



2-Pot System Changes

**VMAF**

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June 2024



# FAIS Disclosure

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06.2024

# Fund Role Players



# Member Categories and Contributions

Category	A Defined benefit	B Defined contribution	C Hybrid
Employer contributions	18.07%	18.07%	18.07%
Employee contributions	8.5%	8.5%	8.5%
Total (before costs)	26.57%	26.57%	26.57%
Life Cover Premium	-	4,6704%	4,6704%
Disability Cover Premium	-	0,7116%	0,7116%
Total (deducted)	-	5,382%	5,382%
Amount Invested	26.57%	21.188%	21.188%



# Defined Benefit vs Defined Contribution

	Defined Benefit	Defined Contribution
Retirement Income	<p>Based on a clear, predetermined retirement income in accordance with an actuarial formula, in the form of an annuity.</p> <p><b>Retirement savings value is based on:</b></p> <p>Average Salary last 2 years at retirement</p> <p>The number of years continuous membership in the fund.</p> <p>The factor or "accrual" used in the calculation.</p> <p>Guaranteed retirement benefit.</p>	<p>Retirement income depends on various factors.</p> <p><b>Retirement savings value is based on:</b></p> <p>The value of contributions made</p> <p>The performance of the investments</p> <p>Administration and investment costs</p> <p>Prevailing annuity rates at the time the pension is taken, and the type of annuity purchased</p> <p>No guaranteed retirement benefit for members.</p>
Investment Risk	Rests with the Fund	Rests with the Member, retirement benefits are dependent on market performance
2-Pot	More complex	Less complex



# Investment Portfolios

## Market Values

as at 31 March 2024

Asset Managers	Market Value in R Million
Allan Gray Global Balanced	384
Coronation Global Balanced	444
Ninety-One Global Balanced	217
Ninety-One Opportunities	148
Prescient Balanced	131
<b>Total Growth Portfolio</b>	<b>1 324</b>
Ninety-One Cautious Managed	18
Prescient Defensive Fund	3
Prescient Income Provider Fund	3
Abax Absolute Prescient Fund	12
<b>Total Cautious Portfolio</b>	<b>36</b>
AFI Banker	131
SIM Cash Fund	121
<b>Total Cash Portfolio</b>	<b>252</b>
DB Active – Colourfield	277
<b>Pensioners</b>	<b>Market Value</b>
Colourfield LDI	866
	<b>Market Value</b>
<b>Total Investments</b>	<b>2 756</b>



## The 2-Pot System

Effective 1 September 2024

Unless a member was aged 55 or older on 1 March 2021.

- Such members can choose to opt in
- Choice available within 12 months, i.e. up to 31 August 2025



# The 2-Pot System

**Your retirement  
fund is for  
retirement!**



**Please only think  
about access in an  
emergency!**





# The 2-Pot System



You will lose out on the benefit of long-term compounded growth of your savings pot when you withdraw money before retirement.



Robson Savage will charge an admin fee each time you choose to withdraw.



Withdrawals from Savings are subject to income tax at your marginal rate.

# The 2-Pot System



***This is an expensive way to access money!***

You will lose out on the benefit of long-term compounded growth of your Savings pot when you withdraw money before retirement.

Robson Savage will charge an admin fee each time you choose to withdraw.

Withdrawals from Savings are subject to income tax at your marginal rate.

# The 2-Pot System... Actually 3-Pot System



## Vested Pot

- Current legislation applies
- Can be accessed when changing jobs
- At retirement, 1/3<sup>rd</sup> may be taken in cash
- Favourable tax rates

## Savings Pot

- Withdrawal for financial emergency after **income tax and fees** are deducted
- Balance that has not been accessed can be taken when changing jobs (NB – 1 per year)
- Balance at retirement can be taken in cash

