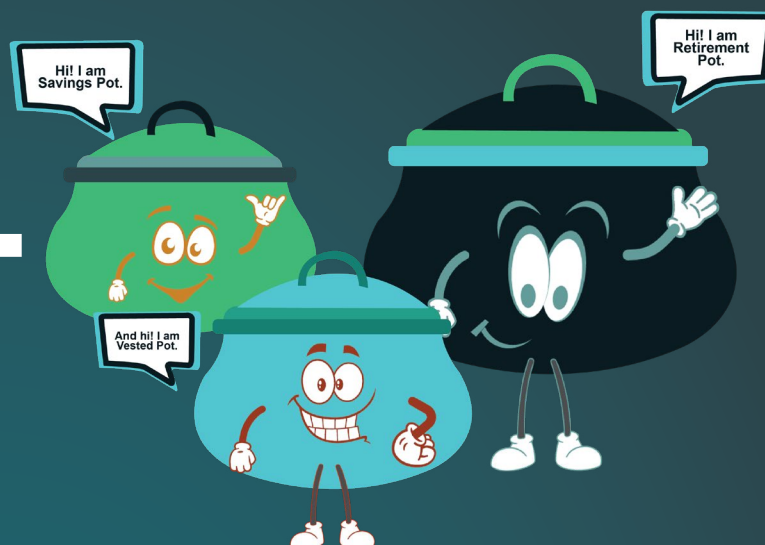


EPPF's TWO-POT TALK

JULY 2024



As South Africa prepares for the Two-Pot Retirement System that will take effect on 1 September 2024, it's important that you understand what it means for you as an in-service member of EPPF.

If you missed our previous communication, catch up now by watching *this short video*.

Let's go through some of the most Frequently Asked Questions from in-service members, as well as our responses.



What is the Two-Pot Retirement System?

Two-pot is a reference to how your retirement savings will be separated to allow you access to a cash portion while preserving the remaining portion of those retirement savings. Even if some cash is accessed, the bigger portion of retirement savings will be maintained for you until retirement to allow you to be able to retire with a financial safety net. Your money will be put into different 'pots'. These two pots are your Savings Component, or 'Savings Pot', and your Retirement Component, or 'Retirement Pot'.



What is the difference between a Defined Benefit Fund and a Defined Contribution Fund?

A Defined Benefit Fund offers a benefit that is calculated based on a predefined formula, which considers a member's years of service and their pensionable salary. A Defined Contribution Fund offers a benefit that is calculated using the member's contributions plus the employer's contributions, as well as market returns.



EPPF is a Defined Benefit Fund. How does that affect the Two-Pot Retirement System?

The Two-Pot Retirement System allows for retirement savings to be split into the Savings Pot and the Retirement Pot. In the case of EPPF, as a Defined Benefit pension fund, we will not split your contributions but your pensionable service instead. So from 1 September 2024, your pensionable service will be split into two pots. Your Savings Pot will hold a third of your service each month. Your Retirement Pot will hold two thirds of your service each month.



What is seeding?

Seeding is 10%, limited to R30 000 from the Vested Pot that will be transferred to your Savings Pot on 1 September 2024. This is a once-off transfer as at this date, and no further transfers will be allowed from the Vested Pot.



How often can I withdraw from the Savings Component?

You can withdraw once per tax year



What is the minimum withdrawal amount?

The lowest you can withdraw is R2 000.



Is there a maximum withdrawal amount?

No, you can withdraw the full balance that is in your Savings Pot.



Will I be allowed to withdraw my Vested Component when I resign?

Yes, you can withdraw it as a lump sum or transfer it to another retirement fund. The applicable tax for withdrawals will apply.



Can I take my Retirement Component in cash when I resign?

No. Upon resignation, you can transfer your Retirement Component to another retirement fund. Once you retire, that Retirement Component will be used to pay your pension.

***Will my Savings Component be taxed when I take it in cash?***

Yes, it will be taxed at your marginal rate.

Note: please ensure that your tax status is up to date with SARS.

***Can I repay my Savings Component after withdrawing?***

No, but you can make additional voluntary contributions, which will be split between the Retirement and Savings Pots. This would help towards preserving your retirement savings, especially if you made a withdrawal.

***Is the Savings Component a loan?***

No, it's your own retirement savings, which is why you are encouraged to preserve your Savings Component, unless you really need the money.

***Can I transfer my components to my new employer's pension fund?***

All components are transferable when you change jobs.

***How will withdrawing the maximum amount from the Savings Pot in September 2024 affect my future pension?***

Each withdrawal reduces the amount available to you as a lump sum when you retire. You'll also have less money available to transfer to your Retirement Component to increase your monthly pension.

***What will happen when I retire?***

The different components will be accumulated and paid accordingly to give you the financial freedom you've worked so hard for.

In-service members within Eskom and its subsidiaries are also encouraged to attend information sessions in August 2024. The email invitations will come from GroupFinance2@eskom.co.za.

For more Two-Pot Retirement System information, please visit www.eppf.co.za or contact us using the information below.

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