



TRANSPORT
Sector Retirement Fund
Moving Towards A Better Future

WELCOME

TWO-POT RETIREMENT SYSTEM

WE WILL RESUME SHORTLY



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WEBINAR | 4 JULY 2024

TWO-POT RETIREMENT SYSTEM

UNDERSTANDING THE TWO-POT SYSTEM

WHAT WILL BE COVERED?

1. What is Two-Pot?
2. Why the Two-Pot System?
3. How will it work?
4. What is Seed Capital?
5. Who qualifies for it?
6. What is the impact of withdrawing funds?
7. What to consider
8. FAQ
9. Live Q&A session

WHAT IS TWO-POT SYSTEM?

- The two-pot retirement system is a reform enabling retirement fund members to make partial withdrawals from their retirement funds before retirement.
- Simultaneously, it safeguards a portion that remains accessible only upon retirement, therefore enhancing overall retirement outcomes.
- This means that members facing financial hardship need not resort to resigning to access a portion of their retirement benefits.
- The implementation of this reform is planned to commence on **1 September 2024**.

WHY THE TWO-POT SYSTEM?

- This system is aimed to help you save for retirement over time, while also giving you the option to use some of your savings in cases of emergencies.
- Currently many members resort to resigning from their jobs just to gain access to this money to pay off debts and thus negatively impacting their retirement savings.
- The two-pot system lets you dip into your savings early if you really need to, but it is best to do this only if it is really necessary.



Currently no one can access their retirement funds while still employed. The law does not allow it.

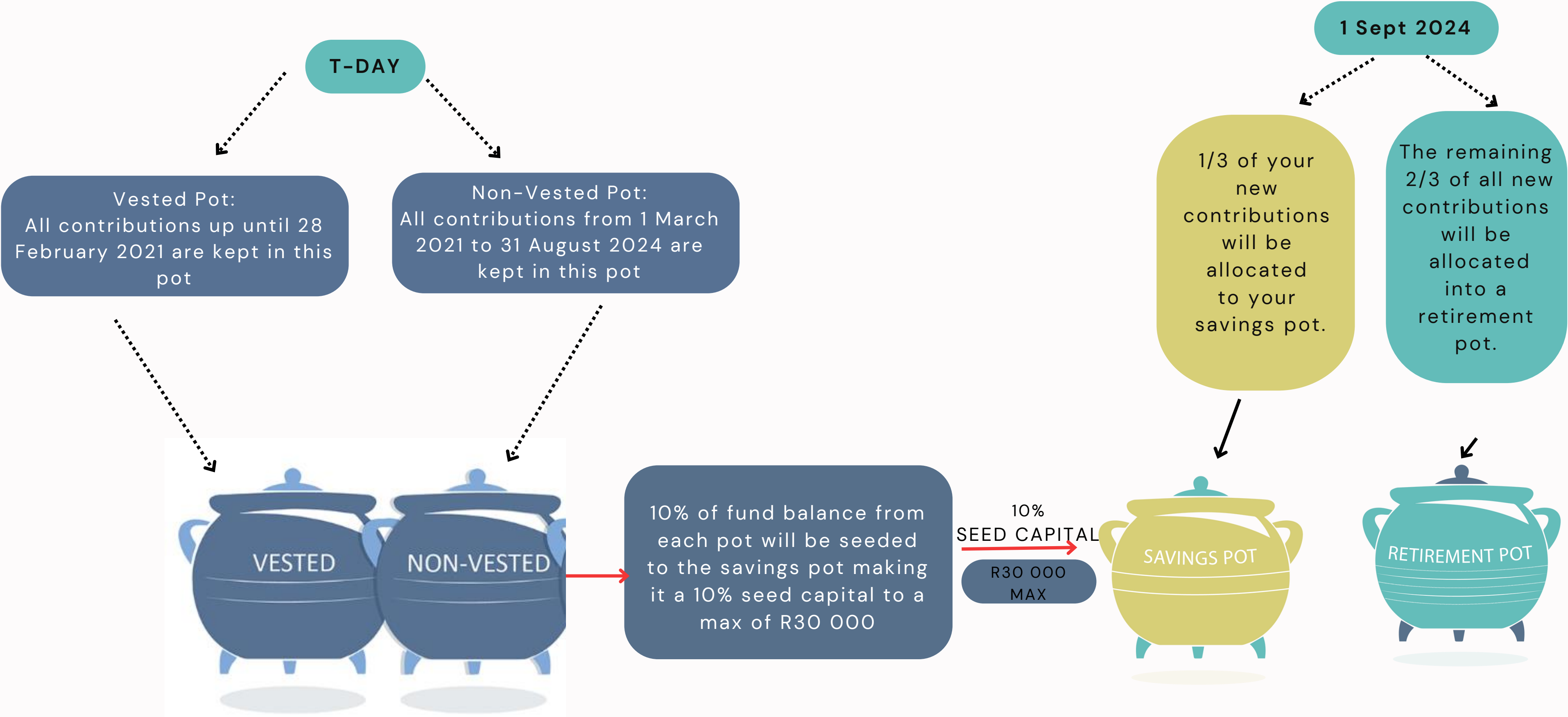


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HOW WILL IT WORK?

