



Employer Guide

Unpack the Two-Pot Retirement System





Two-Pot Retirement System

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What HR should know about the Two-Pot Retirement System

At Sanlam, we are committed to empowering our clients to live confidently, securely and prosperously. As part of this, we would like to support our members to make the best possible decisions to reach their retirement goals to secure their financial future.

We therefore encourage our members to only access their retirement savings as a last resort and to always seek financial guidance from a financial advisor to make the best decisions that will serve them now and in the long term. Below are some frequently asked questions received from HR, which clarify the HR processes that will be implemented for the new Two-Pot Retirement System.

Funds affected by the Two-Pot Retirement System:

- Public sector funds and private sector funds
- Defined benefit funds (DB Fund) and defined contribution funds (DC Funds)
- Pension funds, provident funds, pension preservation funds, provident preservation funds and retirement annuity funds

Funds that are excluded from the Two-Pot Retirement System:

- Beneficiary Funds
- Unclaimed Benefits Funds

Members that are excluded from the Two-Pot Retirement System:

- Pensioners
- Provident fund members who were 55 and older on 1 March 2021, who are still in the same provident fund and who have not elected to be part of the Two-Pot Retirement System
- Provident preservation fund members who were 55 and older on 1 March 2021 and who have not elected to be part of the Two-Pot Retirement System



How does the Two-Pot Retirement System work?

From 1 September 2024, a member's Fund Credit will consist of three pots:



1) The Vested Pot (current savings)

- The value of a member's Fund Credit up to 31 August 2024 (less seed capital*) will form the Vested Pot.
- The Vested Pot will have Vested Fund Credit (T-Day) and Non-vested Fund Credit.
- Vested Fund Credit:** this is a member's savings up to 28 February 2021. The entire Vested Fund Credit can be taken in cash at retirement and withdrawal.
- Non-vested Fund Credit:** this is a member's savings from 1 March 2021 to 31 August 2024. At withdrawal, the entire Non-vested Fund Credit can be taken in cash. At retirement, 1/3rd can be taken in cash (pay tax) and 2/3rds must be used to buy a pension. If 2/3rds of the Non-vested Fund Credit plus the Retirement Pot is less than R165 000, the total amount can be taken in cash.
- This pot will continue to grow with investment returns only.
- No further contributions can be made to this pot by the member.

*10% of the value of the Vested Pot, up to R30 000, calculated on 31 August 2024 will be transferred to the Emergency Savings Pot as seed capital.

2) The Emergency Savings Pot (Seed amount and future savings)

- 10% of the value of the Vested Pot as at 31 August 2024, up to a maximum of R30 000, will be transferred to the Emergency Savings Pot as seed capital and will be a member's opening balance in this pot.
- This is a once-off event to ensure funds are available from the start for a member to make an Emergency Savings Pot withdrawal.
- 1/3rd of a member's monthly contributions will be allocated to this pot for contributions for the month of September 2024 and thereafter.
- A member can make **one** withdrawal from this pot in a tax year, i.e. between 1 March and 28 February each year.
- The minimum withdrawal amount is R2,000 and the maximum amount is whatever is available in the pot.

- Given the high volumes expected, Sanlam will process the Emergency Savings Pot withdrawal as soon as possible, but it may take up to 10 business days to do so.

A member must initiate the withdrawal process online via the Sanlam Portfolio App or Sanlam member portal. Members can contact our SC Client Care via **SCClientCare@sanlam.co.za** or send a WhatsApp or call us on 0861 223 646 for immediate assistance on how to register.

- The following deductions will be made **before** a member's Emergency Savings Pot claim is paid - administration fee, tax (tax directive), IT 88 (other taxes owned to SARS).
- An administration fee of R330 + VAT (R379.50) will also be deducted from the amount withdrawn.

- The annual taxable income that will be displayed on the Sanlam Portfolio App or Sanlam member portal is the amount that Sanlam will submit to SARS in the tax directive application process. If this amount too low, the member may be liable to pay SARS the difference when the member submits their annual tax return.
- All Emergency Savings Pot withdrawals will be included in the member's taxable income for that year and will be taxed at their applicable marginal tax rate (Pay-As-You-Earn), as determined by SARS and will be deducted from the withdrawal amount.
- Withdrawals from the Emergency Savings Pot reduces a member's Fund Credit and members must be aware that they will lose out on investment returns and compound interest on the amounts they withdraw before retirement.
- Any tax owned to SARS may be recovered from the Emergency Savings Pot withdrawal. ▼

- At withdrawal:** The full amount in this pot can be taken in cash if the member had not made a withdrawal from their Emergency Savings Pot in that tax year or if the balance in this pot is less than R2 000. PAYE will apply.
- At retirement:** The full value of this pot can be taken in cash (pay tax) or transferred to the Retirement Pot and used to buy a pension.

The Emergency Savings Pot withdrawal facility should only be used for financial emergencies as regular withdrawals will have a negative, compounding effect over time and will substantially reduce the amount available to members to take a lump sum at retirement.

