



PROVIDING MEMBERS WITH THE BEST POSSIBLE BENEFITS WITH MAXIMUM RETURNS ON INVESTMENTS THROUGH EXCELLENT MANAGEMENT OF THE FINANCIAL CONTRIBUTIONS OF LOCAL AUTHORITIES AND MEMBERS

## CALL US

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# WHAT IS THE TWO-POT RETIREMENT SYSTEM?

The two-pot system will be implemented from the 1st of September 2024. The new retirement system will afford members an opportunity to make partial withdrawals from their Savings pot prior to the retirement age without having to leave their current employer, while also incorporating provisions for mandatory preservation.

**Every member's contributions will be split into three pots:**



### VESTED POT

- This component is made up of your retirement savings as at 31 August 2024.
- 10% from this pot up to a maximum of 30 000 will be transferred to your Savings pot as a starting balance.
- This pot will continue to grow with investment returns and at retirement the benefit will be paid, can also be accessed upon member resignation or dismissal subject to the Fund rules.



### RETIREMENT POT

- It is made up of two-third (67%) of your net fund contribution.
- This pot will grow with your monthly contributions and investment returns.
- No withdrawals can be made from this pot.



### SAVINGS POT

- One-third (33%) of your net fund contributions will be allocated to this pot.
- You can withdraw for emergencies a minimum of R2 000 or a maximum amount of R30 000 once a tax year.
- PAYE tax plus an administration fee will be deducted before it is paid out.

## FREQUENTLY ASKED QUESTIONS

### How do we pay back?

Members are not expected to pay the amount they have withdrawn, however, members and local authority will still be expected to pay monthly contributions.

### How much is an individual able to withdraw?

A minimum of R2 000 to a maximum of R30 000.

### Will the withdrawal have tax implications?

The withdrawn amount will be taxed according to your applicable marginal tax rate.

### Does MEPF have the necessary capacity to payout?

Yes, The MEPF is financially sound and it's assets are worth R26 billion.

### What happens to my Savings pot at retirement?

The balance in the Savings pot will be paid as a lump sum and taxed or it can be used to buy an annuity.

### Can I be denied access to the Savings pot?

Yes, As a result of a pending divorce or a home loan that exceeds what is in the Vested and retirement pots.

## Is it compulsory to withdraw from the Savings pot?

No, it is not compulsory, the purpose of the Savings pot is financial relief in cases of emergency. By not withdrawing the money, you will have enough money to live on after retirement.

## What happens to my tax-free portion if my Savings pot is empty by retirement?

There is no impact on the tax-free portions. Tax-free portion will only be impacted when the member retires or resigns.

## Does my age matter?

- Members who are 55 years or older on 1 September 2024 are exempted from the two-pot retirement system.
- It will be beneficial for members who are 55 years and older to preserve as much as possible for their retirement.

## Who does not qualify for the two pot system?

- Unclaimed members.
- Pensioners.
- Deferred pensioners (members with more than 10 years of service and not contributing to the fund).
- Beneficiary fund members.

## How long will it take to payout?

15-20 working days (Subjected to SARS tax directive process).



## WHAT ARE THE PROS & CONS OF WITHDRAWING FROM YOUR SAVINGS POT?

### Advantage:

- Members get access to short-term financial relief in case of emergency.

### Disadvantage:

- Members will have less money to live on when they retire.
- Defined Benefit members' years of service will reduce.

## CLAIMS PROCESS

### STEP 1

Complete two-pot claim form.

### Step 2

Submit supporting documents; i.e.: ID, Payslip/tax confirmation letter, and bank statement.

### Step 3

Submit completed two-pot claim form and supporting documents to: [pension@mepf.co.za](mailto:pension@mepf.co.za)



## CONTACT US

Should you require any further information on any related subjects of the fund, kindly contact the Marketing and Communications and Stakeholder Relations Officers:

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