

# MEMBER NEWSLETTER

THIRD EDITION | JULY 2024



Dear Member

**Effective 1 September 2024**, the Two-Pot Retirement System will change how you manage your retirement savings. This system is designed to do the following:

- Provide both flexibility and security.
- Help you save more for retirement, preserve your savings, and improve your retirement planning.
- Safeguards your retirement assets from being accessed prematurely or lost due to financial difficulties.
- The savings component allows you to withdraw a portion of your retirement money once a year, reducing the need to leave your current work.

This newsletter provides in-depth information on how the Two-Pot Retirement System works. The Fund will keep you updated on any further developments and the process to follow to make a savings withdrawal after 1 September 2024.

Visit the Fund website at [www.mwpcf.co.za](http://www.mwpcf.co.za) for Frequently Asked Questions on the Two-Pot Retirement System to assist you understand further.

Regards  
**Frans Phakgadi**  
Principal Officer and Acting CEO

# Understanding the Two-Pot Retirement System



From 1 September 2024, your retirement funds will be divided into three components:



## 1. VESTED COMPONENT

The vested component includes all retirement savings made before 1 September 2024 plus investment growth on this balance in the future. This component remains under the existing rules. **When you leave your employer, you have the option to:**

- Leave your money in the Fund.
- Take your money in cash.
- Transfer the money to another fund.



## 2. RETIREMENT COMPONENT (TWO-THIRDS OF YOUR CONTRIBUTIONS)

This component cannot be accessed before retirement. The full amount must be used to buy a pension upon retirement. From 1 September 2024, this comprises two-thirds of your contributions, investment returns accruing from 1 September 2024 and any amounts transferred into the Fund from a retirement component into another fund, accessible only at retirement, even if you change employers or withdraw from the Fund.



## 3. SAVINGS COMPONENT (ONE-THIRD OF YOUR RETIREMENT CONTRIBUTIONS)

This component allows you to withdraw a portion of your retirement money once a year without leaving your employer. It will be funded by one-third of your contributions as from 1 September 2024. **The initial amount (seed capital) will be transferred from your vested component on a once-off basis and can then be withdrawn as follows:**

- The minimum withdrawal amount is R2000 (before fees and taxes).
- The withdrawal amount is R30,000 (10% of your vested component or R30,000 – whichever is the lesser).
- Withdrawals are taxed at your marginal income tax rate.
- Withdrawals should be used for financial emergencies.



## ON 1 SEPTEMBER 2024, YOU CAN ACCESS:

10% of the value of the member's share in a retirement fund (vested pot) before 1 September 2024, subject to a maximum of R30,000 whichever amount is less. It is important to note that this is a once-off event. From 2025 onwards, retirement fund members will only be able to withdraw a minimum of R2000 to a maximum of R30,000 of the accumulated fund credit post 1 September 2024.



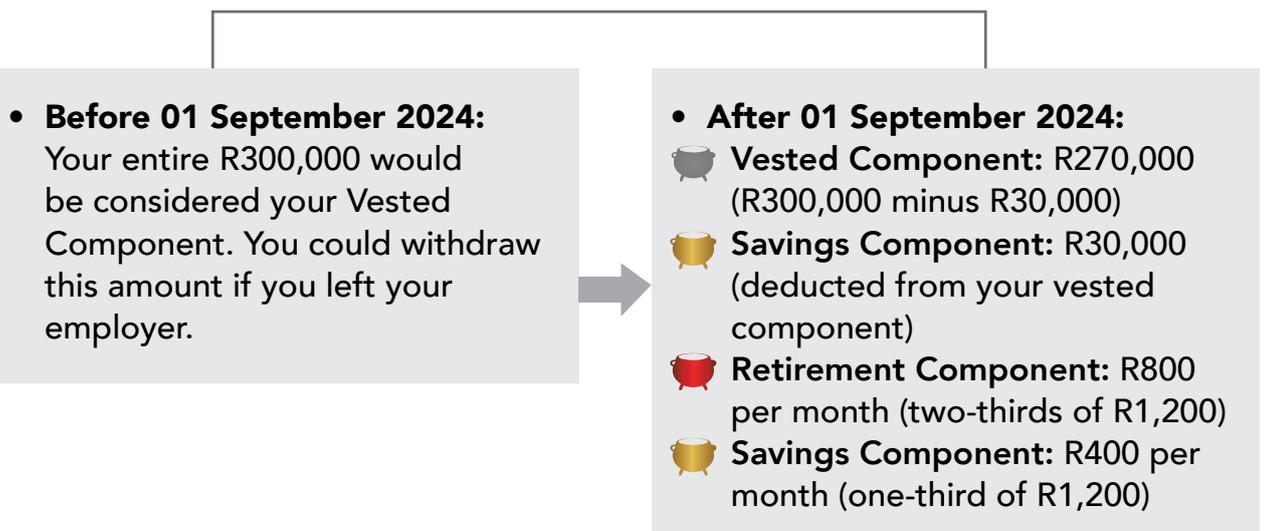
## IMPORTANT DATES::