Section 37D deductions before an Emergency Savings Pot withdrawal is paid

A member's right to make an Emergency Savings Pot withdrawal will be restricted if:

- the member has an employer housing loan or a judgment has been granted. The withdrawal will be allowed if the fund is satisfied that the remaining Fund Credit will be sufficient to repay the loan/guarantee or to comply with the judgment.
- the member has an employer housing loan and a judgment has not yet been granted, and the withdrawal will result in the remaining amount being insufficient to repay the loan/guarantee for a period of 12 months.
- there is a maintenance order in place against the fund, unless the fund is satisfied that the intended withdrawal will not result in the remaining amount being insufficient to comply with the order.
- there is formal written notice from the maintenance investigating officer authorising the suspension of a savings withdrawal.
- the fund receives written notification from the member or non-member spouse that a divorce has been instituted or an application has been made for a court order, unless the non-member spouse consents to the withdrawal.
- Section 37D deductions as contained in the Pension Funds Act (such as divorce orders, maintenance orders, housing loans and guarantees and employed debt) will be made proportionally from all three pots, i.e. Vested, Emergency Savings and Retirement Pot.
- If a member's Emergency Savings Pot is invested in a smooth bonus portfolio (such as the Stable Bonus Portfolio or Monthly Bonus Fund), the withdrawal from the Emergency Savings Pot will be treated as a termination. This means that the amount paid will be at the lower of market and book value. In a market downturn, a member may receive less than the amount requested. Members can review their selected investment choices online via the Sanlam Portfolio App or Sanlam member portal.

3) The Retirement Pot (future savings)

- 2/3rds of a member's monthly contributions will be allocated to this pot for contributions for the month of September 2024 and thereafter.
- A member **may not** access this pot until retirement.
- **At withdrawal:** all the funds in this pot *must* be preserved or transferred to another approved fund.
- **At retirement:** all the funds in this pot *must* be used to buy a monthly pension. If 2/3rds of the Non-vested Fund Credit *plus* the Retirement Pot is less than R165 000, the total amount can be taken in cash.

55+ Provident fund members are excluded from the new Two-Pot System. These members will continue to contribute to their Vested Pot and the current rules will continue to apply.

- These members will be given a once-off opportunity to opt in and participate in the Two-Pot System via the Sanlam Portfolio App or Sanlam member portal for a period of 12 months after 1 September 2024.
- Once they have opted in, their decision can't be revoked.
- For members who opt in, the date used for the calculation of their 10% seeding capital will be the end of the month in which they elect to opt in.
Example: If a member elects to opt in on 21 November 2024, his seeding capital amount will be calculated using the unit price on Friday 29 November 2024. His December 2024 contributions will be allocated to his Emergency Savings and Retirement Pot on 1 December 2024.





The seeding process

**Please note the following processes,
which will ensure a smooth transition to
the Two-Pot System.**

1) Ensure your members are correctly categorized

It's important for HR to ensure that members are placed in the correct categories to ensure that the seeding and two-pot processes are applied correctly. The following member groups are **not** affected by two-pot and therefore will **not** form part of the seeding process:

- Members of provident funds and provident preservation funds who were 55 or older on 1 March 2021 and who remained members of the same fund
- Beneficiary Fund members
- Pensioners
- Unclaimed Benefit Fund members

2) Freeze Period

- **30 August 2024:** Close-of-day unit value to be used for the seeding process.
- **31 August 2024 to 1 September 2024:** Preparation for the seeding process will take place on our administration platform.
- **2 September 2024:** Our digital tools will not be available. This means no payment of claims or updating of member data is possible via our online systems.
- **3 September 2024:** Seeding completed and our digital tools will be available.

3) Seeding timeline

As 1 September 2024 falls over a weekend, we will use the unit price on Friday 30 August 2024 to calculate the seeding amount.

The value in the Vested Pot as at 1 September will be used for seeding to the Emergency Savings Pot.

August 2024 contributions that are only allocated in September will not be included in the seeding.

The seeding process will be completed on Tuesday, 3 September and our digital tools will be available for HR's and members to access.

Our digital tools will not be available on Monday, 2 September. This means no payment of claims or updating of member data on any if our digital tools.

The seeding process will continue to run into Monday, 2 September for the completion of all data checks.

4 Contributions & Benefit Payments

The timing of monthly contribution payments over the implementation period of the Two-Pot legislation is important. We recommended, where possible, that monthly contributions are paid before the end of the month for August 2024 and September 2024.

The rationale for this is as follows:

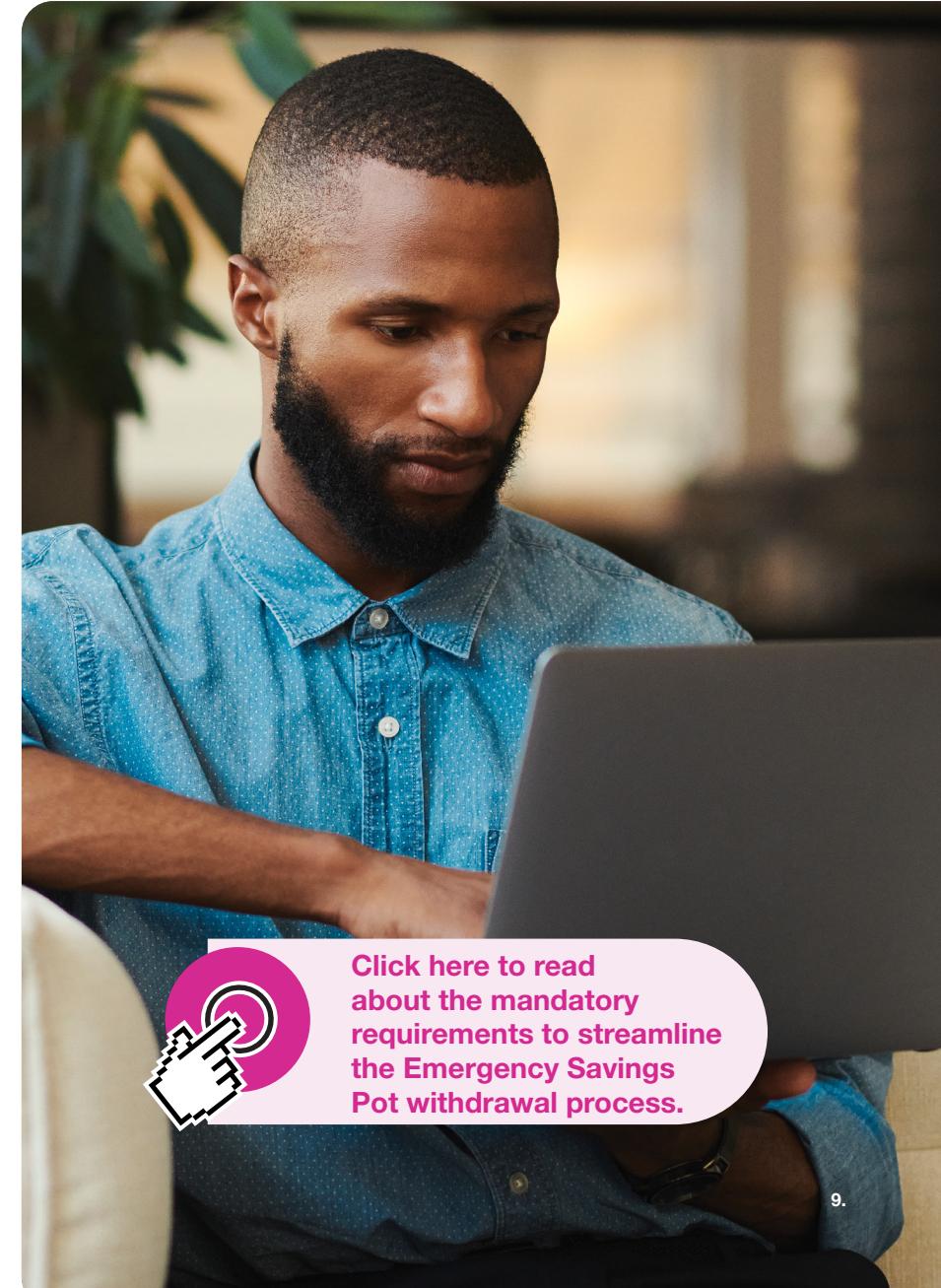
August 2024: If monthly contributions are paid and received prior to month end, then a member's August contribution will be included in the seeding calculation.

September 2024: Members exiting the Fund effective 30 September 2024 will be required to provide us with a payment instruction for each "pot", according to the Two-Pot legislation. Our administration system will validate that the necessary instructions are supplied.

Note: Benefit payments for pending member exits

- Members with an exit date prior to 1 September 2024, will not be included in the seeding process, provided that we have received an exit payment instruction from HR before 31 August 2024.
- If we have not received an exit payment instruction from HR by 31 August 2024, the member's Fund Credit will be seeded.

Any amendments to your members' current benefit structure must please be submitted to us before 1 August 2024 or postponed until after 1 September 2024. Any amendments at this critical time will have an impact on the implementation of the Two-Pot System.



Click here to read
about the mandatory
requirements to streamline
the Emergency Savings
Pot withdrawal process.

The timing of
period of the
possible, that
for August 2024

The rationale
August 2024:
end, then a
calculation.
September 2024
2024 will be re-
“pot”, accord-
validate that t

- Members
included in
payment i
- If we have
31 August

Any amendmen
please be sub
1 September 2024
impact on the implementation of the Two-Pot System.

Mandatory requirements to streamline the Emergency Savings Pot withdrawal process



What we need for each member Why we need it

| | |
|---|---|
| Cell phone number and email address | To communicate with members during the Emergency Savings Pot withdrawal process. We will always use Employer-provided contact details. This is to ensure the safety and security of all member interactions. |
| Tax number | We require a valid tax number to apply for a tax directive. SARS requires all members to have a tax number (regardless of their level of income). |
| ID/Passport number | This is part of the bank account validation process. Missing details will prevent a member from accessing their Emergency Savings Pot. |
| Bank account details | The bank account must be in the member's name, be on Qlink and have been operating for more than 3 months. |
| Potential Section 37D deductions | A cash withdrawal can be refused if there are outstanding Section 37D deductions. |
| Surname changes must be uploaded online | Changes to a member's marital status is part of the bank account validation process and must therefore be correct. |

If any of the above information is missing or incorrect, it will delay the Emergency Savings Pot withdrawal process and any claim can only be resubmitted after the following month's contribution upload via the employer portal.



How are other Fund benefits impacted?



Retrenchment

- Pension funds and provident funds:**
If a member is retrenched, they will be able to access all the funds in their Vested Pot and Emergency Savings Pot (if they have not made a withdrawal from the Emergency Savings pot in that tax year, or if the balance is less than R2 000).
- Retirement annuity funds:**
Members will only be able to access the funds in their Emergency Savings Pot.



Additional Voluntary Contributions (AVCs) to the Emergency Savings Pot

Effective 1 September 2024, 1/3rd of AVCs will go into the Emergency Savings Pot and 2/3rds will go into the Retirement Pot.



Death benefits

Approved death benefits are not impacted by the Two-Pot Retirement System. On the death of a member, the entire fund death benefit payable will be allocated to the member's beneficiaries and or nominees, as determined in terms of section 37C of the Pension Funds Act.

Unapproved benefits are not impacted by the Two-Pot Retirement System.

A member must upload their beneficiaries online via the Sanlam Portfolio App or Sanlam member portal, alternatively they can provide a copy to HR for safe keeping.



Disability benefits

Monthly & capital disability: These contributions will also be split between the Emergency Savings Pot (1/3rd) and Retirement Pot (2/3rds), as per normal contributions.



Impact of Section 14 pending transfers and Section 14 transfers of approved member groups

The following dates are important in determining whether the transferring fund and/or the receiving (new) fund is liable for payment of the seeding amount and Emergency Savings Pot withdrawal amounts.

