Q What is this two-pot system:

A It's now called two-component system. It's a system where from the 1st of September 2024, members will have a retirement account and a savings account in the fund. They will be able to make withdrawals from the savings account once in every tax year.

Q What happens to the retirement savings I had before the two-component change?

A The old rules of your fund will apply to: • any money you've already saved before 1 September 2024 + • any increase in value from investing these savings until you retire. This is called your vested component.

Q What are the old rules that will still apply?

A Your cash lump sum benefit when you leave your employer or your retirement benefits.

Q Will any of my vested component be affected?

A Yes. Some of your vested component (your retirement savings) up to 31 August 2024) will automatically be moved to your savings component on 1 September 2024. The amount that will be moved to your savings component is 10% of your vested component. This first amount in your savings component can't be more than R30 000. Thereafter, 1/3 of your monthly contributions will be transferred to your savings component. If you have R2 000 or more in your savings component on 1 September 2024, you'll have one opportunity every tax year to withdraw this money if you need to. It's always better to save your savings component for your future self if you can.

Now let's look at some withdrawal questions: when will I be able to withdraw from my savings 0 component?

A Your 31 August 2024 contributions will only reach the fund by the seventh of September. It means that at the end of September 2024, the fund will be able to determine your value as at the end

TWO-POT (TWO COMPONENT) SYSTEM

of August 2024. This is time at which your 10% or R30 000 will be transferred to the savings component.

Q What is the process I need to follow to withdraw from my savings pot?

A You will need to consult your HR department and fill in the relevant (two pot) withdrawal form. You will need to attach the originally certified copy of your identity document, your bank statement (not later than 3 months old), your tax reference number and a copy of your payslip (not more than 3months old). The bank details should correspond with those in your payslip.

Q Are there any costs involved in this?

A Firstly, as your money is sitting in the savings component, it might lose some investment opportunity as it will be in the savings account. Second, there will be an administration fee of R 200 with every withdrawal made and third, SARS will deduct tax from these withdrawals. It is fair to say that this could be a serious reduction to your retirement savings that you will need when you are unable to work.

Q At what age does this apply

A This is automatic for members who were below 55 years on the 1st of March 2021. Members who were 55 and above on the 1st March 2021 do not automatically qualify for this.

Q Can I choose to participate or not to participate

A If you were below 55 on the 1st March 2021 you automatically participate in this two-component system. If on the other hand you were 55 and above on the 1st March 2021, you can choose to participate in the system.

For further information please send your queries to: **Municipal Workers' Retirement Fund at:**

twopot@mwrfund.org.za