- **31 August 2024:** MWPF will automatically transfer 10% of your retirement savings or R30,000, whichever is less, to your Savings Component.
- **1 September 2024:** The two-pot system takes effect, and no further contributions will be made to your Vested Component.



## EXAMPLE:

Let's say you have R300,000 in your retirement savings on 31 August 2024, and your monthly net retirement contribution is R1,200.



## THE FOLLOWING SCENARIOS EXIST:



### LEAVING EMPLOYMENT BEFORE 01 SEPTEMBER 2024

- **Situation before 01 September 2024:** You have R100,000 in your retirement savings. If you leave your employer, you can withdraw the entire R100,000.
- **Situation after 01 September 2024:** This scenario would not be impacted as the two-pot retirement system has not yet taken effect. You would still be able to withdraw the entire R100,000 if you left your employer before 01 September 2024.



## Scenario 2

### LEAVING EMPLOYMENT AFTER 01 SEPTEMBER 2024

- **Situation before 01 September 2024:** You have R200,000 in your retirement savings. If you leave your employer, you can withdraw the entire R200,000.
- **Situation after 01 September 2024:**
  - **Vested Component:** R200,000 (This component remains under the existing rules.)
  - **Savings Component:** R0 (No further contributions will be made to this component.)
  - **Retirement Component:** R0 (No further contributions will be made to this component.)
- **Impact:** You can withdraw your Vested Component (R200,000) according to existing rules. You cannot access the Savings or Retirement Components, which have been suspended since 01 September 2024.



## Scenario 3

### ACCESSING SAVINGS COMPONENT IN AN EMERGENCY

- **Situation Before 01 September 2024:** You have no access to a savings component and would need to leave your job to access any retirement funds.
- **Situation After 01 September 2024:** You have access to a Savings Component, allowing you to withdraw a minimum of R2,000 (before fees and taxes) once per tax year without leaving your job.
- **Impact:** This provides you with a safety net for financial emergencies without having to leave your employment.



## Scenario 4

### RETIREMENT AFTER 01 SEPTEMBER 2024

- **Situation Before 01 September 2024:** You could choose to withdraw a portion of your retirement savings as a lump sum and use the remaining amount to buy a pension.
- **Situation After 01 September 2024:**
  - **Vested Component:** You can choose to withdraw a portion of your Vested Component as a lump sum.
  - **Savings Component:** You can withdraw this component as a lump sum and it will be taxed at the retirement lump sum withdrawal tax rate.
  - **Retirement Component:** You must use the full amount to buy a pension.
- **Impact:** This new system encourages you to preserve a larger portion of your savings for retirement, ensuring you have a sufficient amount to buy a pension.

# THE IMPACT OF THE TWO-POT RETIREMENT SYSTEM ON RETIREMENT BENEFIT

While the Two-Pot Retirement System provides flexibility through the Savings Pot, pre-retirement withdrawals can reduce the total value of the retirement benefits. The impact depends on the amount and the frequency of the withdrawals. It is crucial for members to balance their short-term financial needs with long-term retirement goals to optimise their overall retirement benefit.

## MEMBERS OF A PROVIDENT FUND 55 YEARS AND OVER ON 1 MARCH 2021

Members who were 55 years or older on 1 March 2021 and who remained members of the fund until 1 September 2024 can elect whether to participate in the Two-Pot Retirement System or remain as contributing members according to the pre-1 March 2021 regime. If such member does not opt into the Two-Pot Retirement System but transfers into another fund after 1 September 2024, then they will automatically be in the Two-Pot Retirement System.

**For any further information contact the Fund on the following contact details**

-  [www.mwpf.co.za](http://www.mwpf.co.za)
-  010 100 3000
-  [clientservice@mineworkers.co.za](mailto:clientservice@mineworkers.co.za)

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**For regular updates on Fund related matters, follow us on our social media platforms listed below.**

-  Facebook: @mineworkspf
-  Instagram: @mineworkers\_pf
-  WhatsApp: 071 887 6515

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