

CONFIDENTIAL

2 July 2024

Dear Participating Employer

TWO-POT SYSTEM: FUND READINESS

The Two-Pot system will be implemented effective 1 September 2024. This communication provides an overview of our readiness to implement the two-pot retirement system.

Savings Component Claims Procedure

The process is the same as with all other benefits. Members must complete the relevant application form (a Savings Withdrawal Benefit Application form) and submit it together with relevant supporting documents to the Fund. The process will be communicated to members in early August 2024.

A digital claims solution is being considered and communication with members will take place should this be implemented.

The POPIA requirements and conditions are the same as when applying for existing withdrawal benefits except that no exit letter/record of service will be required. In-addition, supporting documents may include the requirement for a "payslip" (if bank account details are reflected on the payslip) and a "selfie" of the member.

The Fund facilitates the entire application process and engages the member to resolve any issues relating to the processing of their application.

Expected Processing Timeline

The Fund is aiming to pay savings component withdrawals within 15 to 30 days and this will be communicated to members.

However, in September a number of unknowns may influence this including SARS tax directive turnaround times and the treatment of August 2024 contributions received in September 2024 that may need to be included in the calculation of Seed Capital (we are awaiting clarity on this from the Regulator).

No major impact is expected on existing member claim processes and the Fund will continue to communicate with members by way of Breaking News Bulletins and personal engagements through our various client service platforms.

Charges/Fees For Savings Component Withdrawals

The Fund does not plan on charging a fee for processing savings component withdrawals. Should this change into the future, it will be communicated timeously.

Resource Readiness

The Fund's business model will accommodate the introduction of the new Savings Withdrawal Benefit. Changes to resource allocation and utilisation will be considered if volumes require additional two-pot processing staff.

System Readiness

Sentinel utilises the FIS suite of systems for member and fund administration and necessary updates are being implemented to accommodate the new two-pot system requirements.

Investments

The Investment Committee have considered any potential liquidity constraints that may be encountered and have mechanisms in place to address this should it be required.

Each component will be invested in terms of the Sentinel Life Stage Model, or the selected Member Investment Choice portfolio/s, with investment growth being allocated to each component accordingly. Investment options will not apply to individual components but rather to total retirement savings across all components.

Member & Employer Communication

The Fund has communicated with participating employers and members on numerous occasions as the two-pot process has unfolded and information posters will be distributed to participating employers to be placed on their notice boards.

A dedicated two-pot system web-page, including an educational video (also available on YouTube) has been created on the Sentinel website and can be accessed via the following link: <https://www.sentinel.za.com/main/two-pot-retirement-system/>

In-addition, member information sessions may be conducted, should the need arise, with the collaboration of participating employers.

Rule Amendments

The Rule amendments, necessary for the two-pot system, have been approved by the Board of Trustees and were submitted to the FSCA for their approval on 18 June 2024.

In Closing

Sentinel has, over many years, proven its capability to prepare for and successfully implement, not only regulatory changes, but also major rule changes (conversion to DC fund, merger with the Mine Employees Pension Fund, etc). The implementation of the two-pot system is no exception and we will ensure that we are ready to meet the demands that this major change brings to the retirement fund industry.

Yours sincerely

MJ MITCHLEY
Chief Operations Officer