

Getting to know the two-component system!



Why is the government implementing the two-component system?



To help South Africans retire more comfortably, the government aims to promote a culture of saving while acknowledging the need for emergency funds. From the effective date, individuals will be able to access a portion of their retirement savings in emergencies without having to leave their current employer.

Proposed effective date: 1 September 2024*

Retirement savings on 31 August 2024

A once-off compulsory transfer of 10% of your retirement savings capped at R30 000 will be allocated on 31 August 2024 to your **Savings component**.

The rest of the money will remain in your **Vested component**



Vested component

The money in your vested component will still follow the **same** rules.

When you leave your employer, you can:

- Remain a paid-up member of the Funds.
- Take your money in cash (*subject to tax*)
- Transfer the money to another fund

Your retirement savings will be divided into 3 parts:

- Vested
- Savings
- Retirement

Retirement contributions from 1 September 2024

Your retirement contributions will be split into 2 components.

- One third to your savings component, and two thirds to your retirement component

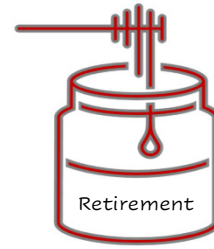


Savings Component

1/3rd

You **can** withdraw this money when you retire.

- You can withdraw, for emergencies, a minimum of R2 000 (before fees and taxes) once a tax year without leaving your employer.



Retirement Component

2/3rds

You **can't** withdraw any money when you leave your employer. This money must remain invested until your retirement.

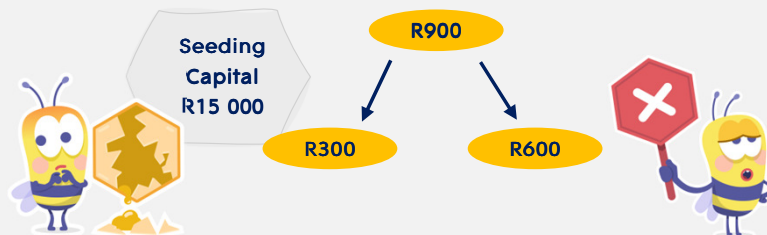
- You must buy a pension when you retire.

Example

You have R150 000 in your retirement savings on 31 August 2024 and your monthly net retirement contribution is R900.



- R15 000 (10% of R150 000) will be transferred to your savings component.
- The remaining retirement savings in your vested component will be R135 000.
- No further contributions will go to your vested component.



Savings component

- R15 000 will be the opening value.
- R300 of your contribution will go to your savings component every month.
- Ideally, it should only be accessed for emergencies or at retirement.

Retirement component

- R600 of your contribution will go to your retirement component every month.
- You will not be allowed to withdraw this money until retirement.

For more information, please contact our retirement benefit consultants on info@iandmfs.cloud or (011) 463 9336





TWO-POT SAVINGS COMPONENT WITHDRAWAL NOTIFICATION

Dear Member

As a member of a fund administered by I & M Financial Services, we would like to ensure that you are fully aware of the options available to you upon claiming against your savings benefit under the “Two-Pot” Retirement Fund System; as well as the implications thereof so that you are able to make an informed decision which benefits you in the best way possible upon retirement.

YOUR SAVINGS POT

Your savings component will be funded with an initial once-off amount transferred from your vested component. This process is called “seeding”. The amount to be seeded will be **10%** of the market value of your account on 31 August 2024, subject to a maximum of **R30 000**.

Even if you only make a partial withdrawal from your savings component, you are not allowed to make another withdrawal until the following tax year. Tax years run from March to February.

ALWAYS SEEK FINANCIAL ADVICE

Members are often unaware of the consequences of a withdrawal and more importantly, the long-term implications of these such a withdrawal. Every effort should be made to seek advice on these options and I & M Financial Services is happy to assist in this regard.

