
JSE PENSION FUND

Two pot system for a pension fund

July 2024

Skye Hartog

Neil Savage

Recap: Savings in the fund

- Called a fund credit
- Typically changes value by:
 - Monthly contributions net of insurance premiums and fund costs and by
 - Investment growth (+/-) net of investment fees

The near future: Fund Credit split

- At 1 September 2024: Fund credit will be split into 3 parts:
 - ✓ Vested component (VC)
 - ✓ Savings component (SC)
 - ✓ Retirement component (RC)

Vested component – same ol’ same ol’?

- What is it?
 - Fund credit balance at 31 Aug 2024 less Savings component **seed** at 1 Sep 2024 plus **future** net investment growth less a share of deductions less tax - PROTECTED FROM TWO POT SYSTEM RULES!
No contributions made in respect of the months of Sep 2024 onwards go into this component.
 - **Can be accessed in same way:**
 - ✓ Exit fund **other than** by retiring – accessible as a lump sum net of tax OR transferred to next fund
 - ✓ Retire – up to a third as a lump sum net of tax is accessible, the rest to be transferred to a registered insurer/fund to pay a pension net of tax.

Savings comPOnenT – the POT born of dire need

- Savings component (**SC**) **seed** transferred from VC on 1 Sept 2024: the **LOWER** of 10% of Fund credit balance at 31 Aug 2024 or R30,000.
- **SC** gets **one third** of monthly **NET** contributions from 1 Sep 2024 and grows with net investment growth (+/-)
- The **way SC** may be accessed:
 - ✓ Accessible once per tax year for amounts of R2,000 upwards. **OPTIONAL** – if utilized can have unintended large **IMPACT** or **opportunity COST**
 - ✓ **Taxed differently:** amount added to your taxable income to work out marginal tax rate
 - ✓ Admin fee payable per withdrawal

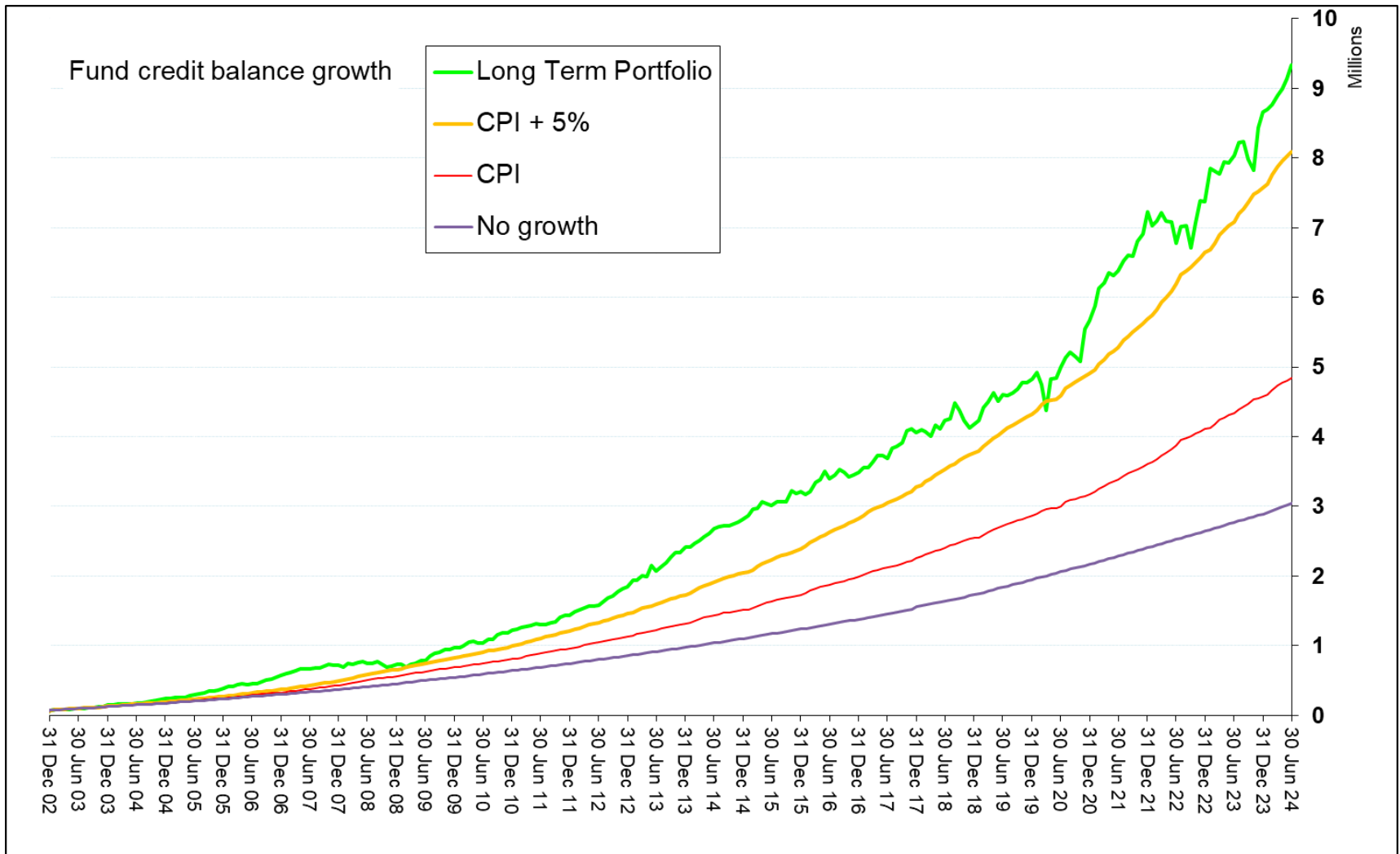
Retirement comPOnenT – the POT of the future

