



SENTINEL
retirement fund

Bulletin

FEBRUARY 2024

In this edition:

- National Budget 2024 Highlights
- Update: Two-Pot Retirement System
- Register on the Sentinel website!

Innovating Your Future Responsibly

Sentinel Retirement Fund • Reg No 12/8/1215
Sentinel House • 1 Sunnyside Drive • Sunnyside Park • Parktown 2193
PO BOX 61172 • MARSHALLTOWN 2107 • Johannesburg • South Africa
Fax (27) (11) 481-8111 • Toll-Free 0800 776 861 • www.sentinel.za.com • info@sentinel.za.com
Ethics Hotline 0800 000 594

National Budget 2024 Highlights

On 21 February 2024, the Minister of Finance, Enoch Godongwana, delivered the 2024 National Budget to parliament. The following summarises the impact that tax proposals may have on your household budget.

PERSONAL INCOME TAX RATES

Income tax rates have not been changed and no adjustments have been made to compensate for the impact of inflation and “bracket creep”.

Tax table effective 1 March 2024

Taxable Income	Tax Rate
R0 to R237,100	18% of each R1
R237,101 to R370,500	R42,678 plus 26% of the amount over R237,100
R370,501 to R512,800	R77,362 plus 31% of the amount over R370,500
R512,801 to R673,000	R121,475 plus 36% of the amount over R512,800
R673,001 to R857,900	R179,147 plus 39% of the amount over R673,000
R857,901 to R1,817,000	R251,258 plus 41% of the amount over R857,900
R1,817,001 plus	R644,489 plus 45% of the amount over R1,817,000

TAX REBATES & THRESHOLDS

Tax rebates (an amount deductible from tax payable based on a taxpayer’s age) have also been kept unchanged. This, together with unchanged tax rates for individuals, results in tax thresholds (the amount of income below which you do not pay any income tax) also remaining the same as in the previous tax year.

Age Group	Tax Rebate	Tax Thresholds
Under 65	R17,235	R95,750
65 & under 75	R26,679	R148,217
75 & older	R29,824	R165,689

MEDICAL AID TAX CREDITS

No changes have been made to the value of monthly Medical Tax Credits deductible from tax payable. This remains at R364 per month for the main member, and R364 per month for the first dependant. For each additional dependant, an amount of R246 is deductible.

	Credit
Main member	R364
Main member with one dependant	R728
Main member with two dependants	R974

For each additional dependant, a monthly credit of R246.

INTEREST INCOME EXEMPTION

No changes have been made to this exemption. Interest earned by a natural person from a South African source remains exempt (per annum) from income tax as follows:

Age Group	Exemption (per annum)
Under 65	R23,800
65 & older	R34,500

TAX-FREE INVESTMENTS

No changes have been made to either the annual contribution limit or life-time contribution limit. These remain at R36,000 per annum and R500,000 in total respectively.

RETIREMENT FUND CONTRIBUTIONS

No changes were announced to the annual tax deductibility limits applicable to contributions made to pension, provident and retirement annuity funds.

This remains at 27,5% of the greater of the amount of remuneration or taxable income (excluding any retirement fund lump sum and severance benefit) with a maximum deduction of R350,000.

RETIREMENT FUND LUMP SUM BENEFITS

No changes were made to the Withdrawal Benefit or Retirement/Death/Severance Benefit lump sum tax tables (from a retirement fund).

Withdrawal Benefit Lump Sum

Lump Sum Benefit	Rate of Tax
R1 to R27,500	0%
R27,501 to R726,000	18% of the amount above R27,500
R726,001 to R1,089,000	R125,730 + 27% of the amount above R726,000
R1,089,001 and above	R223,740 + 36% of the amount above R1,089,000

Retirement/Death/Severance Benefit Lump Sum

Lump Sum Benefit	Rate of Tax
R1 to R550,000	0%
R550,001 to R770,000	18% of the amount above R550,000
R770,001 to R1,155,000	R39,600 + 27% of the amount above R770,000
R1,155,001 and above	R143,550 + 36% of the amount above R1,155,000

DUTIES

As expected, excise duties on tobacco products and alcoholic beverages have been increased (commonly referred to as “sin taxes”).