Please be aware that you are allowed only one withdrawal per tax-year. The minimum amount you may withdraw is **R 2 000** *after the deduction of the transaction charge*.

WHAT WE REQUIRE FROM YOU:

We require a **fully completed** “Two-Pot” withdrawal notification form signed by the member and approved by the employer, together with the following supporting documents:

- Proof of banking details (no older than three (3) months)
- Copy of identity document

YOU MUST HAVE AN INCOME TAX REFERENCE NUMBER

Any cash benefit paid to the member on withdrawal under the “Two-Pot” system, prior to reaching retirement age, is taxable at the member’s marginal tax rate. It is compulsory for a tax directive must be to be applied for. I & M Financial Services will extract the tax directive via the online ebTAX system on behalf of the member. To do this, we require the member’s tax number. If a member is not registered for tax purposes, they are requested to approach SARS for an income tax reference number before submitting their forms. No payment of benefits can be made before a tax directive has been received.

HOW LONG DOES THE WITHDRAWAL PROCESS TAKE?

Provided there are no unanticipated delays, the withdrawal process should take no longer than takes up to eight (8) weeks to be completed from date of receipt of all required documents.

There could be unanticipated delays due to exceptionally high withdrawal claim volumes, SARS directive issues and any other unforeseen circumstances.

WILL THERE BE A CHARGE FOR PROCESSING THE THIS WITHDRAWAL?

As can be seen from the above, the processing of withdrawals from the savings *component* involves a considerable amount of additional work. As a result, a **2% transaction charge** on the amount withdrawn will be levied, subject to a minimum of **R100** and a maximum of **R250** and this charge will be deducted from the amount withdrawn. In addition, there is also a SARS tax directive fee of R50 per cash withdrawal processed. Withdrawals of small amounts therefore are strongly discouraged. This is evident by the Authorities not allowing a withdrawal of less than R2 000.

I, _____ hereby confirm that I have read the content above and am aware of the consequences and costs associated with this withdrawal.

Member Signature: _____

Date: _____

FOR ANY QUESTIONS

Please speak to your employer or contact I & M Financial Services on (011) 463 9336 or info@iandmfs.cloud.



TWO-POT SAVINGS COMPONENT WITHDRAWAL NOTIFICATION

Personal Details

Full name & surname: _____

Gender:

M	F
---	---

Employer Name: _____

Member Number: _____

Identity number: _____

Date of Birth: _____

Annual Taxable Income: _____

Tax number: _____

Email Address: _____

Contact number: _____

Residential address:

Annual Taxable Income: All income for e.g. Salary, remuneration, earnings, emolument, wages, bonus, fees, gratuities, commission, pension, overtime payments, royalties, stipend, allowances and benefits, interest, annuities, share of profits, rental income, compensation, honorarium.

Tax Number: SARS requires all individuals to be registered for tax to receive a cash lump sum benefit.

Indebtedness

Court Orders: _____ (Please attach copy of agreement)

I confirm there are no pending legal proceedings (such as divorce or maintenance proceedings) or existing court orders (that have not been satisfied) that may impact the member's interest in the fund. I will provide applicable court documentation to I&M Financial Services.

Bank Details

Account Holder: _____ Bank: _____

Account No.: _____ Branch Code: _____

Account Type: _____ (cheque/current/savings)

Company Declaration

We hereby certify that, to the best of our knowledge, the above information is true and correct.

Name: _____ Signature: _____

Designation: _____ Date: _____

Email: _____ Contact Number: _____

This form will not be processed without a designated employer contact's signature

Company stamp:

Savings Component Withdrawal Option and Member Declaration

I, _____ would like to withdraw: R _____
from my Savings component and hereby confirm that I have read the accompanying information circular and am aware of the consequences and costs associated with this withdrawal. I hereby acknowledge that once this withdrawal instruction is submitted, I cannot make changes nor cancel the instruction.

Member Signature: _____ **Date:** _____

This form will not be processed without a signature