- Retirement component (**RC**) receives **two thirds** of **NET** contributions from 1 September 2024 onwards.
- **RC** grows with net investment growth (+/-)
- The way **RC** is accessed:
 - ✓ **Normally*** accessible **ONLY** at retirement as a pension net of tax provided by a registered insurer/fund
 - ✓ * *but also on death, emigration (if conditions met), transfer on retirement or if a de minimis limit is applicable*

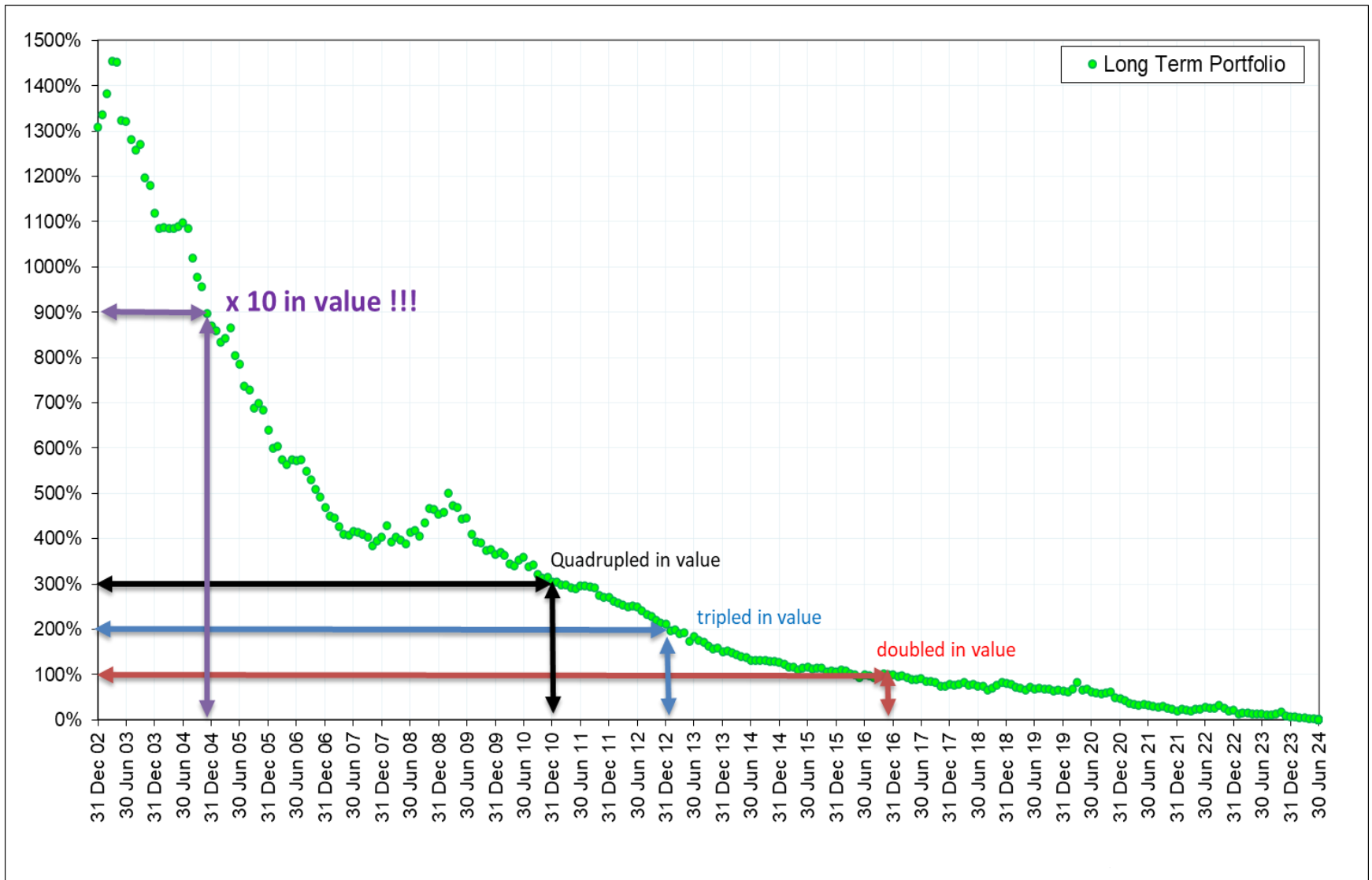
Some of the fine print

- The value in the SC is a small fraction of the fund credit balance on 1 Sept 2024 – **10% or less**
- **Tax bonanza for SARS/government** if many fund members make savings component withdrawals
- A savings component withdrawal amount has a potentially **MASSIVE opportunity cost** of all the future net investment growth that could have been delivered on that amount.
- Any withdrawals from the savings pot are not immediately accessible – subject to normal administrative reconciliations / processes concluding
- Members with unclaimed benefits take no part in TWO POT SYSTEM
- Section 37D deductions are deducted proportionally across all components and can impact savings component
- Tax free transfers can occur from vested and savings components to the retirement component within a fund or between funds in the same way or from same type component to component
- If transferring vested or savings to vested or savings of another fund, then all components must be transferred.

Live example – fund credit balance growth



Live example – return on each month's contribution – a potential opportunity cost!



FAIS Disclosures