- Effective date – the date on which a member stops making contributions to the Fund and starts contributing to the new fund.
- Approval date – FSCA approval of Section 14 before any Fund Credit or members transfer.
- Once FSCA approval is given, transfers must take place within 60 days.
- The transfer of the assets must be affected within 160 day after FSCA approval was granted, if not Sanlam will need to request approval for an extension from the FSCA.
- It is critical that HR provide Sanlam, as part of the onboarding process of all new members, with correct tax numbers and that members' tax affairs are in order to expedite the process. Any outstanding tax numbers or tax queries will impact the finalization of the Section 14.

- If no FSCA approval has been received on 1 September, seed capital will be calculated by the transferring Fund and any Emergency Savings Pot withdrawals will be payable from the transferring Fund.
- If FSCA approval is received before 1 September 2024 and the transfer value has not been transferred by 1 September, seed capital will be calculated by the transferring Fund and any Emergency Savings Pot withdrawals will be payable by the receiving fund.
- If FSCA approval is received after 1 September 2024 and the transfer value has not been transferred, seed capital will be calculated by the transferring Fund and any Emergency Savings Pot withdrawals will be payable from the receiving fund.



[Click here to read more about the impact of Section 14 transfers.](#)

Section 14(8) Transfers



| | Status of S14(8) Application | Seed Capital | Savings Component | Withdrawal from Savings Component |
|------------|---|--|---|--|
| Scenario 1 | Transfer value is transferred before 1 September 2024. | Not calculated for transfer value transferred before 1 September 2024. | Not established for transfer value transferred before 1 September 2024. | Not applicable |
| Scenario 2 | Transfer value is not yet transferred on 1 September 2024. | Calculated from transfer values transferor fund at 1 September 2024. | Established from transfer value transferor fund at 1 September 2024. | Withdrawal is payable by transferor fund. |

Prospective Transfers

| | Blanket Period | Status of S14 Application | Seed Capital | Savings Component | Withdrawal from Savings Component |
|------------|--|---|---|--|--|
| Scenario 1 | Full blanket period is before 1 September 2024. | Preliminary approval is granted before 1 September 2024. | Not calculated for transfer values transferred before 1 September 2024. | Not established for transfer values transferred before 1 September 2024. | Not applicable |
| Scenario 2 | First part of the period is before to 1 September 2024. | Preliminary approval is granted before 1 September 2024. | Not calculated for transfer values transferred before 1 September 2024. | Not established for transfer values transferred before 1 September 2024. | Not applicable |
| | Second part of the period is after 1 September 2024. | Preliminary approval is granted before 1 September 2024. | Calculated from transfer value by transferor fund at 1 September 2024. | Established from transfer value by transferor fund at 1 September 2024. | Withdrawal is payable by transferor fund. |
| Scenario 3 | First part of the period is before to 1 September 2024. | Preliminary approval is granted after 1 September 2024. | Calculated from transfer value by transferor fund at 1 September 2024. | Established from transfer value by transferor fund at 1 September 2024. | Withdrawal is payable by transferor fund. |
| | Second part of the period is after 1 September 2024. | Preliminary approval is granted after 1 September 2024. | Calculated from transfer value by transferor fund at 1 September 2024. | Established from transfer value by transferor fund at 1 September 2024. | Withdrawal is payable by transferor fund. |



What changes can members expect with the introduction of Two-Pot?

Sanlam Portfolio App or Sanlam member portal

- The Sanlam Portfolio App and Sanlam member portal are the only way for members to submit a withdrawal claim for their Emergency Savings Pot.
- Members must liaise with their HR for exceptions that can't be managed digitally.
- Our digital solution aims to efficiently manage expected high transaction volumes and limit fraud.
- Member education is vital to ensure that members understand the full impact of two-pot including the use of digital tools. Members can contact our SC Client Care via SCClientCare@sanlam.co.za or send a WhatsApp or call us on 0861 223 646 for immediate assistance.

- The Emergency Savings Withdrawal menu option will only be available when a member is eligible to claim from the Emergency Savings Pot. If not available, it may be as a result of the Employer not doing a bulk pre-load of members' bank account details.
- Sanlam will first validate all mandatory information, before allowing a member to submit an Emergency Savings Pot withdrawal claim.
- Once validated, the member must enter an OTP that will be sent to their selected contact details.
- A member will not be able to submit more than one Emergency Savings Pot withdrawal claim in the same tax year.
- The Emergency Savings Pot withdrawal facility will be available as soon as possible after Tuesday 3 September.

Important:

A member will not be able to submit an Emergency Savings Pot withdrawal claim if HR has already indicated an exit date via the online contribution process. The member will be contacted and notified that the claim was stopped, and that payment of the withdrawal will form part of the exit process.



What changes can HR expect with the introduction of Two-Pot?

Reporting

- Employer reporting is available on the employer portal. Reports are available to HR for claims paid / in progress, etc.
- Our benefit statements have also been amended to reflect the requirements of Two-Pot.

Emergency Savings Pot withdrawal process and fraud mitigation

Digital Channels

- Employer portal (member bank account is editable)
- Member portal (bank account not editable) HR to note special requirements in respect of 3rd party bank accounts, shared accounts and members with no bank accounts.
- Employer can submit the claim on behalf of a member.

Digital process features

- Straight through online processing via the employer portal
- Validation 1 – banking institution validation
- Validation 2 – any endorsements*
- Available amount = Emergency Savings Pot value minus endorsements*
- Tax number validation

* section 37D deductions (Pension-backed loans, Divorces, Maintenance orders, Employer debt claims)

Fraud risk features

- Sanlam administrator cannot edit bank details but can view to respond to queries.
- SMS sent to member when Emergency Savings Pot withdrawal claim is submitted via Employer
- OTP sent to member when Emergency Savings Pot withdrawal claim submitted by member via the Sanlam Portfolio App and Sanlam member portal.
- Paid into the member's salary bank accounts supplied by Employer.
- Payments cannot be made to a 3rd party bank account.
- Where a member has a shared bank account, payment is allowed if the member is the principal account holder. Alternatively, the member must open a bank account in his/her name.