STARTING 1 SEPTEMBER 2024:

YOUR RETIREMENT CONTRIBUTIONS WILL BE DIVIDED INTO TWO POTS.



EXAMPLE

If your monthly retirement contribution is R1,500.00

If your accumulated retirement savings until 31 August 2024 were R250 000, R25 000 will be transferred to the savings pot and you can withdraw it from 1 Sept 2024

R500 will be allocated to your savings pot.

R1,000 will be allocated to your retirement pot.

Deductions from pots will be proportionate – dependent on amounts available in the pots.

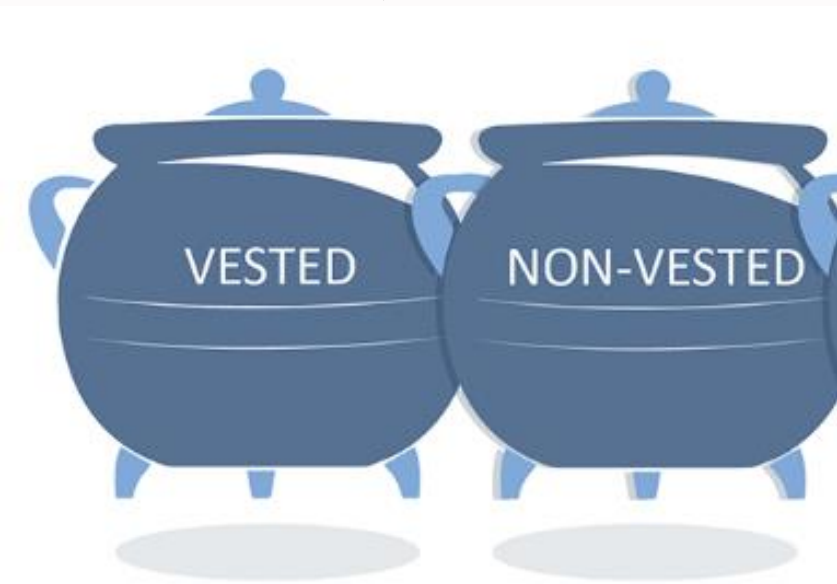
R25 000.00

SAVINGS POT

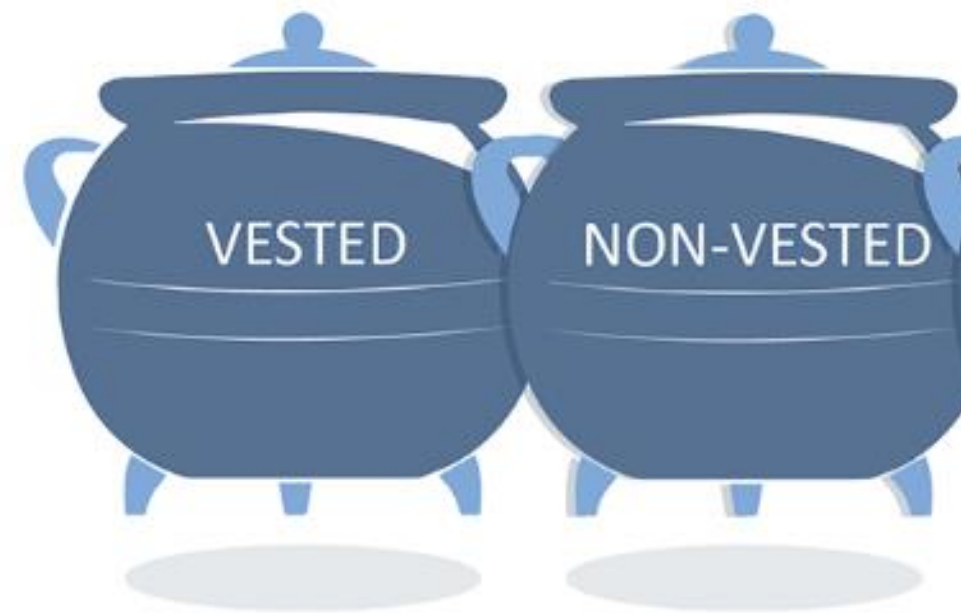
RETIREMENT POT

VESTED

NON-VESTED



RULES



Vested and Non vested Pots

- No further contributions
- Remains invested by retirement fund
- Vested right maintained for future resignation or transfer to preservation fund
- Can withdraw upon resignation/retrenchment



