



HEADLINE  
NEWS

- 🌱 Beware of Two Pot scams
- 🌱 Underpayment of tax on Savings Pot payments may result in penalties by SARS
- 🌱 Market-linked investment returns have been very good over the last 12 months

DITABAKGOLO

- 🌱 Hlokomela disikeme/bafori mo go Dipitša tše Pedi
- 🌱 Go patela motšhelo wo o sa lekanago mo go Pitša ya Poloko go ka tliša gore SARS e nokele dikotlo/diphenaliti
- 🌱 Dipelo tša dipeeletšo tše amanago le mebaraka di bile tše di botse kudu mo dikgweding tše 12 tše di fetilego

IZINDABA  
EZINOHLOLONZE

- 🌱 Qaphela imikhonyovu Yamabhodwe amabili
- 🌱 Ukukhokhwa kancane kwentela ezinkokhelweni ze-Savings Pot kungase kubangele izinhlawulo ngabakwa-SARS
- 🌱 Izinzuzo zokutshala izimali ezixhumene nemakethe zibe zihle kakhulu kulezi zinyanga eziyi-12 ezidlule

MAHUNGUKULU

- 🌱 Mi tivonela ku tlharihetiwa hi tinsulavoya eka Mapoto Mambirhi
- 🌱 Ku hakeriwa ka xibalo ko kayivela eka Poto ra Vuvekisi swi nga vanga ku xupuriwa hi SARS
- 🌱 Mitlheriso ya vuvekisi lebyi fambelanaka na timakete yi vile leyinene swinene eka tin’hweti ta 12 leti nga hundza

## TWO POT ISSUES

### BEWARE OF TWO POT SCAMS

Please do **not** respond to any electronic (WhatsApp, email, etc) messages purporting to be from the Fund or the Fund's administrator (Momentum) offering to assist with a Savings Pot withdrawal or to process a Savings Pot payment. Any such message is a **SCAM**. Members must initiate a Savings Pot withdrawal themselves on the basis set out in the Fund's Two Pot Counselling document, which can be found on the Fund's website at [www.eJoburgRetirementFund.co.za](http://www.eJoburgRetirementFund.co.za).

### ALL THE POTS ARE INVESTED THE SAME FOR EACH MEMBER

Each member's Savings Pot, Vested Lump Sum Pot, Vested Annuity Pot and Retirement Pot are invested the same in terms of the lifestage or member investment choice strategy in which the member is invested, i.e. the member will receive the same percentage return (which may be positive or negative) on all of his or her Pots. See the section later in this Newsletter for the investment returns earned on each portfolio in the Fund.

## UNDERPAYMENT OF TAX ON SAVINGS POT WITHDRAWALS

Members are required to provide an estimate of their annual taxable income when requesting a Savings Pot withdrawal, which SARS then uses to calculate the tax to be deducted from the payment. Some members put in a nil or low annual taxable income which resulted in either no or insufficient tax being deducted.

This may have serious consequences for these members:

- They will still have to pay the tax due to SARS, i.e. they cannot escape payment of the tax.
- The tax will be payable as part of their tax assessment at the end of the current tax year, when they may not have cash on hand to pay the tax.
- Alternatively if they have not yet paid the outstanding tax and request another Savings Pot withdrawal early in the next tax year, SARS may require the Fund to deduct the outstanding tax (called an IT88 arrear tax deduction) from that payment together with the tax payable on their second Savings Pot withdrawal. This means they may receive very little, or possibly nil, cash on that withdrawal.
- SARS have communicated that they may impose interest and a penalty on these members due to "tax fraud".
- SARS also has the right to send a garnishee order to their employer to deduct the outstanding tax from their monthly salary.

A simple example may help explain the above. A member with a Savings Pot of R30 000 on 1 September 2024 requested a Savings Pot payment of this full amount – his pensionable salary is R20 000 per month, but he stated that his annual taxable income was nil on his Saving Pot request. No tax was therefore deducted, but tax of R7 800 (using an estimated marginal tax rate of 26%) should have been deducted.

The member now owes SARS R7 800 and cannot escape payment of this tax. SARS may even increase the amount due via interest or a penalty.

The member's Savings Pot will accumulate with one-third of member and employer retirement funding contributions from 1 September 2024 and will have grown to, say, R9 075 by 1 March 2025. If the member then requests this full amount as a Savings Pot withdrawal but has not paid the amount of R7 800 due to SARS, he will then receive the following:

Amount requested in March 2025	R9 075
Tax on amount requested (assumed 26% marginal tax rate)	(R2 360)
Arrear tax deducted (not all the amount due of R7 800 can be met)	(R6 715)
<b>Amount paid to the member</b>	<b>R0</b>

The member will still owe R1 085 to SARS (being R7 800 less R6 715).

To avoid these potential consequences, such members should urgently contact SARS and arrange to pay the outstanding tax. SARS have indicated that they may allow people to pay off the amount due in agreed monthly instalments.

## TAX ON FUTURE SAVINGS POT WITHDRAWALS

SARS have indicated that for future Savings Pot withdrawals, tax will be calculated and deducted based on the higher of the annual income the member provides on his or her Savings Pot withdrawal request and their taxable income in the previous tax year that SARS has on record. It is not clear that the SARS system is applying this correctly, so it is important that members provide a reasonable estimate of their annual income on their Savings Pot withdrawal request.

