

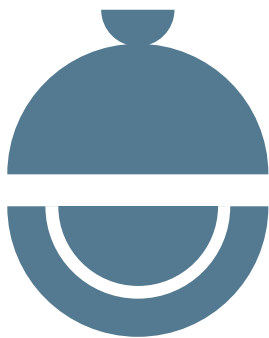


LIBERTY
Standard Bank Group

TWO-POT
RETIREMENT SYSTEM

Member options when leaving your employer.

Your retirement savings are a crucial part of your future and so too is understanding what you can do with your retirement savings when you leave employment. Your retirement savings could be split up into a maximum of three components:



Vested Component

Vested and Non-vested savings (accumulated as **31 August 2024**) less seed capital



Savings Component

Seed capital plus 1/3 of all net contributions from **1 September 2024**



Retirement Component

2/3 of all net contributions from **1 September 2024**

Below is a summary of which components could apply to you:

If you are aged 55 and over on **1 March 2021** who remained in the same provident fund since then will be **excluded** from the **Two-Pot Retirement System** by default i.e., you will not have a savings component or retirement component. If you are older than 55 years, you may elect to retire with the benefit according to the prevailing legislation at the time.

If you were a member of a retirement fund **prior to 1 September 2024**, you will have a vested component provided you have not withdrawn this component upon resignation from your previous employment.

Given the above, **let's take a look at the options you have available.**

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In the case of **resignation, retrenchment and dismissal** you may consider the following options:



Preserve your benefit inside the fund



Transfer your benefit to another fund

A part of your benefits can be accessed in cash as per the business rules applicable.

1. **Preserve your benefit** inside the fund

You are currently a member of a retirement fund ("Fund") whose preservation offering provides you with a **cost-effective** and **simplified** approach to **preserving** your retirement savings in accordance with the Default Regulation 38, of the Pension Funds Act 24 of 1956. **By preserving your retirement savings within the Fund, your retirement savings remain in the relevant investment strategy** which allows you to better meet your retirement goals.

To Access Part of **Your Retirement Savings** in Cash:

Component	Member Group	Max. Cash Allowed	Tax Payable on Cash
Vested Component	Leaving an employer due to resignations and dismissals .	One full! cash withdrawal from Vested Component is allowed.	Retirement lump sum withdrawal tax table
	Leaving an employer due to retrenchment .	One full! cash withdrawal from Vested Component is allowed.	Retirement lump sum tax table
Savings Component ²	If you meet all the requirements to make a Savings Component Withdrawal claim	Part or full cash withdrawal from Savings Component is allowed (subject to minimum of R2 000).	Your marginal tax rate
Retirement Component	All pension and provident fund members leaving an employer.	No cash withdrawal from Retirement Component is allowed prior to retirement.	

1. No **partial withdrawal** allowed from the **vested component** if you choose to preserve your other components in the fund.
2. **Savings Component** Withdrawal claims made when leaving an employer will be processed as part of that withdrawal claim (and should not be submitted separately).
3. The **Retirement Component** is **not accessible** until retirement

Please note accessing your retirement savings in cash can negatively impact your benefits at retirement, as demonstrated in **section 3** below.

You can find the Preservation of Benefit/Withdrawal Notification form on the **find a form** page on the Liberty Website to preserve your retirement savings within the Fund.



2. **Transfer your benefit** to another fund

On termination of membership in your current fund, you may choose to **transfer your savings** to another financial services provider (FSP).

If you choose this option, you may **either transfer to:**

An Out-of Fund Preservation	Total preserved retirement savings transferred to either a Liberty retail or a non-Liberty preservation fund.
An Approved Retirement Fund	Total preserved retirement savings transferred to new fund. E.g., transferring to a new employer's fund.

Access part of your retirement savings in cash **on date of transfer** to another fund:

Component	Member Group	Max. Cash Allowed	Tax Payable on Cash
Vested Component	Leaving an employer due to resignations and dismissals .	▶ Part' or full cash withdrawal from Vested Component is allowed.	Retirement lump sum withdrawal tax table
	Leaving an employer due to retrenchment .	▶ Part' or full cash withdrawal from Vested Component is allowed.	Retirement lump sum tax table
Savings Component²	If you meet all the requirements to make a Savings Component Withdrawal claim	▶ Part or full cash withdrawal from Savings Component is allowed (subject to minimum of R2 000).	Your marginal tax rate
	If the you are terminating your membership AND have already made one Savings Component Withdrawal claim in the current tax year, provided that their current Savings Component balance is below R2 000 AND meet all the remaining requirements.	▶ Full cash withdrawal from Savings Component is allowed, but not partial.	Your marginal tax rate
	If none of the two options above.	▶ No cash withdrawal from Savings Component is allowed in this case.	
Retirement Component	All pension and provident fund members leaving an employer.	▶ No cash withdrawal from Retirement Component is allowed prior to retirement.	

