



Two-pot System Presentation for FBUMA, NUFAWSA, & CEPPWAWU

The Administrator

Management team



Willie Janse van Rensburg
General Secretary



Corne van der Walt
Executive Manager:
Compliance Enforcement
and Dispute Resolution



Moabi Litseho
Executive Manager:
Funds Administration and
Finance

Fund Officials



- Board of Trustees is constituted as follows:
 - Employer trustees (representatives from the establishments and FBUMA)
 - Employee/Member trustees (elected from officials and members from the trade unions – CEPPWAWU & NUFWASA)
 - Independent trustee
 - Independent PO
- Investment Consultant – Mentenova
- Actuary – Vivian Cohen
- Auditors – HLB Barnett Chown Inc. Auditors
- Fund Consultant – Optimum Employee Benefits (Pty) Ltd
- Tracing Agent – Moodies and Robertson
- Administrator (FBC)



IT SUPPORT

- FBC uses the Everest system for the following:
 - Fund data administration
 - Fund accounting
 - Death and Funeral Scheme (DFS)
 - Investment administration (Unitisation)



TWO-POT SYSTEM EXPLAINED

Vested Component

Accumulated fund credit on 31 August 2024.

No further contributions to this component after 1 September 2024, certain exceptions apply.

The current legislation and tax regime applies to this component.

Members can take the full value when they terminate employment before retirement.

Value in this component on 31 August 2024 will be used to calculate a once off seed capital which will be 10% of the value up to R30 000, whichever is lower.



Savings Component

The once-off seed capital will be the opening balance.

One-third of net contributions will be allocated to this component from 1 September 2024.

Members can access the full value in this component, while in employment, once every tax year, provided the amount is not less than R2 000.

The savings withdrawal will be taxed at the member's marginal rate and any amount owed to SARS will be deducted before payment.

Administration fees will be deducted before payment.



Retirement Component

Two-thirds of net contributions will be allocated to this component from 1 September 2024.

This component must be preserved when a member leaves employment and will only be accessible at retirement.

The value at retirement must be used to purchase an annuity subject to the *de minimis* amount.



Two-Pot Project Plan



01
September
2024

- Two-pot system is implemented
- Seeding capital is initiated
- Benefit statements with three components are initiated (Vested component, Savings component and Retirement component)
- These benefit statements with the savings component will only be available from this date
- Claim forms for the Two-pot will be available (FBC website, FBC offices, establishments)
- Depending on the approved rule amendment, processing of the claims will start after this date

Two-pot Project Plan



Legislative Determination

- 10% of a member's fund credit as at 31 August 2024 will be the seeding capital in the savings component
- A member must have a minimum balance of R2 000 in the savings component to qualify for the Two-pot claim based on a total fund credit of R20 000
- The maximum amount that can be seeded on the 01 September is R30 000 based on a balance of R300 000 or more in the vested component as at 31 August 2024
- Effective 01 September 2024, member's contribution will be split 1/3 to savings component and 2/3 to retirement component
- An example has been attached to further explain this

Two-pot Project Plan



Example

- Effective 01 September 2024, member's contribution will be split 1/3 to savings component and 2/3 to retirement component
- A member with a fund credit of R9 000 in the vested component, will seed 10% of the value, which is R900 in the savings component
- From 01 September if the member contributes R942 to the provident fund, then the contribution will be split R314 (1/3) into the savings component and then R628 (2/3) into the retirement component
- It will take this member 4 months ($R314 \times 4 = R1\ 256$) + R900 = R2 156 to qualify for any two-pot withdrawal

Two-pot Project Plan



Claim form availability

- FBC offices
- FBC website
- Establishments
- Supporting documentation required:
 - Certified valid ID/Passport,
 - Proof of residence,
 - Income tax reference number,
 - Confirmed valid bank account
- Payments will NOT be made to any third party bank account and eWallets
- Payments will not be processed without a valid tax reference number belonging to claimant/member

Two-pot Project Plan



Claims Process Part 1

- Claims will be manually processed
- Electronic member portal is in development stage
- Banking details will be verified through our internal verification process for authentication (HYPHEN)
- Tax reference numbers will be verified through SARS
- Tax directives will be applied for by FBC
- Receipt of tax directives will depend on SARS' turnaround times
- Payment will take 4-6 weeks depending on SARS turnaround times
- Claims will be subject to a deduction of the administration fee of R300 and the SARS amount
- The net amount after these deductions will be paid to the member
- If the member has any outstanding SARS debt, then this amount, will affect the net amount due to the member
- FBC offices will be opened on Saturdays from 8am until 11am as per current arrangement unless otherwise specified

Two-pot Project Plan



Claims Process Part 2

- Claims forms and related documents can be emailed to: two-pot@furnbed.co.za
- Claim forms can be delivered to FBC offices in Johannesburg, Pretoria and Free-State
- Claim forms can be completed on site
- Distribution of member benefit statements in the week after 01 September 2024

Two-pot Project Plan



Administrator Readiness

- The next Circular will be sent on 16 August 2024
- Member communication will be made available as we go along
- Opt-in forms for members over 55 years of age

Two-pot Project Plan



Savings Risk for members

- The claimed amount will be taxed
- Withdrawals may also impact the tax bracket of a member as the marginal tax rates will be used for tax directives
- Withdrawals will affect member retirement benefits
- Members will also be charged an administration fee for each withdrawal that is processed
- Members can only claim once during a tax period, a tax year will start on 01 March each year and end on the last day of February of the next year

Thank you

011 242 9200

www.fbc.co.za