



SENTINEL
retirement fund

TWO-POT RETIREMENT SYSTEM BROCHURE

July 2026



Introduction

The two-pot retirement system is effective from **1 September 2024**. It aims to improve the retirement provision outcomes of retirees as research shows that more than 90% of South African retirees are unable to maintain their standard of living into retirement. This is mainly due to them withdrawing their retirement savings when they change jobs.

The two-pot system will address this, over the longer-term, as it contains forced preservation provisions, even though members will have access to a portion of their retirement savings annually.

PLEASE NOTE that the information in this booklet is a summary of the Rules of the Fund and creates no rights or obligations. Should differences or disputes arise, the Rules of the Fund will prevail. These Rules are available on the Fund's website and at its offices.

HOW DOES THE TWO-POT SYSTEM WORK?

The two-pot system, in essence, creates three separate retirement savings components ("pots") for each retirement fund member on 1 September 2024. These are a Vested, Savings, and Retirement Component.

Vested Component

Your total accumulated savings balance in the Fund (Fund Credit) on 31 August 2024, the day before the implementation of the two-pot system, is not subject to the two-pot regulations, and your rights in terms of this are protected.

This "pot" is known as the Vested Component and is subject to the same rules and income tax treatment governing retirement fund benefits prior to 1 September 2024. On leaving the service of your employer, prior to Normal Retirement Age, you may still withdraw the full balance in this component.

No contributions can be added to this component after 31 August 2024, and investment growth is still earned on the balance in this component.

Individuals who join a retirement fund after 31 August 2024 for the first time, will not have a Vested Component as it only applies to accumulated pre-September 2024 retirement savings.

Savings Component

From 1 September 2024, **one-third** of your monthly contributions to the Fund (your contribution plus your employer's contribution excluding Risk Cover contributions) is allocated to the Savings Component together with any investment growth earned on the balance in this component.

Contributing members are allowed, **once in every tax-year** (1 March to end February), to withdraw any amount available in the Savings Component (**Savings Withdrawal Benefit**), without the requirement to leave their job, provided the amount is more than R2,000.

A **Savings Withdrawal Benefit**, prior to retirement, will be taxed at your marginal tax rate (the rate of tax you pay on your normal taxable income), and SARS may withhold outstanding taxes from the withdrawal benefit.



To “kick-start” the balance in the Savings Component, 10% of each members Vested Component is automatically transferred to their Savings Component on 1 September 2024, limited to a maximum amount of R30,000. This is referred to as “**Seed Capital**” and applies to all Contributing and Paid-up members of the Fund on 1 September 2024.

Retirement Component

From 1 September 2024, two-thirds of your monthly contributions to the Fund (your contribution plus your employer’s contribution but excluding Risk Cover contributions) is allocated to this component plus any investment growth earned on this component.

No withdrawal benefits are permitted from the Retirement Component, even if you leave the employment of your employer.

The balance in this component can only be accessed at retirement in which case it must be utilised to provide for a monthly pension (annuitised). However, in the event of your death, this component, together with the Vested Component and Savings Component, form part of the death benefit plus any Death Cover, if applicable.

OPTIONS AT RETIREMENT

Members may retire in the Fund at their Normal Retirement Age (NRA), or up to 10 years prior to this date provided they have reached age 50. They may also retire on any chosen later date, even if this date extends beyond their NRA. The following applies to each two-pot component at retirement date:

- **Vested Component:** a maximum one-third lump sum of the balance in this component may be selected. The remaining balance is added to the Retirement Component to provide for a monthly pension. Once you have reached NRA, no full cash withdrawals are allowed, and you must provide for a pension with at least two-thirds of the balance in this component, even if you elect to transfer all your retirement savings to another approved fund.

Any lump sum elected at retirement from this component is taxed in terms of the Retirement Lump Sum tax table, meaning that up to R550,000 may be tax-free.

- **Savings Component:** the balance, or any part thereof at retirement, can be taken as a lump sum (together with a maximum one-third of the Vested Component), or be added to the Retirement Component to increase the amount available to provide for a monthly pension. The amount taken as a lump sum at retirement will be taxed in terms of the Retirement Lump Sum tax table.
- **Retirement Component:** the full amount available at retirement in this component must be utilised to provide for a monthly pension. Your monthly pension will, therefore, be based on the balance of the Retirement Component, plus a minimum two-thirds of balance in the Vested Component (the amount after a maximum one-third lump sum), plus any amount available in the Savings Component not taken as a lump sum.



OPTIONS WHEN LEAVING THE SERVICE OF YOUR EMPLOYER

A member who leaves the service of an employer, prior to Normal Retirement Age, due to resignation, dismissal, or retrenchment, has the following options:

- **Vested Component:** the full balance in this component may be withdrawn as a lump sum. A withdrawal benefit from this component will be taxed in terms of the Withdrawal Lump Sum tax table, or in the event of retrenchment, in terms of the Retirement Lump Sum tax table.
- **Savings Component:** Upon leaving the service of your employer and no longer contributing to the fund, you will transition to a paid-up membership. As such, you will be able to withdraw the remaining balance in your savings component, irrespective of any previous withdrawals in the same tax year.

If only a portion is withdrawn, the remaining balance must be transferred to another approved retirement fund, as your membership in this Fund will have ended. Lump sum **Savings Withdrawal Benefits** are taxed at your marginal tax rate.