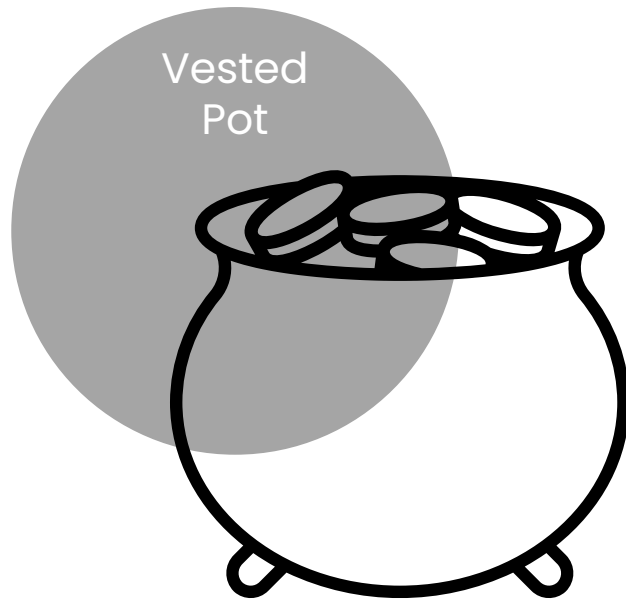
## Retirement Pot

- Invested for retirement
- Cannot be accessed when changing jobs

# The 2-Pot System... Actually 3-Pot System

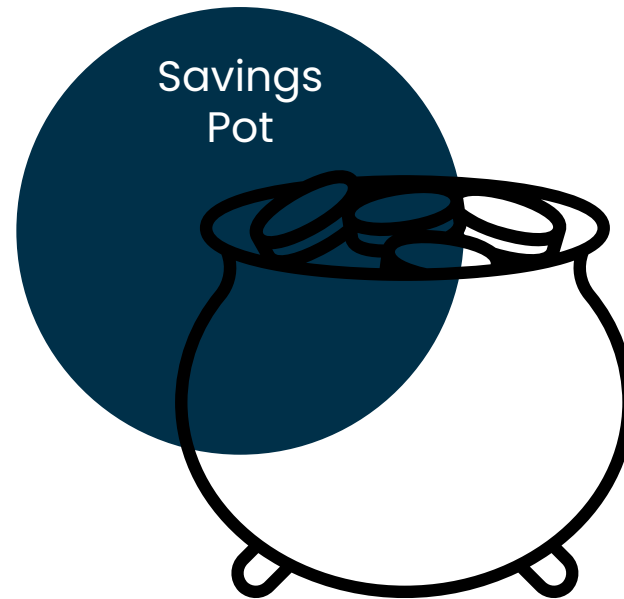


Everything accrued up to  
31 August 2024 with  
investment return



Same rules apply as  
current legislation

Seeding for  
access  
after 1 September  
10% of fund value  
up to R30,000



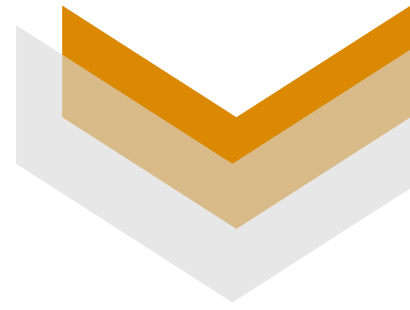
One withdrawal per tax year for  
financial emergency after  
income tax and fees