1. **Partial withdrawals from the Vested Component** will be taken in proportion to the amount in your Vested and Non-vested Benefits.
2. **Savings Component Withdrawal** claims made when leaving an employer will be processed as part of that withdrawal claim (and should not be submitted separately).
3. Once cash is transferred into the **Retirement Component**, it is **not accessible** until retirement.



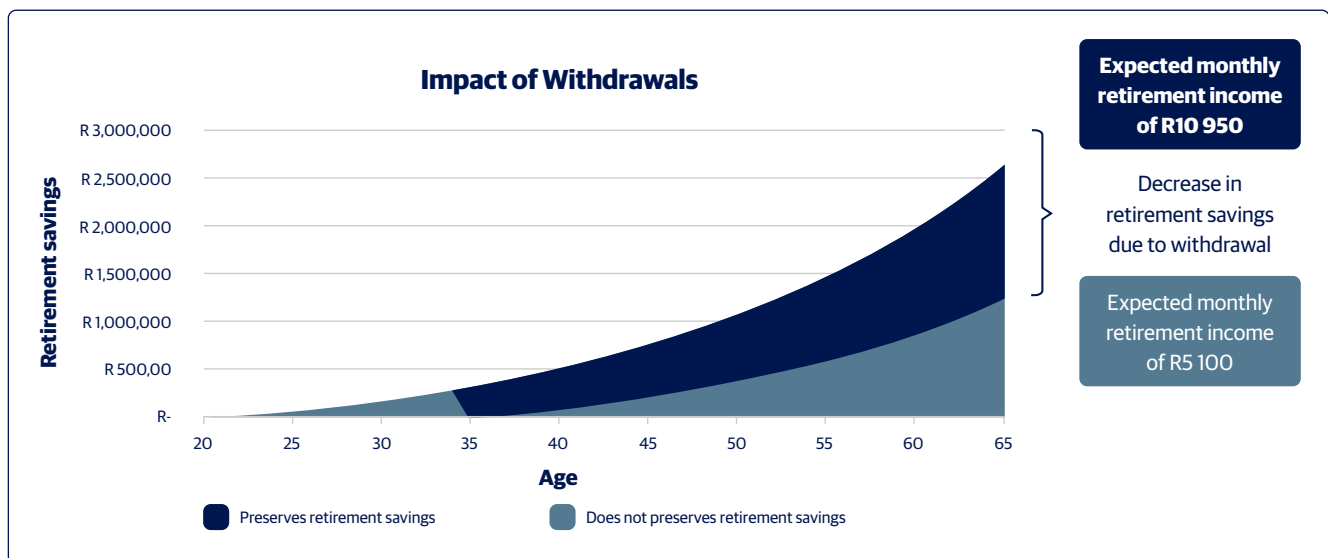
All components must be kept within the same fund. This means that if one component is transferred to another approved retirement fund, all other components would need to be transferred along with it.

You can find the Preservation of Benefit/Withdrawal Notification form on the [find a form](#) page on the Liberty Website to transfer your benefit to another fund.

3. The Impact of **Withdrawing Part** of your Retirement Savings

The effect of withdrawing part of your retirement savings, on your expected retirement income, compared to preserving your retirement savings is illustrated in the following example:

- Mrs K's working career started when she was 20 years old at R120 000 p.a. in the Liberty Core Balanced portfolio.
- Her salary increases with an effective annual rate of inflation +1% p.a. and contributes 16.4% of her pensionable salary until retirement (age 65).
- At the age of 65 Mrs K will retire with a monthly expected income of R10 950.
- If Mrs K does not preserve her retirement savings, she will only receive a monthly expected income of R5 100, almost 50% less of the expected income of if she had persevered.