Savings Pot

- Accessible anytime
- Minimum withdrawal: R2,000
- One withdrawal per tax year
- Taxed at individual's marginal tax rate
- No maximum withdrawal limit



Retirement Pot

- Accessible only at retirement
- Preserved until retirement;
- Cannot be accessed upon resignation

HOW THE SEED CAPITAL WILL BE CALCULATED

FUND CREDIT AT 31 AUGUST 2024	SAVINGS POT OPENING BALANCE AT 10% MAXIMUM OF R30 000
R100 000	R10 000
R200 000	R20 000
R300 000	R30 000
R301 000 & ABOVE	R30 000

WHAT HAPPENS WHEN YOU LEAVE?



Old withdrawal rules will apply on the vested and non vested pots.



You can only withdraw from the savings pot after 1 September 2024



No withdrawal from retirement pot will be allowed.



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WHO QUALIFIES?



- The transition to the Two-Pot Retirement System will be automatic for all retirement fund members, except for individuals who were 55 years old as of 1 March 2021.
- Provident Fund members aged 55 and above as of 1 March 2021, will not automatically be included in the two-pot system. However, they have the option to opt-in (before 31 August 2025) if they desire by submitting an application to the fund.
- Once they elect to join the two-pot system, this decision cannot be reversed.
- Opt-in form will be made available in c

IMPACT OF WITHDRAWING FROM THE SAVINGS POT



- Withdrawals from the savings pot will be taxed as part of the member's taxable income, based on their marginal tax rate.
- It is advised that these funds should be reserved for genuine emergencies rather than day-to-day expenses.
- All withdrawals will be subject to withdrawal fee and tax deductions.
- **Example:** Benefit - tax - withdrawal fee = member net value



WHAT TO CONSIDER

- Carefully consider your options and seek advice from an accredited financial advisor before withdrawing from the savings pot.
- Try to save as much as you can when you can.
- Do not make hasty decisions to take a withdrawal.
- If you wait to withdraw money from the savings component until retirement, it will attract less tax and gain compound interest.
- Prioritize your retirement savings, avoiding actions not in your best interest, as prolonged investment yields greater benefits over time.



HOW TO PREPARE FOR WITHDRAWALS



TAX REGISTRATION

As a member you need to be registered for tax to make a withdrawal, even if you are below the tax thresholds.

This is because the South African Revenue Service (SARS) has confirmed that every withdrawal from the savings component will need a tax directive, and TSRF Administrator (Salt Employee Benefits) will withhold marginal tax on each transaction.

REGISTER ON THE MEMBER PORTAL

All claims will be submitted via the Member Portal. Please ensure to register on this portal now by sending a WhatsApp message to 087 240 7004 and follow the prompts to register.



HOW TO PREPARE FOR WITHDRAWALS

All savings pot
withdrawals will be
lodged through the
TSRF Member
Portal





CLOSING REMARKS

- The savings pot should only be accessed in cases of emergency.
- Its not a “use it or lose it” concept, meaning even if you do not withdraw, the money still remains.
- Withdrawals before retirement may be subject to tax deductions.
- The implementation date, currently proposed to be 01 September 2024, will depend on the final legislation.



FAQ

How often can I withdraw funds from my savings pot

- Members will be allowed one withdrawal per tax year

Will my savings pot be taxed when I withdraw the funds

- Yes, you will be taxed at your marginal tax rate

What is the minimum withdrawal amount

- The minimum withdrawal amount is R2000 from the savings pot

Is the money withdrawn from savings pot a loan

- No, you are accessing your own retirement benefit before retirement



FAQ

Is there a maximum withdrawal amount?

- No, a member can withdraw the full balance from the savings pot each year

Will I be able to withdraw my vested pot when I resign

- Yes, the current Fund rules will apply to the vested pot and SARS tax table for withdrawal will apply

Can I take my Retirement pot in cash when I resign?

- No, the retirement pot money can be accessed only at retirement by purchasing an annuity if applicable

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Q & A SESSION



THANK YOU

PRESENTATION SLIDES AND RECORDING WILL BE CIRCULATED