Invested for  
retirement and  
cannot be accessed

# Category B & C Members

Monthly contributions from  
1 September 2024 onwards

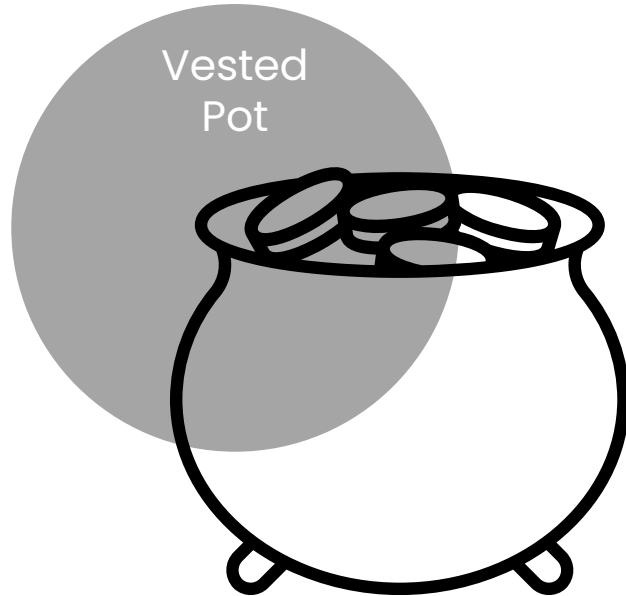


Everything accrued up to  
31 August 2024 with  
investment return

**1/3<sup>rd</sup>**

**2/3<sup>rd</sup>s**

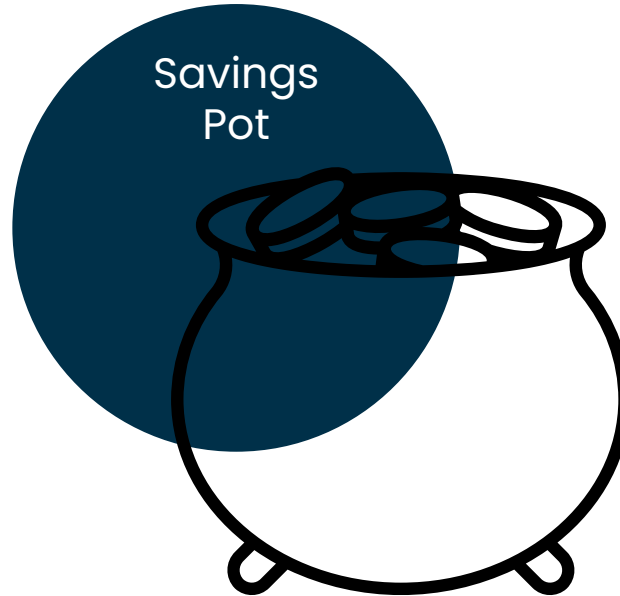
Vested  
Pot



Same rules apply as  
current legislation

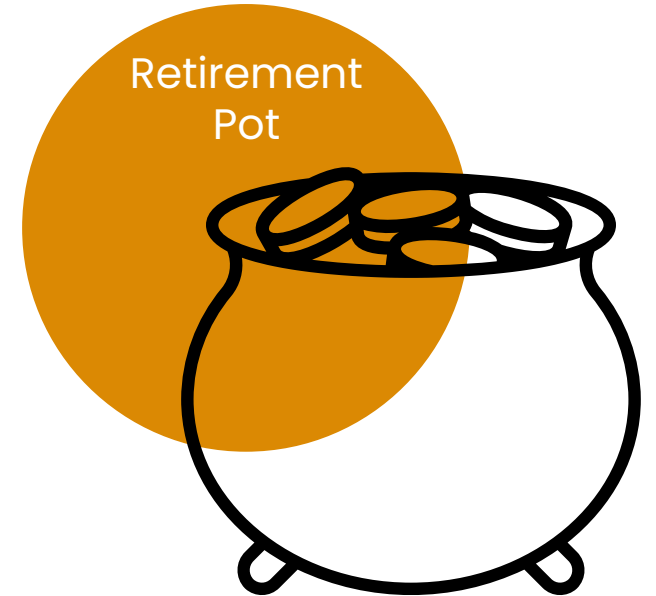
Seeding for  
access  
after 1 September  
10% of fund value  
up to R30,000

Savings  
Pot



One withdrawal per tax year for  
financial emergency after  
income tax and fees

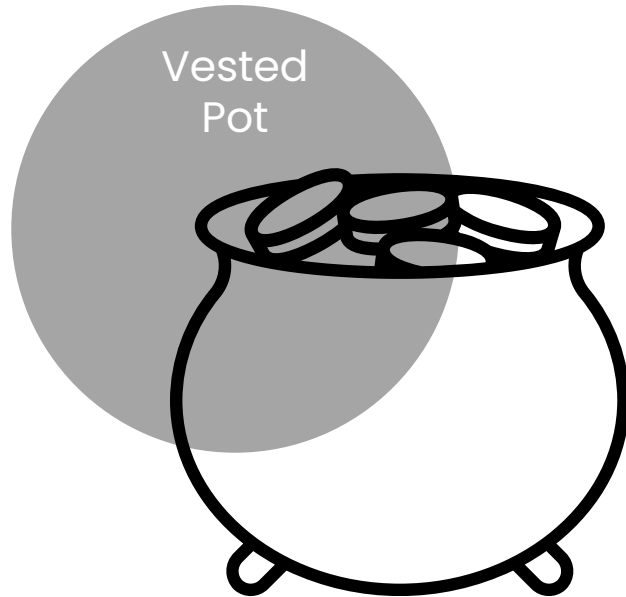
Retirement  
Pot



Invested for  
retirement and  
cannot be accessed

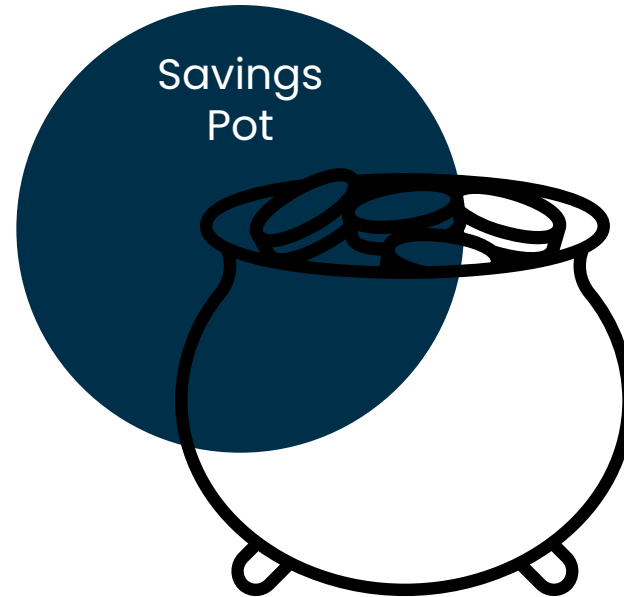
# Category A Members

Retirement benefit plus  
gratuity benefit as at  
31 August 2024



**All accrued  
pensionable service  
remains**

Seeding for  
access  
after 1 September  
10% of surplus  
allocation up to  
R30,000

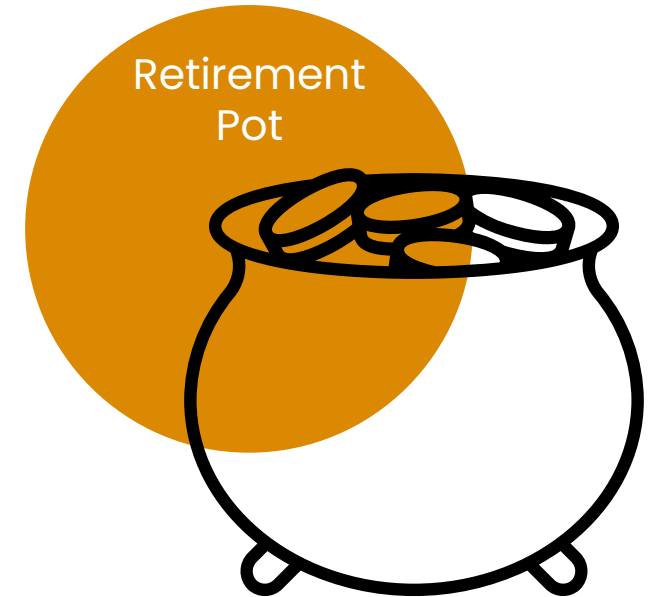


**Savings withdrawal less tax and fees. Any  
future withdrawal will reduce pensionable  
service dates when calculating retirement  
benefit**