[Click here to view how an Employer can submit an Emergency Savings Pot withdrawal claim on behalf of a member who is not able to do it digitally.](#)

Emergency Savings Pot withdrawal process and fraud mitigation

Digital Channels

Digital process features

The Employer can submit an Emergency Savings Pot withdrawal claim on behalf of a member who is not able to do it digitally



This can be done via the employer portal as follows:

**STEP
01**

View / update mandatory member information (except for ID, the monthly contribution process must be used to update any information)

**STEP
02**

Employer can submit a claim on a member's behalf and must include the claim amount and tax details for SARS.

- Payments cannot be made to a 3rd party bank account.
- Where a member has a shared bank account, payment is allowed if the member is the principal account holder, or if it is treated as a 3rd party payment as per the protocol. Alternatively, the member must open a bank account in his/her name.



Click here to view how an Employer can submit an Emergency Savings Pot withdrawal claim on behalf of a member who is not able to do it digitally.



Enhancements to the withdrawal process for HR

Under the new Two-Pot system, the exit process will work as follows:

- » The employer must generate a “personalised” exit form and give it to the member to complete.
- » On completion, the member will return the form to HR. This form includes the member’s:
 - payment option election
 - preservation election
 - member investment choice (selected funds only) where the benefits are preserved in the fund
- » The form will also serve as the consent form.
- » HR will then submit the claim as per the process and screens below.
- » The HR claim screens are broadly aligned to the form to make it easy for HR to capture.
- » The upload of the consent form will be mandatory in order to obtain all the required information as proof of the member’s elections.

The implementation of the Two-Pot system impacts current HR processes. Below please find an explanation of the changes to the payment options and payment instructions screens.



Click here to view
the payment options
screens

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What HR should know
about the Two-Pot
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for HR**

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withdrawal payment
options available from
1 September 2024

Section I
Examples of
retirement payment
options available from
1 September 2024

Enhancements to the withdrawal

Payment Options Screens



Members must preserve the savings in their Retirement Pot if they leave their employer before retirement. When the Two-Pot System changes come into effect, there will be additional steps on the payment option screens for HR to capture.

Current and New
Payment Options



T-Day members
who did not opt for
Two-Pot



Understanding the
workflow status



Members will be able to
choose from a range of
payment options, including
a lump sum or regular
payments over time.
Members will also be able
to change their payment
options at any time.

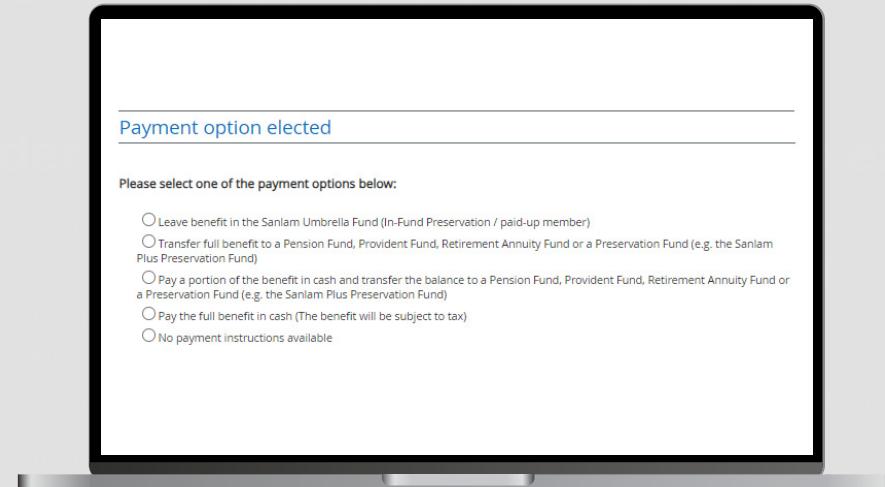
The implementation of the Two-Pot system impacts current HR processes. Below please find an explanation of the changes to the payment options and payment instructions screens.



Click here to view
the payment options
screens



Current Payment Options



New Payment Options

Payment option elected

Please select one of the payment options below:

- 100% Preserve/Transfer
- Take maximum cash permitted by legislation and preserve/transfer the balance
- Take less cash than permitted by legislation and preserve/transfer the balance
- No Payment Instruction

| Payment options | | | | |
|-----------------|--------------------|------------------------|---------------------|---|
| Components | Total Member Share | 100% Preserve/Transfer | | Notes |
| | | Cash | Preserve/Transfer * | |
| Vested Amount | 19788.14 | 0.00 | 19788.14 | This is the collective of previous 'T-Day' funds of 'Vested +Non-vested Benefit' now only referred to as, Vested. Fund may be fully withdrawn on termination of employment. |
| Retirement Pot | 6000.00 | 0.00 | 6000.00 | No pre-retirement withdrawal allowed - Benefit must be preserved until retirement. |
| Savings Pot | 2193.00 | 0.00 | 2193.00 | Benefit may be withdrawn at any time less in your savings pot cash |
| Total | 27981.14 | | | |

Click here to view more



New Payment Options

Option 1: 100% Preserve/Transfer

This is the 'default' payment option, which will be pre-selected. All pot values will be in the 'Preserve/Transfer' column. HR must now confirm this selection.

Once the payment option has been confirmed, a new section for the Preserve/Transfer instruction will appear. This section is compulsory and must be confirmed as well.

