



Participation in the two-pot retirement system You can choose to participate

Dear «CLNT_TITLE» «CLNT_INITIALS» «CLNT_SURNAME»

Plan number: «PLAN_NR»

Product: Personal Portfolios Preservation Provident Fund

Optional participation for members **55 or older** on **1 March 2021**

As you are a valued member of the Personal Portfolios Preservation Provident Fund, we recently informed you of the new retirement system, widely known as the **two-pot retirement system** (hereinafter referred to as “**the two-pot system**”), and how it will affect you from 1 September 2024. A copy of our recent communication is available at [Retirement-Reform-Two-pots-Client-communication-Eng.pdf \(glacierinsights.co.za\)](#).

This communication is to inform you that, because you were 55 or older on 1 March 2021, your participation in the two-pot system is optional, so you may choose whether to participate or not. It is important to familiarise yourself with the details of your options below to make an informed decision.

Please note that the implementation of the two-pot system is subject to the approval of the Personal Portfolios Preservation Provident Fund rule amendments by the Financial Sector Conduct Authority.

How does the two-pot system affect you?

Members of the Personal Portfolios Preservation Provident Fund who were **55 or older on 1 March 2021** and are **still members on 31 August 2024**, will automatically be **excluded** from the two-pot system. This means that nothing will change and all the rules currently in place for their retirement fund will continue to apply. You fall into this category.

As mentioned above, however, you can choose to participate in the two-pot system. You have until the last business day of August 2025, to make this decision. **Please note** that your selection is irreversible.

Your options

Below are the details of your options:

You can choose **NOT** to participate in the two-pot system

If you choose **not to participate**, you do not have to do anything.

- **After 1 September 2024** you will only have a vested component. Nothing changes for you and all your existing rights are retained.
- We will not create a savings component for you. This means you will not be entitled to a savings withdrawal benefit.

You can choose to participate in the two-pot system

If you make your selection to participate **before 1 September 2024**, we must receive your instruction by 12:00 p.m. on 30 August 2024.

- **After 1 September 2024** you will have a vested component and a savings component. We will allocate an amount from the vested component to the savings component.
- You will be entitled to a savings withdrawal benefit from the savings component, once per tax year.

If you make your selection to participate **after 1 September 2024**, we must receive your instruction two business days before the last day of the month in which you make your selection.

- You will have a vested component and a savings component in the month following the one in which you made your selection to participate. We will allocate an amount from the vested component to the savings component.
- From the month after which you have chosen to participate, you will be entitled to a savings withdrawal benefit from the savings component, once per tax year.

Access to your benefit at retirement if you choose to participate

Vested component

Your current vested and non-vested rights portions together will make up the contents of the vested component. Your benefit will be available as follows:

- The full balance of any vested rights portion will be available as a cash lump sum (subject to tax), an annuity income, or a combination of the two.
- Up to one-third of the non-vested rights portion will be available as a cash lump sum (subject to tax) and the remaining two-thirds as an annuity income.

Retirement component

The benefit in your retirement component must be used to purchase an annuity income. You will have a retirement component from the time that one becomes applicable to you, in terms of the two-pot system.

Savings component

The benefit in your savings component will be available as a cash lump (subject to tax) or you may use this benefit to purchase an annuity income.

Please consult an authorised financial intermediary about the long-term implication of making cash withdrawals from your retirement plan.

➤ Please fill in the attached **Option form** if you decide to participate in the two-pot system.

Impact of withdrawals and tax on your savings component

It is important to note that withdrawing part of your savings component early will have tax implications and also decrease the capital available to provide an income to you during retirement.

When you withdraw, the savings withdrawal benefit will be subject to a tax deduction, as indicated by the South African Revenue Services (SARS). Any outstanding tax may also be deducted. At assessment, the value of this benefit will be included in your total taxable income for the year, while taking into account the tax that has already been withheld. The withdrawal from your savings component could result in a higher marginal rate for the year of assessment.

It is important to consult your financial intermediary or tax practitioner before making a withdrawal from your savings component.

Make an informed decision

Choosing the most suitable option will depend on your specific needs and circumstances. We therefore recommend that you contact your financial intermediary to help you make an informed decision.

Information is also available on our **Glacier Retirement Fund Member Information Hub**. Alternatively, you can search for Glacierinsights.co.za on the web, open the search functionality on the website and do a search on "member". Please visit this hub regularly, as we will continue to add information as it becomes available.

Should you wish to make use of the retirement **benefit counselling**, you can contact our Communication Centre on 021 917 9002 / 0860 452 364.

Kind regards

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