- **Retirement Component:** this component must be utilised to provide for a monthly pension and can't be encashed. Should you claim a lump sum benefit from the Vested Component, **then the balance in the Retirement Component and Savings Component will become Paid-up or be transferred to the Retirement Component in your new fund or another approved fund.**
- **Transfers to an Approved Fund:** On leaving the service of your employer, you are also able to **transfer all three components**, the one not without the other, to your new employer's retirement fund, or to an approved preservation or retirement annuity fund. No tax is payable when you elect to transfer to another approved fund.
- **Paid-up Membership:** On leaving the service of your employer, you **may also elect to become a Paid-up member in Sentinel.** All three components will then remain in the Fund but with no further monthly or voluntary contributions being allowed. For more information about Paid-up Membership, please read the Paid-up Membership brochure available on the Fund's website.



TRANSFERS FROM THE SAVINGS & VESTED COMPONENTS

You may at any time elect to transfer the balance in your Vested Component to your Retirement Component. You may also, **once per tax-year**, elect to transfer the balance in your Savings Component to your Retirement Component. These transfers are irreversible!

Once this has been selected, the rules applicable to the Retirement Component will apply and no cash withdrawals will be allowed on the values transferred to the Retirement Component.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

All Additional Voluntary Contributions (AVC's) made to the Fund (member and/or employer AVC's), through an employer, will from 1 September 2024, be split one-third to the Savings Component and two-thirds to the Retirement Component.

NOTE: Paid-up members are not allowed to make AVC's to their retirement fund.

HOW WILL MY RETIREMENT SAVINGS BE INVESTED?

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

PLEASE READ the Member Investment Choice brochure for information about the Fund's various investment options and portfolios!

DIVORCE CLAIMS

A non-member spouse remains entitled to a portion of a member's Pension Interest, as determined by a valid and enforceable divorce order. **Pension Interest will comprise the combined value in the Vested, Savings, and Retirement Components of the member.**

Although a member is allowed to claim a Savings Withdrawal Benefit once a divorce claim has been processed (if the balance in the Savings Component is sufficient and the member has not yet claimed this benefit during the same tax-year), the claim will be suspended until such time that the Fund is able to calculate the remaining balance based on the divorce order.



APPLYING FOR A SAVINGS WITHDRAWAL BENEFIT

To apply for a Savings Withdrawal Benefit (**allowed once in every tax-year**), the Savings Withdrawal Benefit application **eForm**, or paper-based form (both available on the Sentinel website), must be correctly completed and be submitted to the Fund together with **all required supporting documents**.

APPLICATION OPTIONS

Members who have registered on the Sentinel secure online portal are able to view their Vested, Savings, and Retirement Component balances together with other relevant information.

To apply for a Savings Withdrawal Benefit, you can:

1. Complete and submit the **fast track eForm** with uploaded supporting documents; or
2. Use the **Sentinel WhatsApp portal on 0649406821** to view your available balance, and access, complete and submit the fast track eForm with uploaded supporting documents (documents must all be available on your mobile device for upload); or
3. Complete the paper-based application form, prepare all required supporting documents, and email (or hand in at a Sentinel Office) the **full set of documents** to the Fund at: **savingswd@sentinel.za.com**

Although the Fund aims to pay benefits as quickly as possible, this process may be delayed due to high volumes, additional identity verification steps, and potential delays in obtaining tax directives. It is initially expected that a Savings Withdrawal Benefit will be processed within 15 to 30 days of receipt of a correctly completed application form and all supporting documents.

PHOTO REQUIREMENT INFORMATION

To assist with fraud prevention, it is critical that the following guideline be followed for the required supporting photo that also reflects the identity document (RSA ID or Passport for foreign members) of the member.



- a. A clear **HEAD & SHOULDERS** photo of the member holding the **required identity document** close to his/her face.
- b. The identity document **must be clear, and be readable**, in the photo.
- c. The identity document **must not cover the face**.
- d. **No hat** or other head/face covering.
- e. **No spectacles** (glasses) or sunglasses.
- f. Look straight at the camera.
- g. Preferably against a **light background**.

To prevent unnecessary delays in the payment of your benefit, you need to ensure that **ALL supporting documents are clear and legible**, your tax affairs are in order, and that **YOUR banking details are correct** (must be the member's bank account details)!

A Savings Withdrawal Benefit can only be paid if the amount requested is **not less than R2,000** and if your Savings Component balance is sufficient to allow payment of the requested amount.

IMPORTANT NOTE: You will be taxed at your **marginal tax rate** and, if your income tax affairs are not in order, SARS may instruct the Fund to withhold any outstanding amounts from the benefit! When completing the application form, you are **required to provide your current annual salary income value** (income from remuneration and any pension/annuity) when applying for this benefit.

WILL TAKING A WITHDRAWAL FROM THE SAVINGS COMPONENT IMPACT MY RETIREMENT BENEFITS?

The option to take an annual cash withdrawal from the Savings Component or withdrawing from the Vested Component when you leave the service of your employer, may seem attractive. However, your responsibility to provide sufficiently for your retirement will be negatively impacted should you make the wrong decision.

Accessing your retirement savings early should only be considered as a last resort! Withdrawing from these savings, even relatively small amounts, will negatively impact you financially, as it will undermine the compounding effect of long-term savings.

Withdrawing from the Savings Component will result in you paying higher tax on the amounts withdrawn, and your future retirement provision will be reduced resulting in a lower pension income when you do retire.



CONTACT DETAILS

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Carletonville

S Buys Office park
Shop no. 10
Corner Kaolin
And Radium Streets

Tel (011) 481 8290/1

Klerksdorp

54 Buffelsdoorn
Road, Flamwood

Tel (011) 481 8024/8

Welkom

Shop 25
The Strip
314 Stateway

Tel (011) 481 8025/6

Emalahleni

WCMAS Building
Corner OR Tambo
and Susanna Streets
Emalahleni (Witbank)

Tel (011) 481 8295/6

Office hours are 08:00am to 04:15pm

Mondays to Fridays excluding public holidays

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