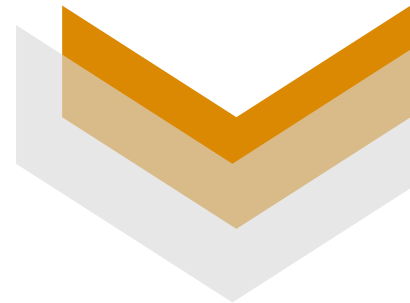
Monthly service accrual from  
1 September 2024 onwards

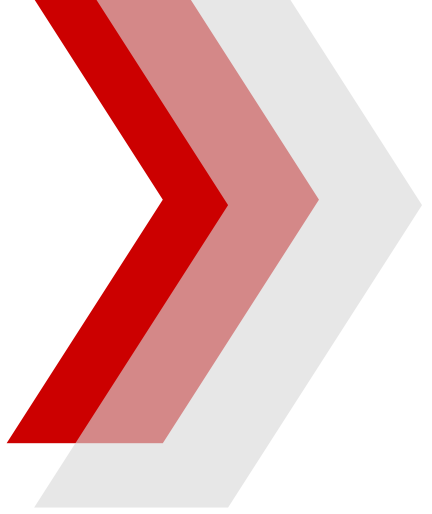
1/3<sup>rd</sup> of a months'  
service accrues to  
savings pot

2/3<sup>ds</sup> of a months'  
service accrues to  
retirement pot



**Your money  
for retirement**





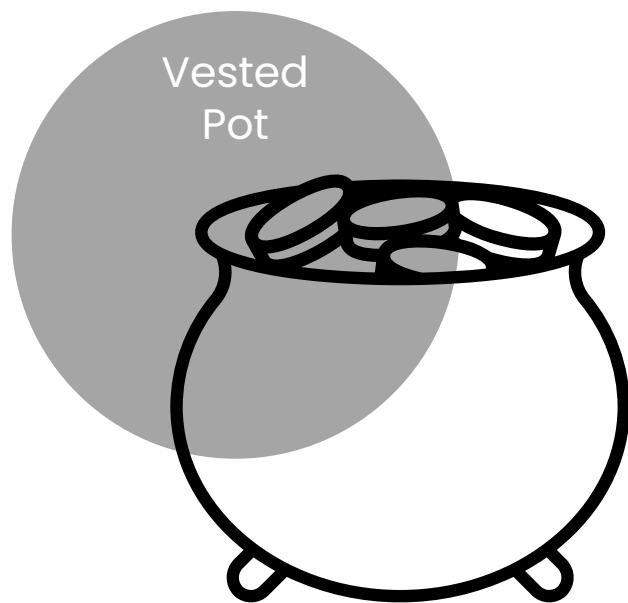
The 2-Pot System Practical Example

## **Category B & C Members**



# The 2-Pot System Practical Example

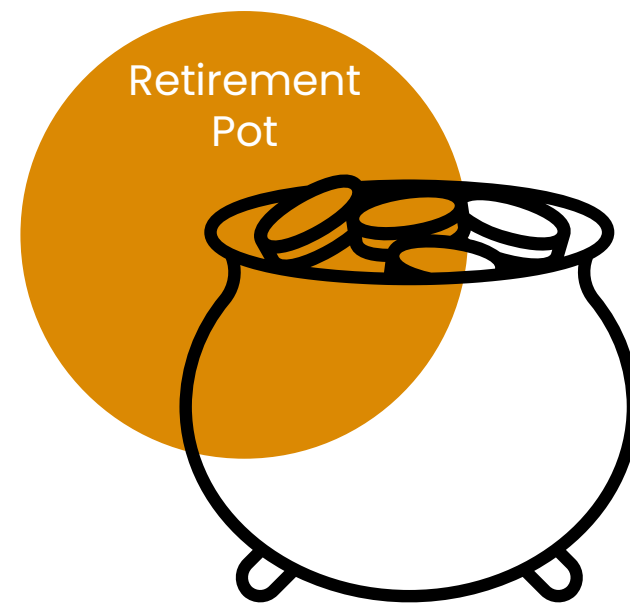
Meet Johan, a category B member of the Fund.  
Johan's monthly contributions are R1,500.  
On 31 August, Johan has the following in his pots...



