

TWO COMPONENT SYSTEM

The National Treasury has developed the Two Component System to help members preserve more money for retirement, as there are currently far too many people that are NOT able to retire in South Africa and in doing so, passing the responsibility and liability to provide for the aged, back to the Government.

This affects the following funds:

- Pension funds
- Retirement funds
- Preservation funds
- Provident funds
- Retirement Annuity funds

All contributions after costs, made by or on behalf of members to a retirement fund, as from 01 September 2024 will be allocated into Two Components or "Pots":

 A savings pot

 A retirement pot



Up To 28 February 2021 - Provident Fund


Members of Provident funds had the option to take their full benefit value in cash at retirement. Members' historic benefit value at 28 February 2021 (contributions plus growth and after costs) are protected and will not be implicated by the change in legislation. This portion of the member's benefit, plus future growth will always be available for the member to take in cash at retirement.



From 1 March 2021 up to 31 August 2024 - Provident Fund

Members of Provident funds have the option to take **only one third of the benefit value** in cash at retirement

- This requirement will apply to the member's benefit (contributions plus growth and after costs, made from 1 March 2021 up to 31 August 2024). This cash portion of the member's benefit plus future growth will always be available for the member to take in cash at retirement.

 **Provident Fund Members over the age of 55 as at 01 March 2021 that did not transfer to another fund after 01 March 2021 have a once off opportunity to opt into the Two Component regime or continue to enjoy the provident fund rights they had before 1 March 2021.**



Up to 31 August 2024 - Pension Fund

Members of Pension funds have the option to take **only one third of the benefit value** in cash at retirement. This cash portion at 31 August 2024, plus growth thereafter, will always be available for the member to take in cash at retirement.



The money saved before 01 September 2024 will be allocated to the vested benefits pot. This pot will be subject to the current (Before 01 September 2024) rules, tax and rights of access and will continue to receive investment growth.

10% up to a maximum of **R30,000** of the money in the vested benefits pot will be allocated to your savings pot on 1 September 2024.



After **1 September 2024** a **1/3** of contributions, after costs, made by or on your behalf will be allocated to your savings pot



The money in the savings pot is accessible **ONCE** every tax year (1 March - 28 February)

- The minimum withdrawal is **R2000**
- You will be taxed at your personal tax rate on this withdrawal
- By accessing your savings pot you will effectively be **reducing your lumpsum due to you at retirement**
- To access the savings pot, you need to apply by completing our savings withdrawal form and submitting it to claims@retire.co.za or via a request through the **AcraVest mobile APP**
 - The claim does not need to be signed off by your employer
 - The service level will be 14 business days, subject to an accurately completed withdrawal form and submission of supporting documents



2/3 of your monthly contributions, after cost, made by or on your behalf after 1 September 2024 will be invested in your retirement pot

- This money will only be accessible once you retire
- After retirement, you will need to buy a pension or annuity with your retirement pot, to replace your income at retirement



Your investment strategy will initially be kept the same in the two components

A once off fee charge for the implementation of TWO COMPONENT system: R100 per member plus VAT



Charges per savings component withdrawal claim processed, will be R50 plus VAT



Information on the amount available in your savings pot will be available via the AcraVest mobile app

- Your username is your Fund membership number and your password will be your personal ID number
- Should you encounter any challenges, please contact us via the App