



## The two-pot retirement system effective 1 September 2024

Dear -  
Client number: -

### We are actively busy preparing to ensure a smooth implementation

We refer to our previous communication informing you of the **new retirement system**, and how it will affect you from 1 September 2024. A copy of our communication is available at [Retirement-Reform-Two-pots-Client-communication-Eng.pdf \(glacierinsights.co.za\)](#).

We are actively busy preparing for this change by updating our administration systems, processes, and the rules of Personal Portfolios Retirement Funds to make the change as smooth as possible.

Your <b>retirement savings</b> will be made up of components	The funding of your <b>savings component</b>
<p>The new system makes provision for your current retirement savings as on 31 August, and your future contributions, to be allocated to three distinct components, commonly referred to as “pots”: the <b>vested</b> component, the <b>retirement</b> component, and the <b>savings</b> component. After the two-pot system’s effective date (1 September 2024), the vested component will be reduced by an amount to be allocated to the savings component.</p> <p>From 1 September 2024, the new system will automatically allocate your future contributions to the <b>retirement and savings components</b>. New contributions will be split between these two components, with <b>one-third</b> being allocated to your savings component and <b>two-thirds</b> to your retirement component.</p> <p>Your <b>existing savings</b> on 31 August 2024, <b>less the amount allocated to the savings component</b>, will be exempted from the new system and will form part of your <b>vested</b> component. The current rules will continue to apply to this component.</p>	<p>Your savings component will be funded by an amount taken from your vested component. The amount allocated will be equal to <b>10% of the market value of your investment on 31 August 2024</b>, subject to a maximum of R30 000. This means that the maximum amount in your savings component will be <b>R30 000</b>, until you make new contributions. This allocation process is compulsory by law.</p> <p>The allocation to the savings component will be applied at a <b>contract level</b>. A savings component will be created for each separate contract you might hold within the fund. Your current investment choices will be duplicated in your savings component, but you will have the option to switch to other investment fund choices after the allocation process.</p> <p>One-third of all contributions made from 1 September 2024 will go into this component.</p> <p><b>It is important to note the following regarding the allocation process during September:</b></p> <ul style="list-style-type: none"> <li>• Should you have <b>transactions in progress</b> on 1 September, there might be a delay in the allocation from your vested component to your savings component. These transactions relate to pending financial transactions that are waiting to be priced. They include switches, rebalances, debit orders and fee deductions. We will complete the allocation as soon as the transactions have been finalised.</li> <li>• Your <b>investment earnings for August 2024</b> will not be included in the allocation value mentioned above as the distribution of earnings takes several business days. The earnings will be added to the value of the vested component once we have received them.</li> </ul>
Your <b>savings component</b>	<b>Withdrawing</b> from your savings component
<p>After the allocation to your savings component, you will be able to view the <b>value of your savings component on the client web</b>. Creating the savings component will reflect as a <b>new investment plan</b> for administrative purposes. You will therefore not receive any new investment documentation or contracts. A confirmation will be sent to you to confirm the allocated amount and the new plan number for the savings component in your contract. Your savings component is part of your existing retirement savings in the fund, but just structured differently in terms of the law.</p> <p>The <b>allocated amounts and new plan numbers</b> will reflect on future statements from end September 2024.</p>	<p>You will be allowed to, but not obliged to, withdraw (savings withdrawal benefit) R2 000 or more, per contract, from the savings component once in any tax year. A <b>Retirement Fund Withdrawal Form</b> can be requested online via the client web or can be requested from our Communication Centre.</p> <p>Please note that if you make an early withdrawal from a savings component, it will have an <b>impact on the available funds when you retire</b>, which will also affect your retirement lifestyle. Please consult with your financial intermediary to ensure you make an informed decision.</p> <p>We encourage you to make use of any functionality that is provided by the South African Revenue Services (SARS) that will provide you with an estimated tax amount for illustrative purposes.</p>

## Tax implications

### Tax on withdrawals

When you withdraw from the savings component, the **savings withdrawal benefit** will be subject to a **tax deduction at your marginal tax rate**, as indicated by SARS. Any outstanding tax may also be deducted before we make the payment. At assessment, the value of this withdrawal 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.

### Annual remuneration

SARS requires you to provide your **annual remuneration** on the withdrawal form. It is important to provide the **correct value** as an understatement will result in an annual assessment debt when too low a tax value was withheld at the time of withdrawal.

- **REMUNERATION** means income paid for services rendered and includes things like salary, monetary benefits, bonuses, fees, allowances, advances, commission and even pension income.

### Correct tax details

It is important that we have your **correct tax details**, as incorrect information could lead to the tax directive being declined, leading to a delay in payment of the savings withdrawal. You can register for a tax number on the SARS eFiling system if necessary. Please take note that once we have requested the tax directive, we will not be able to reverse your withdrawal transaction.

## Key points to remember

- Only **one withdrawal** from the savings component of each contract will be allowed per tax year (1 March to 28 February).
- A **minimum withdrawal amount of R2 000** is applicable.
- Your **tax reference number is mandatory** and is required for inclusion in the tax directive application.
- Your **annual remuneration** is required for inclusion in the tax directive application.
- The withdrawal can only be processed upon receipt of the **tax directive** from SARS.
- The withdrawal amount will be taken **proportionately from the investment choices** in the savings component.
- This withdrawal may lead to your investment being non-compliant with **Regulation 28** of the Pension Funds Act. If this happens, you must correct it without delay.

## Fees

**Glacier's fees accrue** at the end of each day. The fees are recovered monthly in arrears by selling units from your collective investments. We will recover the fees **proportionally from all the components in a contract**.

## Stay informed

Should you have questions around some of the topics listed below, please consult the **Glacier Retirement Fund Member Information Hub** at [Retirement Fund Member Information – Glacier Insights](#), where further information is available, such as:

- What happens in the case of **death, retirement, divorce or emigration**, etc.
- **Transferring between components** in your fund or between retirement funds.
- **Contributing to your retirement savings** in the fund.
- The **application of Regulation 28** of the Pension Funds Act and investing differently between components.

Please visit this hub regularly, as we will continue to add information as it becomes available.

We recommend that you contact your financial intermediary for advice to make an informed decision. Should you wish to make use of retirement **benefit counselling**, you can contact our Communication Centre on 021 917 9002 / 0860 452 364

Kind regards

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