take Savings Pot withdrawals to alleviate genuine financial distress (as withdrawals reduce your future retirement benefits)

HOW TO MAKE A SAVINGS POT WITHDRAWAL



Two different methods to request a withdrawal:

WhatsApp method

Member portal method

WHATSAPP METHOD



1. Message “Hi” to **071 909 6789**
2. Automated response requesting personal information to identify you
3. If data does not verify – cannot proceed (referred to call centre)
4. If data verifies – automated response with various options such as:
(a) request value of benefits or (b) request a Savings Pot withdrawal
5. If request withdrawal – automated response with various options:
(a) all of Savings Pot, (b) percentage of Savings Pot or (c) Rand amount
6. Request to provide your annual remuneration (for SARS to estimate tax payable)
7. Request processed and withdrawal amount less tax and less a R250 administration fee paid into your salary bank account
8. SMS notification once payment is made

WHATSAPP METHOD



The WhatsApp number is active

Also gives an option to find out benefit values

Will show if the Fund can verify your personal details

Two Pot Call Centre at the administrator to answer any queries
(**Sharecall 0860 22 27 39** Monday to Friday 08h00 to 16h30)

MEMBER PORTAL METHOD



1. Fund website is **ejoburgretirementfund.co.za**
2. Login into member section by selecting **MEMBER LOGIN** – need to register if not done so already
3. Select option to receive a Savings Pot payment and provide required information
4. Select withdrawal options (all / percentage / Rand amount)
5. Request to provide your annual remuneration (for SARS to estimate tax payable)
6. Request processed and withdrawal amount less tax and less a R250 administration fee paid into your salary bank account
7. SMS or email notification once payment is made

TAX BASED ON TAXABLE INCOME



Tax on Savings Pot withdrawals will be based on your taxable income in the tax year in which the withdrawal is paid

SARS have confirmed that if you request a Savings Pot withdrawal, you will need to provide an estimate of your Annual Remuneration for the current tax year

Difficult to provide accurately as you may not know your income for the rest of the tax year, e.g. salary increases, bonuses, overtime, etc. You may be able to get a reasonable estimate from your latest payslip

Any overstatement or understatement of your taxable income may result in a tax rebate or an additional tax payment at the end of the tax year

If any further clarity is received from SARS, it will be communicated to members on the Fund's website and in a Fund Newsletter

MARGINAL TAX RATES (YEAR ENDING 28.2.2025)



Annual taxable income

Tax rate

Up to R95 750	0%
R95 751 to R237 100	18%
R237 101 to R370 500	26%
R370 501 to R512 800	31%
R512 801 to R673 000	36%
R673 001 to R857 900	39%
R857 901 to R1 817 000	41%
R1 817 001 or more	45%

SARS have indicated that they intend to apply greater of tax on annual remuneration provided and tax rate from previous tax year – not clear when this will take effect

TAXATION OF CASH BENEFITS



Savings Pot withdrawals taken in cash

Taxed as income

Resignation benefits taken in cash:

Savings Pot payments

Taxed as income

Vested Lump Sum Pot payments

Taxed per withdrawal tax scales

Vested Annuity Pot payments

Taxed per withdrawal tax scales

No tax on Retirement Pot and any other amount preserved

Retirement benefits taken in cash:

Savings Pot payments

Taxed per retirement tax scales

Vested Lump Sum Pot payments

Taxed per retirement tax scales

Vested Annuity Pot payments (maximum 1/3rd)

Taxed per retirement tax scales

No tax on amount used to purchase an annuity, but monthly annuity taxed as income

DATA VERIFICATION



Your following data provided by your employer to the Fund on the monthly contribution file must be correct and complete – if not you will not be able to take a Savings Pot withdrawal via the WhatsApp method:

Surname and initials

Date of birth

ID number (known for almost all members)

Tax number (missing for about 175 members)

Cellphone number (**missing for about 11 000 members**)