Payment option elected

Please select one of the payment options below:

100% Preserve/Transfer

- Take maximum cash permitted by legislation and preserve/transfer the balance
- Take less cash than permitted by legislation and preserve/transfer the balance
- No Payment Instruction

Payment options

| Components | Total Member Share | 100% Preserve/Transfer | | Notes |
|----------------|--------------------|------------------------|---------------------|---|
| | | Cash | Preserve/Transfer * | |
| Vested Amount | 19788.14 | 0.00 | 19788.14 | This is the collective of previous 'T-Day' funds of 'Vested +Non-vested Benefit' now only referred to as, Vested. Fund may be fully withdrawn on termination of employment. |
| Retirement Pot | 6000.00 | 0.00 | 6000.00 | No pre-retirement withdrawal allowed - Benefit must be preserved until retirement. |
| Savings Pot | 2198.66 | 0.00 | 2198.66 | There is R so it may |
| Total | 27,986.80 | 0.00 | 27,986.80 | |

CONFIRM PAYMENT OPTIONS

* Preservation/Transfer Instruction:

In Fund Preservation

Transfer to 3rd Party

CONFIRM PRESERVE/TRANSFER INSTRUCTION



New Payment Options

Option 2: Take maximum cash permitted by legislation and transfer the balance

When this option is selected, no further action/input is required. Members will be allowed to take the vested portion of their Vested Pot and their Emergency Savings Pot values in 'Cash' column. The Retirement Pot will automatically be in 'Preserve/Transfer' column. HR must now confirm this selection.

Once a payment option is confirmed, a new section to confirm in-fund preservation or 3rd party transfer will appear.

X

Payment option elected

Please select one of the payment options below:

100% Preserve/Transfer
 Take maximum cash permitted by legislation and preserve/transfer the balance
 Take less cash than permitted by legislation and preserve/transfer the balance
 No Payment Instruction

| Components | Total Member Share | Max Cash Permitted | | Notes |
|----------------|--------------------|--------------------|---------------------|--|
| | | Cash | Preserve/Transfer * | |
| Vested Amount | 3568.53 | 3568.53 | 0.00 | This is the collective of previous 'T-Day' funds of 'Vested + Non-vested Benefit' now only referred to as, Vested. Fund may be fully withdrawn on termination of employment. |
| Retirement Pot | 6000.00 | 0.00 | 6000.00 | No pre-retirement withdrawal allowed - Benefit must be preserved until retirement. |
| Savings Pot | 396.53 | 396.53 | 0.00 | There is R2,000 or less in your savings pot so it may be taken as cash |
| Total | 9,965.06 | 3,965.06 | 6,000.00 | |

Cash payment

Benefit Election Date * (The Benefit Election Date is the later of the exit date or the date that the member signed the exit forms)

Name of bank * (i)

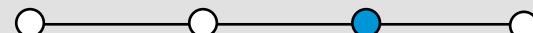
Account holder name B Msomi

Account number *

Branch code * (Only first 6 digits of branch code are required.)

Account Type Savings *

CONFIRM PAYMENT OPTIONS



New Payment Options

Option 3: Take less cash than permitted by legislation and transfer the balance

This is the only option where HR must capture the cash amount as either cash or a percentage.

Selection of the payment option above must be confirmed with the button below. Once the payment option is confirmed, a new section for the 3rd party transfer will appear for HR to complete.

X

Payment option elected

Please select one of the payment options below:

100% Preserve/Transfer

Take less cash than permitted by legislation and preserve/transfer the balance

Take less cash than permitted by legislation and preserve/transfer the balance

No Payment Instruction

Method of selection/capture:

Unit prices are subject to market fluctuation and the final cash value will be determined on the day of processing.

Rands (R)

Percentage (%)

| Components | Total Member Share | Less Cash Than Permitted | | Notes |
|----------------|--------------------|--------------------------|-----------------------|---|
| | | Cash (R) | Preserve/Transfer (R) | |
| Vested Amount | 3568.53 | 0.00 | 3,568.53 | This is the collective of previous 'T-Day' funds of 'Vested +Non-vested Benefit' now only referred to as, Vested. Fund may be fully withdrawn on termination of employment. |
| Retirement Pot | 6000.00 | 0.00 | 6,000.00 | No pre-retirement withdrawal allowed - Benefit must be preserved until retirement. |
| Savings Pot | 396.53 | 0.00 | 396.53 | There is R2,000 or less in your savings pot so it may be taken as cash |
| Total | 9,965.06 | 0.00 | 9,965.06 | |

CONFIRM PAYMENT OPTIONS



T-Day members who did not opt for Two-Pot

These members will only have a Vested Pot.

| Payment options | | | | |
|-----------------|--------------------|--------------------|---------------------|---|
| Components | Total Member Share | Max Cash Permitted | | Notes |
| | | Cash | Preserve/Transfer * | |
| Vested Amount | 1152839.90 | 1152839.90 | 0.00 | This is the collective of previous 'T-Day' funds of 'Vested +Non-vested Benefit' now only referred to as, Vested. Fund may be fully withdrawn on termination of employment. |
| Total | 1,152,839.90 | 1,152,839.90 | 0.00 | |

Payment option elected

Please select one of the payment options below:

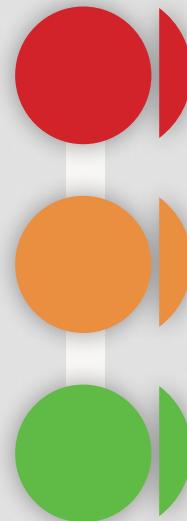
- 100% Preserve/Transfer
- Take maximum cash permitted by legislation and preserve/transfer the balance
- Take less cash than permitted by legislation and preserve/transfer the balance
- No Payment Instruction

This is the new screen for processing exits for T-Day members who have not opted into Two-Pot.

| Payment options | | | | |
|-----------------|--------------------|------------------------|---------------------|---|
| Components | Total Member Share | 100% Preserve/Transfer | | Notes |
| | | Cash | Preserve/Transfer * | |
| Vested Amount | 13624.13 | 0.00 | 13624.13 | This is the collective of previous 'T-Day' funds of 'Vested +Non-vested Benefit' now only referred to as, Vested. Fund may be fully withdrawn on termination of employment. |
| Total | 13,624.13 | 0.00 | 13,624.13 | |

Enhancements to the withdrawal

Understanding the workflow status



Submitted: Ready to be reviewed and approved

Re-Submitted: Amendments completed for approval

Saved: Saved, but please complete and submit for approval and/or to Sanlam for processing.