## RECONCILIATION AT THE END OF THE TAX YEAR

The tax paid on a Savings Pot withdrawal is an estimate based on the member's estimated annual income (or their annual income in the previous tax year). The actual tax payable will only be determined as part of their tax assessment at the end of the tax year, based on their actual total taxable income over the tax year. Any (hopefully small) difference in the tax payable will either be refunded to the member by SARS or payable by the member directly to SARS, as appropriate.

## ARREAR TAX DUE TO SARS

A number of members have outstanding amounts of tax due to SARS in respect of previous tax years. When they apply for a Savings Pot withdrawal and the Fund then applies to SARS for a tax directive, SARS will instruct the Fund to deduct both the tax due on the withdrawal amount and the outstanding tax (called an IT88 arrear tax deduction) from the payment. Depending on the amount of outstanding tax due by the member to SARS, the member may then only receive a very small Savings Pot payment or possibly no payment at all. Please note:

- Once a tax directive is issued, it cannot be reversed, i.e. such members cannot ask the Fund or the administrator to cancel the Savings Pot withdrawal request if they are unhappy with the amount received after tax.
- The Savings Pot administration fee is also deducted from the amount paid, although no fee is deducted if the member receives a nil payment (due to the taxes payable being more than the amount of the Savings Pot withdrawal request).

## LATE PAYMENT OF CONTRIBUTIONS

The Pension Funds Act requires that:

- The member and employer contributions each month must be paid to the Fund before the 7th of the month following the month to which the contributions relate.
- The contribution schedule detailing the amount of the contribution for each member must be received by the Fund before the 15th of the month following the month to which the contributions relate.
- Members must be notified if an employer fails to meet these requirements.

Members are hereby notified of the following instances of late payment of contributions and receipt of contribution schedules in respect of **Joburg Theatre**:

Month	Contribution payment	Contribution schedule
June 2024	Received before the deadline	Received 1 day after the deadline
August 2024	R967 764 of total contributions of R1 392 148 received 3 days after the deadline	Received before the deadline

In respect of the contributions paid late in August 2024, late payment interest has been charged to the employer and allocated to the Fund Credits of affected members.

## FEES CHARGED BY THE FUND

The following fees are currently charged by the Fund:

Category	Fee	Payment
Active members	0.40% of monthly pensionable salary	Deducted from employer contributions
Paid-up members	R74.00 per member per month	Deducted from Fund Credit
Deferred retirees	R74.00 per member per month	Deducted from Fund Credit
Unclaimed benefits members	R17.05 per member per month	Deducted from Fund Credit
Savings Pot withdrawals:		
WhatsApp requests	R250	Deducted from Savings Pot payment
Member portal requests	R250	Deducted from Savings Pot payment
Paper-based requests	R350	Deducted from Savings Pot payment
Lifestage switches	No fee	
Member investment choice switches	No fee	

Members will be notified in a Fund Newsletter if any of the fees are changed.

## FUND INVESTMENTS

The market linked assets in the High Growth Portfolio and the Medium Growth Portfolio have performed very well over the last 6 month and 12 periods. This outperformance has improved the return over longer measurement periods. The Money Market Portfolio continues to provide stable returns from month to month that are in excess of the target of inflation plus 1% per annum.

### Fund investment returns over the last 12 months

The returns over the 12-month period to 31 October 2024 for the three portfolios are set out in the following table.

Period	High Growth Portfolio	Medium Growth Portfolio	Money Market Portfolio
November 2023	7.45%	5.15%	0.89%
December 2023	1.89%	1.65%	0.75%
January 2024	(0.49%)	0.77%	0.85%
February 2024	0.74%	1.40%	0.71%
March 2024	1.45%	0.47%	0.71%
April 2024	0.77%	(0.16%)	0.85%
May 2024	1.49%	1.05%	0.86%
June 2024	1.57%	1.19%	0.68%
July 2024	2.36%	1.26%	0.86%
August 2024	1.21%	1.33%	0.75%
September 2024	2.67%	1.51%	0.79%
October 2024	(0.30%)	(0.13%)	0.75%
<b>1 November 2023 to 31 October 2024</b>	<b>22.65%</b>	<b>16.53%</b>	<b>9.87%</b>

### Fund long-term investment returns

The investment returns earned on each of the portfolios for longer periods to 31 October 2024 (with the target measurement periods highlighted) are set out in the table below.

Period to 31.10.2024	High Growth Portfolio (inception 1.9.2005)		Medium Growth Portfolio (inception 1.5.2014)		Money Market Portfolio (inception 1.9.2005)	
	Actual per annum	Target: Inflation plus 5% per annum	Actual per annum	Target: Inflation plus 3% per annum	Actual per annum	Target: Inflation plus 1% per annum
Last 12 months	22.65%	8.85%	16.53%	6.85%	<b>9.87%</b>	<b>4.85%</b>
Last 3 years	10.16%	10.78%	<b>8.86%</b>	<b>8.78%</b>	8.32%	6.78%
Last 8 years	<b>9.24%</b>	<b>9.89%</b>	8.65%	7.89%	7.98%	5.89%
Since inception	11.96%	10.59%	8.30%	7.95%	7.99%	6.59%

This Newsletter is issued for the general information of the members of the eJoburg Retirement Fund.

It is not intended as a substitute for specific legal, financial or other advice in considering the implications for each member's particular circumstances.