Duties on alcohol will increase by between 6,7% and 7,2%, while duties on tobacco products will increase by between 4,7% and 8,2%.

You can, therefore, expect to pay 14 cents more for a can of beer and 97 cents more for a pack of 20 cigarettes.

LEVIES

No increase has been proposed to the general fuel or Road Accident Fund levies for 2024/2025.

2023/2024 TAX INCENTIVE: SOLAR PANELS

This incentive comes to an end on 29 February 2024 and has not been extended into the 2025 tax year.

Secure Member & Pensioner Online Portal

The secure Sentinel online portal makes it easy for members and pensioners to access their Fund information and personal Fund documentation such as benefit statements, tax certificates and monthly pensioner payslips.

You are encouraged to register for this free service through the Sentinel website (www.sentinel.za.com).

Being registered ensures that your Fund information and details are easily accessible. Once the Fund has successfully expanded the functionality of this service, you will also be able to interact with the Fund directly through the portal.

To register, click on the **LOGIN** button, select “Register”, and follow the easy steps to complete the secure registration and verification process.

Update: Two-Pot Retirement System

In the 2024 National Budget, it was confirmed that the two-pot retirement system will be implemented effective 1 September 2024.

Unfortunately, the final legislation is still being awaited, meaning that certain two-pot regulations and processes remain unclear.

From what is currently known, the following will apply from 1 September 2024 to members of the Fund (*the two-pot system does not apply to pensioners*):

- Savings Component:** members will be able to withdraw once every tax year an amount from this component, provided the amount is not less than R2,000, without having to leave their job. Alternatively, it may remain invested until retirement.

Any amount withdrawn from this component will be **taxed at your marginal tax rate (the rate of tax applied to taxable income)** and not the withdrawal lump-sum table (no tax-free portion applies).

- **Retirement Component:** members will be able to access this component at retirement, and it must be utilised to provide a monthly retirement income.
- **Vested Component:** your accumulated savings in the Fund on 31 August 2024 (Fund Credit value on this date) forms this component and will be subject to the same rules and tax treatment governing member benefits today.

No contributions are allowed to be made into this component from 1 September 2024.

- **Seed Capital:** members will be able to elect, on or after 1 September 2024, to have 10% of their Vested Component value transferred to their Savings Component, limited to a maximum of R30,000 (*you will only be able to exercise this option once the two-pot system becomes effective*).
- **Investment Growth:** growth earned in each of the three components will be allocated to each component. Each component will, therefore, be invested in your selected Member Investment Choice (MIC) portfolio/s, or applicable Life Stage portfolio if you have not elected MIC.
- **Contributions** (what you and your employer contribute to the Fund each month excluding any risk benefit cover contributions) will, from 1 September 2024, be split as follows:
 - Savings Component: one-third of total contributions will be allocated to this component.
 - Retirement Component: two-thirds of total contributions will be allocated to this component.

The Fund again reminds members that, accessing retirement savings should only be considered as a last resort. Withdrawing from these savings, even

relatively small amounts, will negatively impact you financially, undermining the compounding effect of long-term savings. You will pay higher tax on amounts withdrawn and your future retirement capital will be reduced.

The Fund will continue to communicate any changes and you are again cautioned against acting on hearsay information prior to the legislation being promulgated.

CONTACT US	
Johannesburg	
Toll-Free: 0800 776 861 Email: info@sentinel.za.com	
Carletonville	
S Buys Office Park, Shop 10 Corner Kaolin & Radium Street Tel: (011) 481-8290/1 Fax: (011) 481-8111	
Klerksdorp	
54 Buffeldoring Street Wilkoppies Tel: (018) 468-7309 Fax: (011) 481-8111	
Welkom	
Shop 24 The Strip 314 Stateway Tel: (011) 481-8025/6 Fax: (011) 481-8111	
Emalahleni (Witbank)	
WCMAS Building Corner OR Tambo & Susanna Street Tel: (011) 481-8295/6 Fax: (011) 481-8111	