R100,000



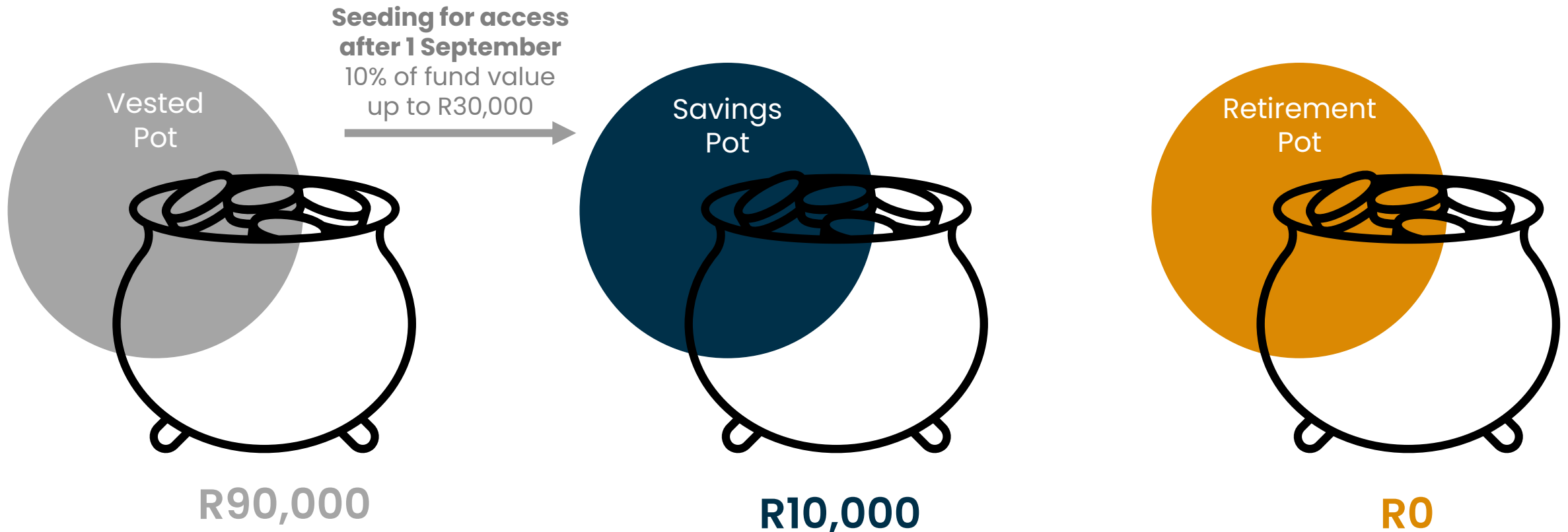
R0



R0

# The 2-Pot System Practical Example

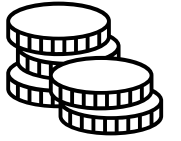
On 1 September, R10,000 (lower of 10% of vested pot and R30,000) will move from Johan's vested pot into his savings pot. He will now have the following..



# The 2-Pot System Practical Example

At the end of September 2024, after the monthly contributions are made, Johan will now have the following values in his pots (excluding growth)

Net Monthly contributions for September 2024 onwards



R500

R1,000

Vested Pot

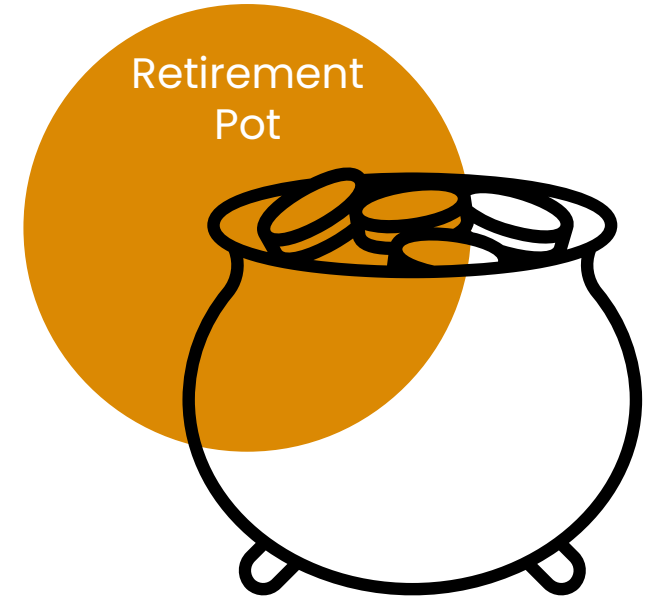
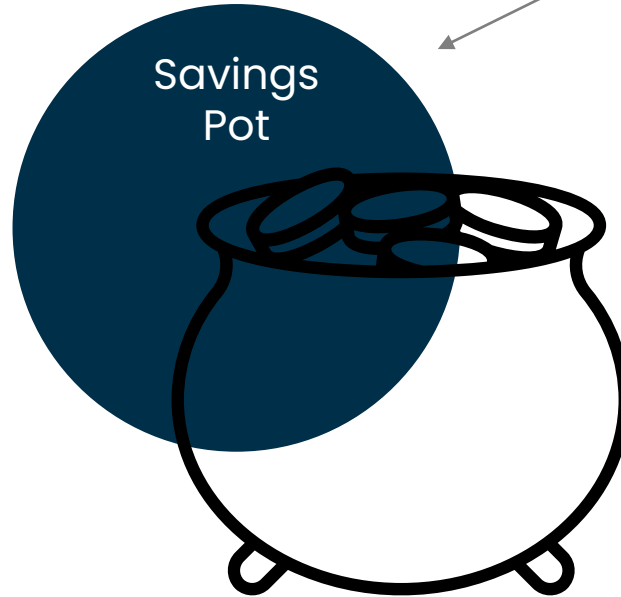
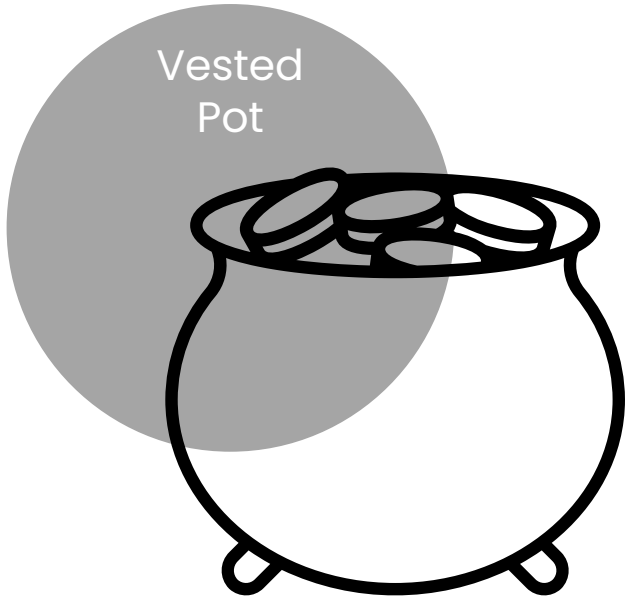
Savings Pot