DATA VERIFICATION



The data verification is critically important to ensure that it is you and not someone else fraudulently trying to take a withdrawal from your Savings Pot

Your data for any withdrawal request must therefore match your data held by the Fund to protect you and your benefits

The Savings Pot withdrawal is subject to income tax, so if the Fund does not have your tax number it will not be able to obtain a tax directive and will not be able to pay the withdrawal

Your Savings Pot withdrawal will be paid into your salary bank account to prevent anyone from getting it fraudulently paid into another bank account

DATA VERIFICATION



If you believe your data is missing or incorrect, you must ensure that your correct information is on the employer payroll system (payrolls are normally closed mid-month and the data file provided to the Fund shortly after month end)

Any data must be updated with your employer (and not directly with the Fund)

If you are unsure, please check with your HR Department

Coincides with the current personnel data verification exercise

The Fund distributed 30 June 2024 benefit statements (including the relevant data fields) in early August

The Fund has sent out Newsletters highlighting the importance of the data verification

SAVINGS POT PAYMENTS



Fund will request a tax directive for the Savings Pot withdrawal for you

Withdrawal will be treated by SARS as income to you, i.e. taxed as though it is a salary payment, so the tax rate will be different for each member (between 0% and 45%)

May result in a further tax payment or refund at the end of the tax year

Withdrawal administration fee of R250 will be deducted from the payment

Withdrawals are expected to take up to 15 working days from initial request to actual payment (but requests in September and October 2024 may take longer due to number of requests that will have to be processed by the administrator and by SARS)

Your Savings Pot withdrawal will be paid into your salary bank account to prevent anyone from getting it fraudulently paid into another bank account

SAVINGS POT PAYMENTS - EXAMPLE



Member details:

Savings Pot amount	R30 000.00
Amount requested	R30 000.00
Marginal tax rate (differs for every member)	25%

Savings Pot payment:

Amount requested	R30 000.00
Administration fee	(R250.00)
Less tax (25% of R29 750.00)	(R7 437.50)
Paid to member's salary bank account	R22 312.50

IMPORTANT



Withdrawals may be refused if:

Verification process fails (member details, cellphone number, bank account)

Tax number outstanding or incorrect

Tax affairs not up-to-date (including IT88 arrear tax)

Less than R2 000 in Savings Pot

Second payment request in a tax year

Withdrawals may be delayed if:

Divorce or maintenance order

Large number of withdrawal requests in a short period of time

TWO POT COMMUNICATION



Two Pot summary document (Newsletter / at in-person member presentations / on Fund website / with benefit statements / from HR)

30 June 2024 benefit statements

Fund Newsletters

Fund website (www.ejoburgretirementfund.co.za)

Member webinars

MEMBER PRESENTATIONS AND WEBINARS



The following have been loaded onto the homepage of the Fund's website at ejoburgretirementfund.co.za

Copy of the member presentation / webinar slides

Link to a YouTube recording of the member webinar

This webinar will also be loaded onto the website

TWO POT FROM 1.9.2024 – SUMMARY



Pot	Inflows	Cash payments during employment	Resignation	Retirement
Vested Lump Sum Pot (VLSP)	Protected “lump sum” money at 31.8.2024 less seeding capital plus investment return	Cannot be paid out	May be taken in cash	May be taken in cash
Vested Annuity Pot	Fund Credit at 31.8.2024 less VLSP less seeding capital plus investment return	Cannot be paid out	May be taken in cash	Up to 1/3 rd may be taken in cash and balance must be used to purchase an annuity
Savings Pot	Seeding capital plus 1/3 rd retirement contributions after 1.9.2024 plus investment return	May be taken in cash (minimum R2 000)	May be taken in cash	May be taken in cash
Retirement Pot	2/3 rd retirement contributions after 1.9.2024 plus investment return	Cannot be paid out	Must be preserved to retirement	Must be used to purchase an annuity