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FAIS Disclosures

INTRODUCTION

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Robson Savage (registration no: 2000/010885/07) has been approved by the FSCA as a licensed Financial Services Provider in terms of the FAIS Act with license number 16359. In addition, Robson Savage has been approved by the FSCA as a retirement fund administrator under Section 13B of the Pension Funds Act, with licence number 24/112.

Robson Savage is licensed as a Category 1 Financial Services Provider and its Key Individuals and/or Representatives can provide advice and/or intermediary services in respect of the following categories of financial services:

Category	Sub Category	Category Description	Advice	Intermediary other
1	3	Long-term insurance subcategory B1	✓	✓
1	20	Long-term insurance subcategory B2	✓	✓
1	21	Long-term insurance subcategory B2-A	✓	✓
1	22	Long-term insurance subcategory B1-A	✓	✓
1	4	Long-term insurance subcategory C	✓	✓
1	5	Retail Pension Benefits	✓	✓
1	7	Pension Fund Benefits	✓	✓
1	14	Participatory interests in a collective investment scheme	✓	✓

FAIS Disclosures

KEY INDIVIDUALS

The following persons have been registered as Key Individuals of Robson Savage:

- Neil Savage

REPRESENTATIVES

The following persons have been registered as Representatives of Robson Savage

:

- Neil Savage
- Ian Jacobs
- Monya van Zyl
- Skye Hartog
- Nazlee Palmer
- Nicholas Gibbs
- Naledi Monyane
- Marinda Pretorius
- Roxann Buys
- Jaco Bekker

COMPLIANCE OFFICERS

The appointed Compliance Officers are Mrs N. Trikamjee (phone 031 309 6363) and Mr S. Nkosi (phone 086 126 6759).