Retirement Pot

R90,000

R10,000 + R500

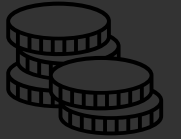
R1,000



# The 2-Pot System Practical Example

At the end of September 2024, after the monthly contributions are made, Johan will now have the following values in his pots (excluding growth)

Monthly contributions for September 2024 onwards



R500

R1,000

***Johan can withdraw from the savings pot, subject to income tax and the admin fee.***



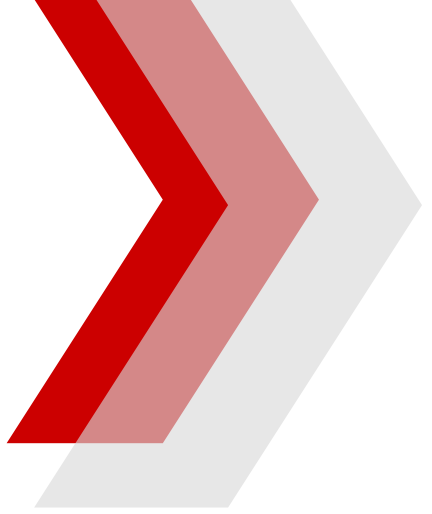
R90,000



R10,000 + R500



R1,000

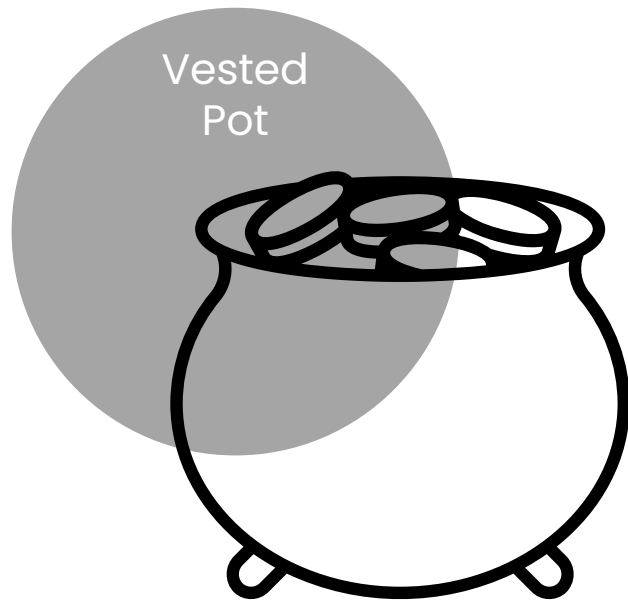


The 2-Pot System Practical Example

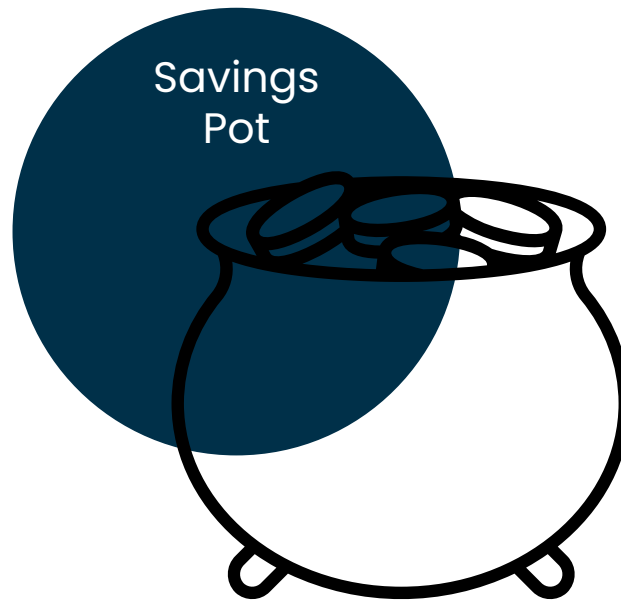
**Category A Members**

# The 2-Pot System Practical Example

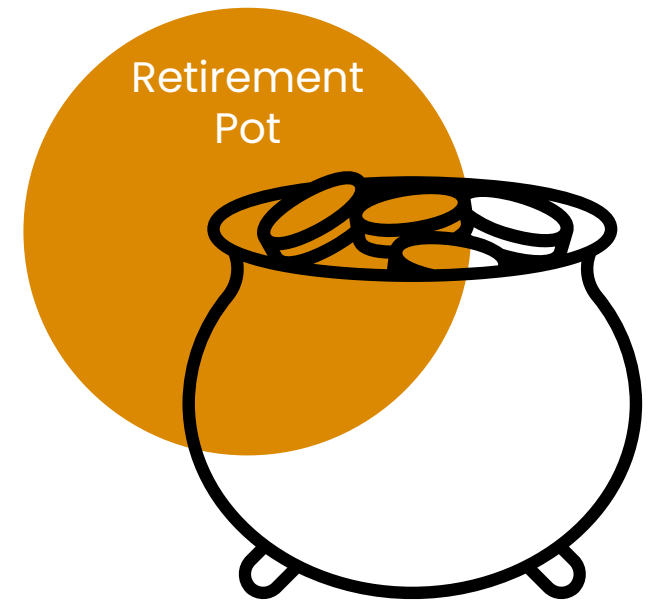
