

Central Joint Forum

Questions and Answers

November 2023

Q: We have some financial problems due to our previous manager misconduct. Can you please advise our way forward as we receive a mail from Sanlam saying they will suspend our provident fund?

A: Please reach out to your Client Relations Manager at Sanlam, as well as your Contracted Benefit Consultant. They will be able to guide you with the way forward, once the detail of the financial problems is understood.

Q: If member does not withdraw from the savings pot in year 1, does it roll over to year 2 and all of the money accumulated in year 1 and year 2 savings pot can be withdrawn in year 2?

A: Yes. Any money that is not withdrawn will remain in the emergency savings pot and can be accessed in future years. Any money in the emergency savings pot can be withdrawn. The only restriction is that at least R2000 must be withdrawn. There is no maximum amount that can be withdrawn, that is all accumulated money in this pot can be accessed when needed.

Q: The question is 30% of cash withdrawal - does it go with age restrictions or as long as one is contributing to the fund?

A: No age restrictions have been included in the Two-Pot legislation. All members who contribute, will also contribute to the emergency savings pot and will therefore be able to access money from this pot when required.

Q: What percentage of contributions is moved to the savings pot each year?

A: One third of all monthly contributions will be invested in the emergency savings pot.

Q: How will the Two-Pot system work for new members joining a retirement fund for the first time as at inception of the Two-Pot system? They do not have the 'seeding' amount...

A: These members will start contributing one third of their contribution to the emergency savings pot, and two thirds to the retirement pot. Once they have built up some money in the emergency savings pot - they will be able to withdraw when needed. Correct - they will not have a seeding amount, as they have no retirement savings at that point.

Q: The IMS support, please advise what support is provided and is there a fee applicable?

A: The Retirement Benefits Counsellors provide members with information about the Fund, as well as options they may have when leaving or retiring. They also provide support on the portal if members are not sure where to access specific information - free of charge. The Retirement Benefits Counsellors do not provide advice, and will refer members to the CFA on record when they need advice.



Q: How will preservation work? If member accumulates R100k in the savings pot and R300k in their non-vested pension pot, then they resign but want to preserve. A few months later they want cash out. Is the R100k still available for withdrawal from preservation or is it locked away with the R300K?

A: All retirement fund administrators must update their systems to cater for the various pots. That is, when you transfer to another Fund - that administrator/Fund will classify your contributions in the relevant pots. You can therefore in future claim from the emergency savings pot if needed.

Q: Hi, there was a question earlier which I no longer see on Q&A. How will AVC's be handled in the Two-Pot system?

A: All contributions to the retirement fund will be split one third to emergency savings pot, and two thirds to the retirement pot. This includes AVC's.

Q: Are savings pot withdrawals taxed at marginal tax rate or lump sum retirement tax tables?

A: We still await clarity from SARS on whether it will be marginal tax rates or a fixed tax rate that they will confirm. Retirement tax tables will not apply.