

Two Pot Retirement System FREQUENTLY ASKED QUESTIONS



BACKGROUND:

The government has announced the introduction of a new retirement system known as the Two Pot Retirement System, which will take effect on 1 September 2024.

This FAQ is designed to answer questions fund members may have regarding the new Two Pot system. Should you have a question that is not answered below, please contact the Alexforbes Call Centre team at 0860 896 768 or email twopotqueries@alexforbes.com.

How does the two-pot system work?

All your retirement fund savings, up until 31 August 2024 will go into a protected pot, called a vested pot. From 1 September, no further contributions will go into the vested pot. You will have the same access to the money in your vested pot after 1 September 2024 as you do now.

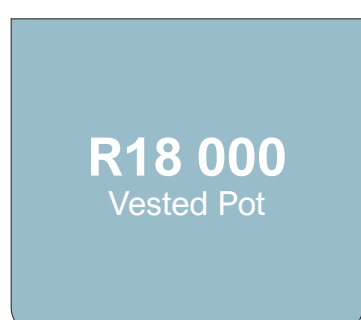
From 1 September 2024:
Two new pots will be created

10% of your vested pot will be transferred to your savings pot (to a maximum of R30,000). This amount will be calculated on the amount in your vested pot as at 31 August 2024.

Two Pot System: Practical Example

UP TILL 31 AUGUST 2024

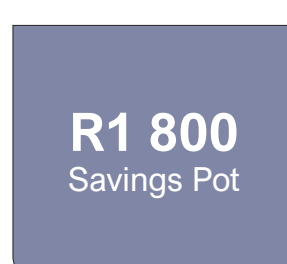
Assume you have a total of R18,000 in your retirement fund



The Vested pot will have all the same rights of access as current Retirement Fund rules

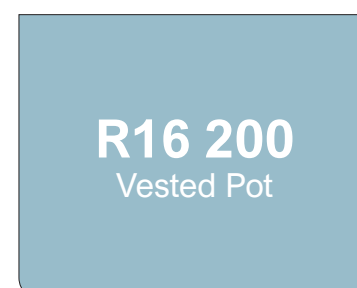
FROM 1 SEPTEMBER 2024

10% (once off) will be transferred into your savings pot



You can only access this pot when it has grown to R2 000 with your monthly contributions.

The balance will remain in your Vested pot



The Vested pot will have all the same rights as current Retirement Fund rules

Thereafter, one third of all new contributions will go into your savings pot, which will also grow by investment returns.

The remaining two-thirds of all new contributions will go into a retirement pot. These contributions, together with investment returns cannot be touched until retirement. The money in your retirement pot must be used for your retirement income, unless legislated minimum values apply.

CONTRIBUTIONS FROM 1 SEPTEMBER 2024

If you contribute **R900** monthly to your Retirement Fund

1/3 will go into your savings pot

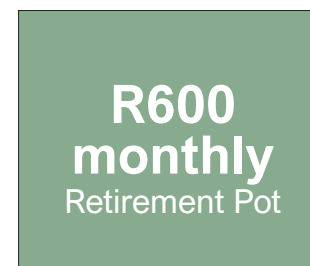


Your monthly contribution (R300) will be added to your once off 10% saving of R1800.

You will only be able to access this pot once it has grown to the minimum of R2 000

Accessing the savings pot can only be done once per tax year.

2/3 will go into your retirement pot



This pot can only be taken as an annuity at Retirement (can transfer to another retirement fund if resign)

What do I need to do to prepare for the new Two Pot system?

You don't need to do anything if you are not going to access your savings pot.

If you intend to access your savings pot, **you will need to register for AF Connect.**

How do I register for AF Connect?

Click on this link to access the "how to register for AF Connect" guide: <https://mymoneymatters.alexforbes.com/assets/pdf/AF-Connect-Registration.pdf>

Do I need to register for AF Connect if I registered for AF Online?

No, if you've registered for AF Online, use the same login details for AF Connect.

How much can I claim from my savings pot?

The minimum amount you can claim is R2,000 and the maximum amount is the value available in your savings pot.

Will there be any deductions when I access my savings pot?

When Alexforbes receives your claim, they will need to apply for a tax directive from SARS. The tax rate applicable to you will apply on any amount you take from your savings pot.

There will also be an administration fee that applies.

ADMINISTRATION FEE

Withdrawal	Fee amount
R2000 - R5000	R100
More than R5000	2% of the withdrawal amount up to a maximum of R600

Therefore the amount you are paid will be less than the amount you claim, due to the deduction of the tax and the administration fee.

If I want to access my savings pot, will I get my savings pot money on 1 September 2024?

No. We are expecting that it may take a few weeks/months to process the first savings pot withdrawal claims, as the SARS tax process needs to be taken into account.

Why must I wait so long to get my savings pot money?

When Alexforbes receives your claims, they will need to apply for a tax directive from SARS. This application may take a few weeks. You will be able to see the progress of your claim on AF Connect.

How often will I be able to access my retirement savings pot money?

You can access your savings pot once during a tax year (a tax year runs from 01 March to 28 February each year), provided you have a minimum of R2,000 in your savings pot.

If I leave the company after 1 September 2024, what savings will I be able to access?

You will be able to access all the retirement money in your vested pot as well as the money in your savings pot, provided you have not accessed your savings pot in that tax year.

You will have to transfer the money in your retirement pot to a new retirement fund (either with you new employer or another approved preservation fund or retirement annuity), or you may leave it in TFG Retirement Fund until retirement age.

What if I want to keep all my money in the Fund - I dont want to access it?

If you don't want to access your money and keep it all in the fund, you do not have to do anything. Your money in the Fund will continue to grow with your contributions and investment returns.

If I am 55 years and older can I opt out of the Two Pot System?

No. TFG Retirement Fund is a pension fund and the Two Pot System will apply to all members automatically.

FURTHER SUPPORT

For more information on how the two-pot system works

Go to <https://mymoneymatters.alexforbes.com/twopot.html> to view videos, a two-pot brochure, fast facts, for suggestions on how to prepare and make good decisions.

Any queries not addressed by the above?

Contact the Alexforbes Call Centre team on 0860 896 768 or email twopotqueries@alexforbes.com.