Rejected: Rejected, amendments required for resubmission for approval

Pending Claim: These are pending exits not yet ready for processing.
HR can still amend the status of the claim.

Approved: Approved and ready for processing by Sanlam's admin team.



Click here to view
the payment options
screens

Under the new system

- » The employee...
- » On completion...
- payment...
- preservat...
- member...
- » The form w...
- » HR will the...
- » The HR clai...
- » The upload...
- member's d...

The implementation of the Two-Pot system impacts our current processes. Below please find an explanation of the changes to the payment options and payment instructions screens.



Examples of withdrawal payment options available from 1 September 2024

Options at Withdrawal

Vested Pot (Vested & Non-Vested Fund Credit)



Option 01

Preserve **all** three pots (no cash taken) in the fund and become a paid-up member.

or

Option 02

Transfer **all** three pots (no cash taken) to another approved fund.

or

Option 03

Take part or all of the benefit in cash and pay tax according to the withdrawal tax tables. If part of the Vested Pot is taken in cash, the balance must be transferred to another approved fund.

Emergency Savings Pot



The full value of this pot can be taken in cash as long as the member did not make a withdrawal from their Emergency Savings Pot in that tax year or if the balance in this pot is less than R2 000. PAYE will apply.

Retirement Pot



All the money in this pot must be **preserved**. The member may choose to preserve the retirement pot, together with the other pots, in the fund and become a paid-up member or transfer the benefits (all three pots) to another approved fund.

Click here to view
**Example 1: Joe wants
to take as much of his
Fund Credit in cash as
he can.**



Examples of withdrawal payment options available from 1 September 2024

Options at Withdrawal

Example 1: Joe wants to take as much of his Fund Credit in cash as he can. These are his options.



| Vested Pot | Emergency Savings Pot | Retirement Pot |
|---|---|---|
| Jo's balance on 24/4/2025: R57 000 (R23 000 Vested + R34 000 Non-Vested fund credits) | Jo's balance on 24/4/2025: R3 500 (Emergency Savings Pot withdrawal on 1/3/2025) | Jo's balance on 24/4/2025: R23 000 |
| Scenario 1: Jo wants to take as much as possible in cash. | | |
| Can take all of Vested Pot in CASH: <ul style="list-style-type: none"> • Vested + Non-Vested = R57 000 • Withdrawal tax to be paid | As he made a withdrawal in the same tax year and has more than R2 000 in his pot, he must: <ul style="list-style-type: none"> • preserve the balance in the Fund or • transfer balance to another Fund. • No tax is payable | Preserve in Fund or transfer to other fund from Retirement pot: <ul style="list-style-type: none"> • Retirement pot : R23 000 • No tax |

To withdraw from the Vested Pot, refer to the withdrawal tax tables. If part of the Vested Pot is taken in cash, the balance must be transferred to another approved fund.

In the same tax year, the member may choose to preserve the retirement pot, together with the other pots, in the fund and become a paid-up member or transfer the benefits (all three pots) to another approved fund.



Click here to view
Example 1: Joe wants
to take as much of his
Fund Credit in cash as
he can.

Vested Pot (Vested & Non-Vested Fund Credit)

He can take his entire Vested Pot in cash and will pay tax.



Emergency Savings Pot

If Joe had not taken a withdrawal in April, he would have been able to take this pot in cash too. A member can make only one cash withdrawal from the emergency savings pot in a tax year. If the balance in this pot had been less than R2 000 however, he would be allowed to make an additional withdrawal. No tax is paid for transfer or preservation.

If he preserves or transfers this pot, he must do the same with his Retirement Pot and Vested Pot.



Retirement Pot

This pot cannot be accessed prior to retirement. It must either be preserved in the fund or transferred to another approved fund. Whatever he decides to do, he must do the same for the Emergency Savings Pot. No tax is paid for transfer or preservation.



[Click here to view Example 2: Joe wants to take half of his Vested Pot in cash.](#)



[Click here to view Example 3: Joe wants to preserve as much as he can in the Fund.](#)



[Click here to view Example 4: Joe wants to transfer all his pots to another fund.](#)

Example 2: Joe wants to take half of his Vested Pot in cash. Here are his options:



| Vested Pot | Emergency Savings Pot | Retirement Pot |
|---|--|--|
| Jo's balance on 24/4/2025: R57 000 (R23 000 Vested + R34 000 Non-Vested fund credits) | Jo's balance on 24/4/2025: R3 500 (Emergency Savings Pot withdrawal on 1/3/2025) | Jo's balance on 24/4/2025: R23 000 |
| Scenario 2: Jo wants to take half of his Vested Pot in cash. | | |
| Joe takes 50% of the balance in his Vested Pot in cash: <ul style="list-style-type: none"> • 50% = R28 500 • Withdrawal tax to be paid | He must transfer the balance in his Vested Pot + Emergency Savings Pot + Retirement Pot to his new employer's fund or a preservation fund <ul style="list-style-type: none"> • Vested Pot: R28 500 • Emergency Savings Pot: R3 500 • Retirement Pot: R23 000 • Total transfer amount: R55 000 • No tax | |

If Joe takes a portion of his Vested Pot in cash, he cannot preserve the balance of his Fund Credit in his current fund. He will have to transfer his Fund Credit to another fund.