Meet Sam, a category A member of the Fund.  
Sam's pensionable service start date is 1 September 2000  
On 31 August, Sam has the following in his pots...



24 years of pensionable service  
(ARV) plus any surplus and  
demutualization



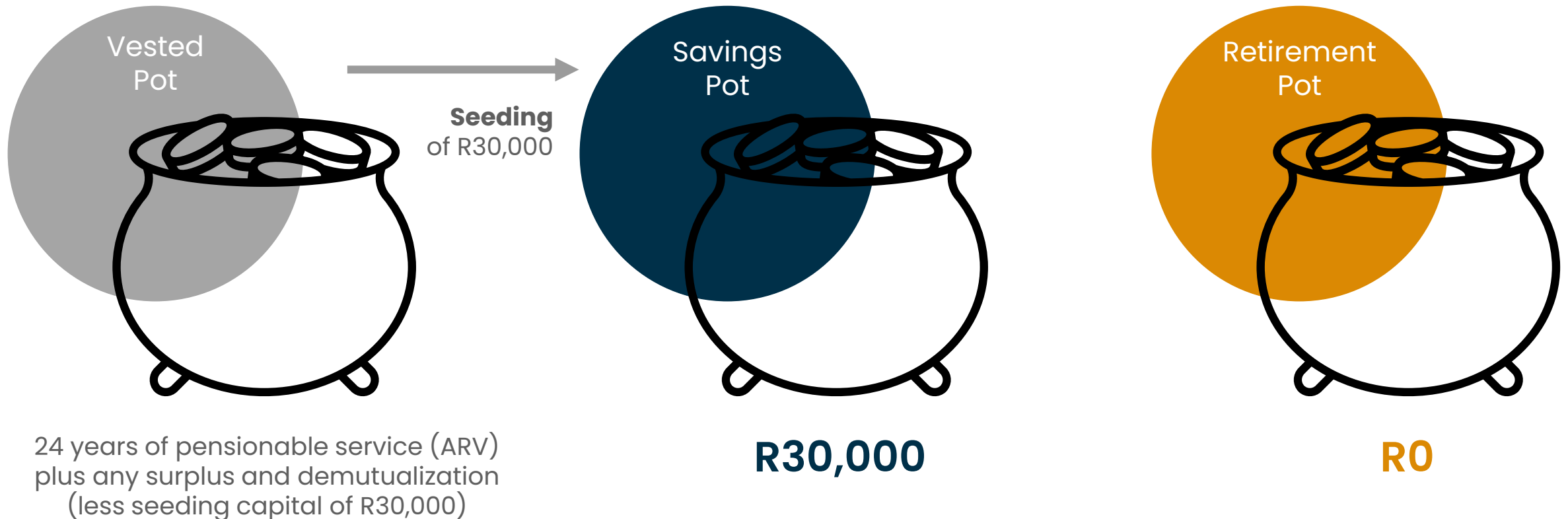
**R0**



**R0**

# The 2-Pot System Practical Example

On 1 September, R30,000 will move from Sam's vested pot into his savings pot. He will now have the following...





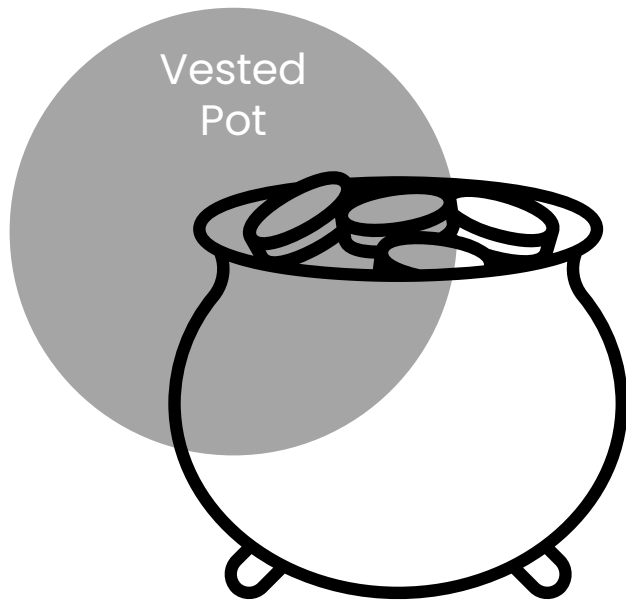
# The 2-Pot System Practical Example

At the end of September, after the monthly contributions are made, Sam will now have the following values in his pots

