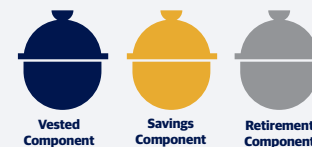


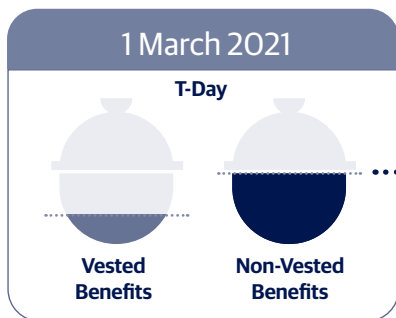
► High-level look at the proposed Two-Pot Retirement System

The need for a new retirement system:

1. Lack of access to money in retirement fund(s) when members are in financial distress
2. Low level or lack of preservation before retirement



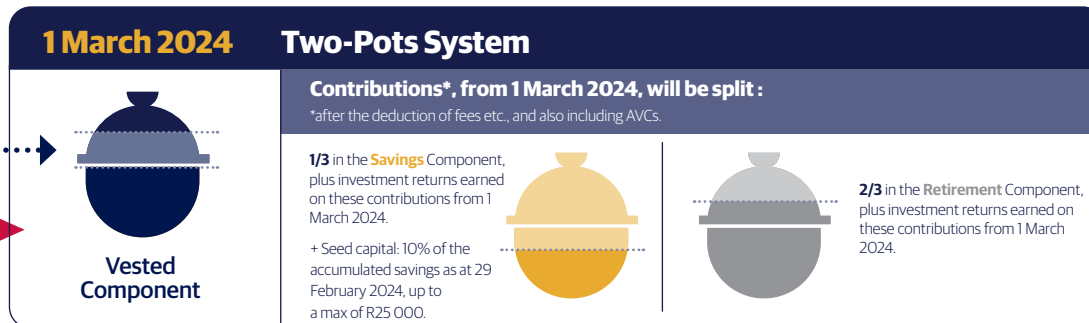
You may have up to **3 pots** (known as components) in total from 1 March 2024.



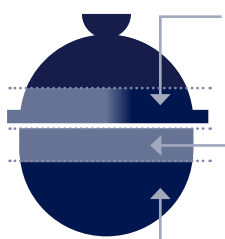
Vested and Non-Vested benefits carry over into a 'Vested Component' with previous 'T-day' rules still applying.

This is a **NEW Vested Component**, which contains the previous Vested and Non-Vested benefits, less a deduction for Seed Capital.

T-day is the 1 March 2021. Please refer to our T-Day communications for more information on the Vested and Non-Vested Benefits.



The Vested Component from 1 March 2024 onwards...



Investment returns earned on this component from 1 March 2024

Previous Vested Benefits comprise a member's accumulated retirement savings in a provident fund or provident preservation fund prior to 1 March 2021, plus investment returns earned on these accumulated T-savings from 1 March 2021. Members of provident funds who were aged 55 or older on T-Day and remain in the same fund will only have accumulated Vested Benefits.

Previous Non-Vested Benefits comprise a member's accumulated retirement savings in a provident fund or provident preservation fund from 1 March 2021 (T-Day), as well as a member's accumulated retirement savings in a pension fund, pension preservation fund or retirement annuity fund, plus investment returns earned on these accumulated savings from T-Day onwards.

! No new contributions will be made into this component after 1 March 2024*

*Exceptions may apply to those who were aged 55 or older on 1 March 2021.

Transfers between components

- ✓ Vested → Retirement
- ✓ Savings → Retirement
- ! Retirement → Savings/Vested

Transfers between certain components in the same fund and components across funds also allowed e.g., transfer from the Savings Component in Fund A to the Retirement Component in Fund B

Pre-Retirement withdrawals

Vested Component	Savings Component	Retirement Component
<ul style="list-style-type: none"> • Full withdrawal from a pension or provident fund allowed on termination of employment • Lump sum withdrawal benefits taxed according to lump sum withdrawal tax table 	<ul style="list-style-type: none"> • Min R2 000 savings withdrawal benefit (before fees and transaction charges) • Withdrawal allowed once per year of assessment • Savings Withdrawal Benefits taxed at marginal tax rate 	<ul style="list-style-type: none"> • No withdrawal allowed prior to retirement except under specific circumstances, e.g. member has emigrated or ceases South African tax residency for a period of at least 3 years, or on death • Allowable withdrawals will be treated as lump sum withdrawal benefits and taxed according to lump sum withdrawal tax table.

What if you were aged 55 or older on 1 March 2021?

Existing members of provident funds who were aged 55 or older on T-Day (1 March 2021) will have the choice at the date of implementation to:

Keep contributing to the Vested Component only (applicable only if they remain in their original fund).

or

participate in the Two-Pot regime, where the above mentioned rules will apply.

Information as at August 2023

Accessibility at retirement:

Vested Component	Savings Component	Retirement Component
<ul style="list-style-type: none"> • Non-Vested Benefits: At least two-thirds must be used to purchase an annuity • Max one-third of Non-Vested Benefit + the full value of the Vested benefit may be taken as a cash lump sum. Lump sum retirement benefits are taxed according to the retirement lump sum tax tables 	<ul style="list-style-type: none"> • Benefits in this component may be paid as a lump sum retirement benefit in full or transferred to the Retirement Component • The lump sum will be subject to the retirement lump sum tax tables 	<ul style="list-style-type: none"> • Entire amount must be annuitised unless the Non-Vested Benefits in the Vested Component and the benefits in the Retirement Component are jointly below the statutory commutation minimum (currently R247500).

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