Section A
What HR should know
about the Two-Pot
Retirement System

Section B
How does the Two-Pot
Retirement System
work?

Section C
The
seeding process

Section D
How are other Fund
benefits impacted?

Section E
What changes can
members expect with
the introduction of
Two-Pot?

Section F
What changes can
HR expect with the
introduction of
Two-Pot?

Section G
Enhancements to the
withdrawal process
for HR

Section H
Examples of
withdrawal payment
options available from
1 September 2024

Section I
Examples of
retirement payment
options available from
1 September 2024

Example 3: Joe wants to preserve as much as he can in the Fund



| Vested Pot | Emergency Savings Pot | Retirement Pot |
|--|---|--|
| Jo's balance on 24/4/2025: R57 000 (R23 000 Vested + R34 000 Non-Vested fund credits) | Jo's balance on 24/4/2025: R3 500 (Emergency Savings Pot withdrawal on 1/3/2025) | Jo's balance on 24/4/2025: R23 000 |

Example 3: Joe wants to preserve as much as he can in the Fund

Because of the Rule of not splitting the pots, Joe must preserve all three pots in the Fund and will become a paid-up member.

- **Vested Pot: R57 000**
- **Emergency Savings Pot: R3 500**
- **Retirement Pot: R23 000**
- **No tax**

Example 4: Joe wants to transfer all his pots to another fund

| Vested Pot | Emergency Savings Pot | Retirement Pot |
|---|--|--|
| Jo's balance on 24/4/2025: R57 000 (R23 000 Vested + R34 000 Non-Vested fund credits) | Jo's balance on 24/4/2025: R3 500 (Emergency Savings Pot withdrawal on 1/3/2025) | Jo's balance on 24/4/2025: R23 000 |
| Example 4: Joe wants to transfer all his pots to another fund | | |
| Because of the Rule of not splitting the pots, Joe must transfer all three pots to another fund: <ul style="list-style-type: none"> • Vested Pot: R57 000 • Emergency Savings Pot: R3 500 • Retirement Pot: R23 000 • No tax | | |



transfer all his pots to another fund.



Examples of retirement payment options available from 1 September 2024

Options at Retirement

Vested Pot

Vested Fund Credit



Option 01

Purchase a pension with the full amount.

or

Option 02

Take part or all of the benefit in cash and pay tax according to the retirement tax tables. R550 000 is tax free.

Non-Vested Fund Credit

Option 01

Purchase a pension.

or

Option 02

1/3rd can be taken in cash and 2/3rds must be used to purchase a pension.

If 2/3rds of the Non-vested Fund Credit plus the Retirement Pot is less than R165 000, the full amount can be taken in cash.

Emergency Savings Pot



The full value of this pot can be taken in cash (pay tax) or transferred to the Retirement Pot and used to buy a pension.

Retirement Pot



All the funds in this pot *must* be used to buy a monthly pension.

If 2/3rds of the Non-vested Fund Credit plus the Retirement Pot is less than R165 000, the total amount can be taken in cash.



Click here to view Example 1:
How much can Grace take in cash?



Click here to view Example 2: William wants to take as much in cash and buy a pension with the balance

Examples of retirement payment options available from 1 September 2024

Options at Retirement

Example 1: How much can Grace take in cash?



| Vested Pot | Emergency Savings Pot | Retirement Pot |
|---|--|---|
| Grace's balance on 31/03/2028: R255 000 (R175 000 Vested + R80 000 Non-Vested fund credits) | Grace's balance on 31/03/2028: R23 000 | Grace's balance on 31/03/2028: R102 000 |
| <ul style="list-style-type: none"> • Vested Fund Credit can be taken in cash: R175 000 • 2/3rds of Non-Vested Fund Credit (R53 333) + Retirement Pot (R102 000) = R155 333, which is less than R165 000 so full amount can be taken in cash = R182 000 • Emergency Savings Pot can be taken in cash = R23 000 <p>Total cash amount = R380 000</p> <p>No tax payable as below R550 000 but dependent on previous tax rebates.</p> | | |



Click here to
view Example 1:
How much can
Grace take in
cash?



Click here to view
Example 2: William
wants to take as much in
cash and buy a pension
with the balance

Examples of retirement payment options available from 1 September 2024

Example 2: William wants to take as much in cash and buy a pension with the balance



| Vested Pot | Emergency Savings Pot | Retirement Pot |
|--|--|---|
| William's balance on 31/03/2028: R255 000 (R175 000 Vested + R80 000 Non-Vested fund credits) | William's balance on 31/03/2028: R23 000 | William's balance on 31/03/2028: R1 122 000 |
| Scenario 2: Jo wants to take half of his Vested Pot in cash. | | |
| Cash <ul style="list-style-type: none"> Vested Fund Credit: R175 000 Non-Vested Fund Credit 1/3rd cash: R26 667 Emergency Savings Pot all cash: R23 000 Total Cash: R224 667 <p>Retirement tax table will apply</p> | Pension <ul style="list-style-type: none"> Non-Vested Fund Credit 2/3rds: R53 333 Retirement Pot: R1 122 000 Total pension: R1 175 333 <p>No tax when buying pension</p> | |

If 2/3rds of the Non-vested Fund Credit plus the Retirement Pot is less than R165 000, the full amount can be taken in cash.



Click here to
view Example 1:
How much can
Grace take in
cash?



Click here to view
Example 2: William
wants to take as much in
cash and buy a pension
with the balance



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