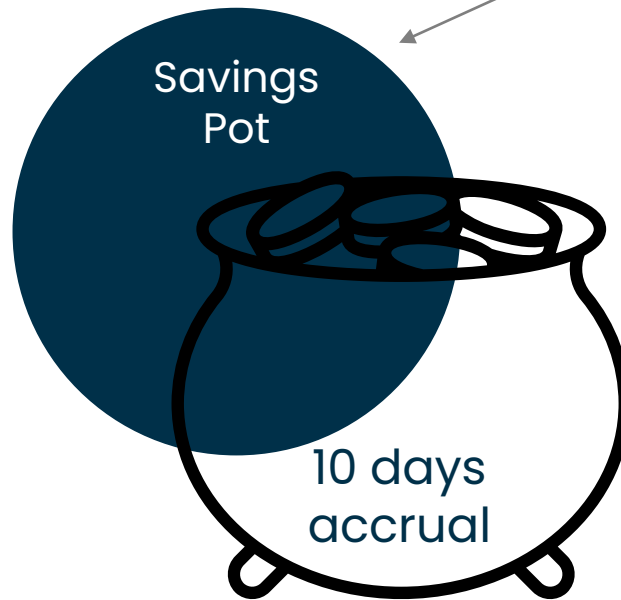
Monthly service accrual from 1 September onwards

10 days of a months' service accrues to savings pot

20 days of a months' service accrues to retirement pot

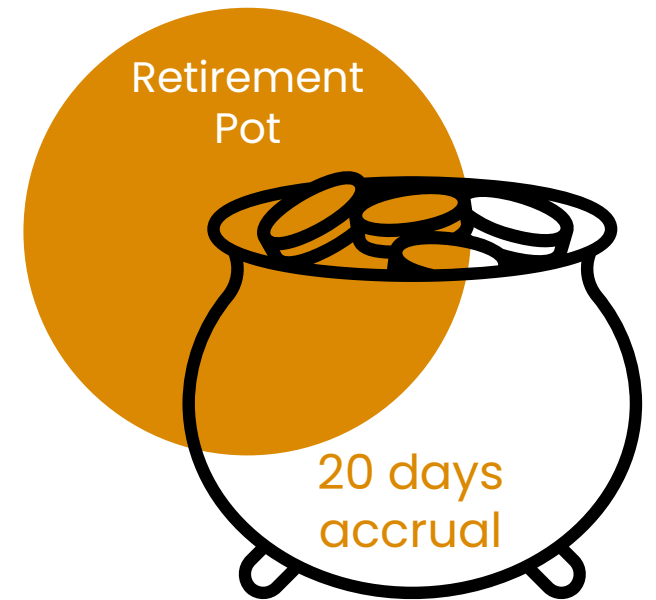


24 years of pensionable service (ARV) plus any surplus and demutualization (less seeding capital of R30,000)



**R30,000**

This is the full value of the gratuity plus a small portion of pension to make up 1/3<sup>rd</sup>.





## Approach to Accessing Savings

If you are a Category B or C Member,  
you must apply for a withdrawal from  
your savings pot directly with  
Robson Savage

Register and use the online portal



If you cannot use the portal, a manual  
form will be made available to you



If you are a Category A Member, you will need to  
complete a physical form, and this will be provided.



You have a  
financial  
emergency



# Approach to Accessing Savings



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You will receive an email from **home@robsav.com** with instructions and a link valid for 30 minutes from the time you receive it. Click on the link, enter your details, create your password and click "Submit".

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# Approach to Accessing Savings



Not Allowed

If your savings pot value is less than R2,000  
If you have already made a withdrawal in the current tax year

Allowed

If you have not withdrawn in the tax year and your  
gross savings pot value is R2,000 or more

# Approach to Accessing Savings



1

The following amount is available for withdrawal RXXX

- I wish to withdraw the full available amount (reduced by tax and processing fees); or
- I wish to withdraw RXXX (reduced by tax and processing fees)

2

Check your personal information held on the system and consent to updates to your cellphone number

3

Provide your banking details – note that this must be in your name and cannot be a joint account.



## Approach to Accessing Savings

If bank verification fails, you will be alerted by SMS, status will be updated on the website and will allow for revised banking details to be captured on the website and resubmitted (repeat process from banking details step).

Thereafter, a tax directive will be applied for. SARS will tell Robson Savage what to deduct.

If the tax directive application fails, you will be alerted by SMS and the status will refer to *"The tax directive application was rejected by SARS. Please contact SARS to resolve the issue. Please then advise your fund administrator on [home@robsav.com](mailto:home@robsav.com) or 011 643 4520"*



## Legal Requirements



### Rule Amendment

The Fund is required to draft and have a rule amendment approved by the Board of Trustees to be submitted to the FSCA.

**This rule amendment will provide for all the changes we have discussed and must be approved by the FSCA prior to 1 September.**





## Need More Information?



Contact  
Information

### **Principal Officer – Hazel Hopkins**

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083 325 0316

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