The FSP Compliance Practice details are:

- eas-e Comply (Pty) Ltd
- Compliance practice number: 28
- Telephone: 086 126 6759
- E-mail: info@easecomply.com

FAIS Disclosures

PROFESSIONAL INDEMNITY AND FIDELITY GUARANTEE INSURANCE

Robson Savage is covered by comprehensive insurance arranged with Lombard Insurance Company through PI Financial Risk Services, including Professional Indemnity and Public Liability Insurance for Insurance Brokers and Financial Intermediaries.

GIFT AND DONATIONS POLICY

Robson Savage has implemented a gifts and donations policy in order to establish principles and guidelines regarding what would constitute normal and acceptable behaviour in relation to gifts and entertainment as opposed to what would be regarded as illegal, unethical or contrary to good corporate governance. This policy also aims to prevent any situation that may create, or create the impression of, a conflict of interest between Robson Savage, its staff, clients and/or product suppliers.

CONFLICT OF INTEREST

Robson Savage has implemented a Conflicts of Interest Management Policy in accordance with the General Code of Conduct issued in terms of the FAIS Act. The Policy will be made available on written request to the Compliance Officer.

FINANCIAL INTELLIGENCE CENTRE ACT

In terms of the Financial Intelligence Centre Act, No. 38 of 2001 ('FICA') Robson Savage is an accountable institution and as such is required to record and verify the identity of a client as prescribed in FICA as well as report suspicious and unusual transactions that may facilitate money laundering to the Financial Intelligence Centre.

COMPLAINTS PROCEDURE

Should a Client feel that any representative of Robson Savage has contravened or failed to comply with a provision of the FAIS Act, and that as a result thereof the Client has suffered or is likely to suffer financial prejudice or damage; or if any representative of Robson Savage has wilfully or negligently rendered a financial service to the Client which has, or is likely to cause prejudice or damage to the Client; or where the Client believes they have been treated unfairly, the Client has the right to complain.

As a first step the complaint must be lodged in writing with the Compliance Officer of Robson Savage, email info@easecomply.com. The compliance officers are Mrs N. Trikamjee (phone 031 309 6363) or Mr S. Nkosi (phone 086 126 6759). The Compliance Officer must acknowledge receipt of the Client's complaint in writing to the Client. The complaint must be recorded into a "complaints register" at Robson Savage (all relevant facts and supporting documentation must be kept on record too). The complaint must be resolved within six weeks of receipt.

Should the Client not be satisfied with the resolution of the complaint the Client may then complain to the Ombud for Financial Services Providers who will not investigate a complaint unless it has first been lodged with the Compliance Officer of the Financial Services Provider.

FAIS Disclosures

Office of the Ombud for Financial Services Providers, for all FAIS related complaints:

Kasteel Park Office Park Orange Building, 2 nd Floor 546 Jochemus Street, Erasmus Kloof Pretoria 0048	Toll free no: 0860 FAISOM (0860324766) Email: info@faisombud.co.za PO Box 74571, Lynnwood Ridge, 0040
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Long-term Ombud, for all long-term insurance complaints:

3 rd Floor Sanclare Building 21 Dreyer Street Claremont 7700	Telephone: 021 657 5000 Facsimile: 021 674 0951 E-mail: info@ombud.co.za Private Bag X45, Claremont 7735
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Office of the Pension Funds Adjudicator, for all retirement fund related complaints:

4 th Floor Riverwalk Office Park Block A, 41 Matroosberg Road Ashlea Gardens Pretoria 0181	Telephone: 012 748 4000 / 012 346 1738 Facsimile: 086 693 7472 Call centre: 0860 662 837 E-mail: enquiries@pfa.org.za
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