Assumptions: The individual is female and contributes 16.4% of their pensionable salary from age 20 until their retirement at age 65 towards their retirement savings, starting salary = R120 000, pensionable salary is 70%, inflation = 6%, salary increases monthly at an effective annual rate of inflation + 1%, the individual is invested in Liberty Core Balanced, retirement savings are cashed out at age 35 when changing jobs, all fees are ignored, current draft prescribed FSCA living annuity drawdown rates are used to determine the monthly income after retirement, projections are shown in today's money terms.

We recommend you contact your financial adviser, or the Liberty Benefits Counselling team at the details provided below for assistance with your retirement benefit solutions. Please note that all completed forms must be sent to lc.contact@liberty.co.za.



Our contact details

We request that you send us a completed form with all your personal details and your latest and active phone/mobile number and personal email address. This will allow us to assist and process your request on time, while also being able to stay in touch regarding important information on your benefits.



Queries

For more information, please contact your accredited Liberty financial advisor, or the Liberty Corporate support centre:

E-mail address: lc.contact@liberty.co.za

Telephone no: +27 (0)11 558 2999



Benefits Counselling

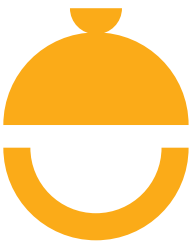
For benefit counselling please contact us:

E-mail address: benefitcounselling@liberty.co.za

Toll free no: 0800 456 235

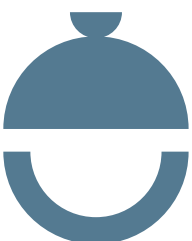
Two Pot Retirement System

The Two Pot system is a retirement system that came into effect on 1 September 2024, whereby a member's retirement account will be split into various components.

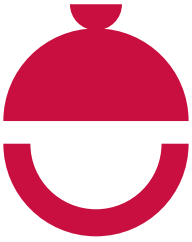


The Savings Component will enable members to access their accumulated retirement savings prior to retirement. An amount is allocated from the Vested Component into this component to allow for immediate access to retirement savings, this transferred amount is referred to as 'Seed Capital'. From 1 September 2024, one-third of retirement contributions (after the deduction of fees and risk premiums, if applicable) are allocated to this component, plus 'Seed Capital' and amounts credited from 1 September 2024, including investment returns earned from 1 September 2024.

Seed Capital: This is the amount that will be allocated to the Savings Component, on the implementation date of the Two-Pot retirement system, as the starting balance in the pot. This is calculated as 10% of the accumulated benefits as at 31 August 2024, up to a maximum of R30 000. This will only be implemented once off as at 1 September 2024.

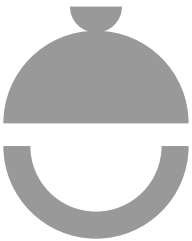


The Vested Component comprises of a members' accumulated retirement savings prior to 1 September 2024, less 'Seed Capital', plus amounts credited from 1 September 2024, including investment returns earned on these retirement savings from 1 September 2024. No contributions will be made to this component from 1 September 2024 (unless you were age 55 and older on 01 Mar 2021 (T-Day) and do not opt to participate in the Two Pot regime). This component will remain split between Vested and Non-Vested Benefits according to the T-Day rules that were introduced on 1 March 2021.



The Retirement Component aims to improve retirement outcomes for members by facilitating compulsory preservation. Therefore, members may only access this component at retirement. From 1 September 2024, two-thirds of retirement contributions (after the deduction of fees and risk premiums, if applicable) are allocated to this component, plus amounts credited from 1 September 2024, including investment returns earned from 1 September 2024.

The components above will be reduced proportionately by any amounts owing as determined in Section 37D of the Pension Funds Act.



The Savings Withdrawal Benefit: Members can access either all or a portion of the benefit in the Saving Component as a Savings Withdrawal Benefit, once per tax year of assessment, prior to retirement. The Savings Withdrawal Benefit (before charges or transaction costs) must be at least R2000.

A Savings Component Withdrawal Fee may be payable by the member for each Savings Component withdrawal claim made from the Savings Component. Savings Component withdrawal claims will be subject to tax at the member's marginal tax rate.

For the full definitions of the Vested and Non-Vested benefits, the Vested Component, Savings Component and Retirement Component, as well as to understand how your benefits can be accessed before retirement and at retirement, please [click here](#) or visit www.liberty.co.za.

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