

# PROTEKTOR PRESERVATION FUNDS

Protektor is a cost-effective, easy to use preservation fund designed to help employees, when leaving a place of employment, preserve their retirement savings to ensure that their retirement planning remains on track.

## HOW IT WORKS

When an employee leaves employment due to resignation, retirement, retrenchment or dismissal, the employee chooses to preserve their accumulated retirement fund savings in Protektor. The Fund in which the employee participated prior to leaving employment, transfers the employee accumulated retirement savings to Protektor and the savings are invested in the Old Mutual Absolute Stable Growth portfolio. This allows the retirement savings the opportunity to grow over time.

The transfer value will be invested in the same Pots (i.e the Vested (if applicable), Savings and Retirement Pots) and proportions that they were before the transfer.

## FEATURES AND BENEFITS

### Investment Portfolio

Your savings will be invested in the Old Mutual Absolute Stable Growth portfolio which is a trustee selected portfolio that provides an 80% capital guarantee.

### FEES\*

- Management and administration fee of 0.5% per annum of assets is charged; this fee comes off your investment balance in your Protektor Account.
- Investment management fee of 0.65% and capital charge of 0.7% per annum are recouped from the income of the investment.
- Tracing fees may be levied on your account should the Fund engage in tracing activities in the case of your benefit not being claimed. To avoid this, please keep Old Mutual informed of your change of address.
- A transaction fee will be deducted from each withdrawal value.

### WHY PRESERVE?

#### You keep your retirement plan on track

Preserving your accumulated savings in Protektor shows your commitment to your financial future.

#### You keep your options open

Although you should do everything you can to keep your retirement savings intact, we understand that sometimes you need access to cash. Should the need arise; you are allowed one withdrawal after joining Protektor except where the rules of your transferring fund do not allow this or you are a member who is preserving your accumulated retirement fund savings due to retirement, subject to the terms allowed in the Income Tax Act. Any remaining invested benefit will only be payable on retirement, death or disability in terms of the Rules of the Fund. You can transfer your retirement savings to another retirement fund at any time.

#### You have the time and flexibility to make good choices

Since your retirement savings have the ability to continue growing, you can take time deciding what to do with them. This also gives you the time to speak to a financial adviser if you need to.

#### You can select your retirement age

You can choose to retire at any age after your 55th birthday.

\* Note that these fees are subject to change.



**CORPORATE**

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## CONTRIBUTIONS

Additional contributions are not allowed in Protektor. However, you may transfer other pension, provident or preservation retirement savings into Protektor, provided these amounts are available for transfer.

## THE TWO-POT RETIREMENT SYSTEM

### What is the main purpose of the Two-Pot Retirement System?

The Two-Pot Retirement System enables you to access a portion of your retirement savings (before retirement) for emergencies. The balance of your savings will remain “preserved”, meaning you will have to keep most of your retirement savings invested until you retire.

### Who is it for?

It applies to any eligible Member of a South African pension, provident, retirement annuity, or preservation fund. If a provident fund Member was 55 years or older on 1 March 2021, and on condition the Member remains in the same fund, they can continue with the previous system or opt-in to the new Two-Pot Retirement System. If however the Member transfers out of the fund to another fund, they will automatically be opted-in to the new Two-Pot Retirement System.

### How does the Two-Pot Retirement System work?

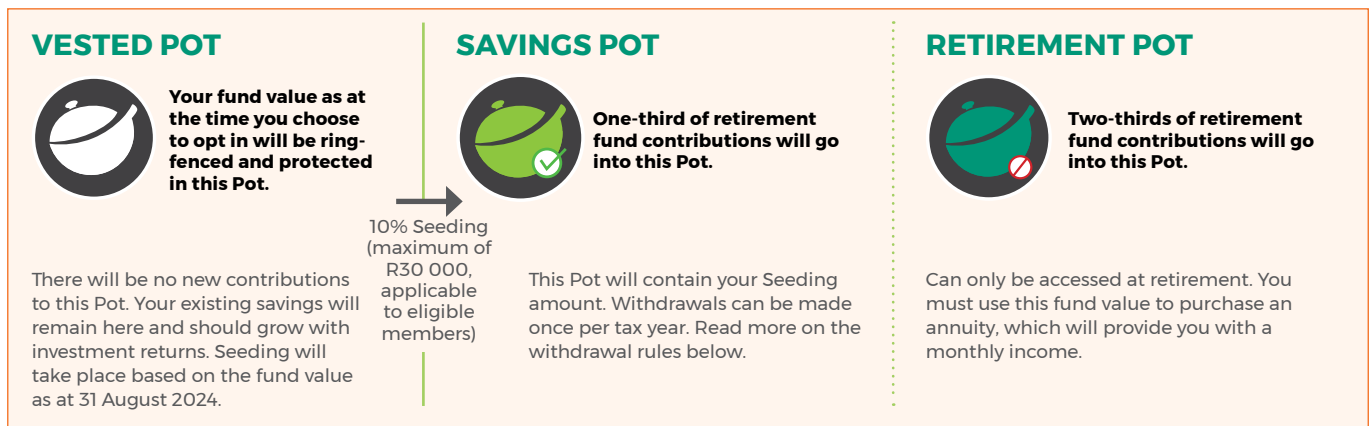
After 1 September 2024, all new retirement contributions will be divided into two Pots:

- A Savings Pot where one-third of contributions will be allocated and which you will be able to access before retirement, if required, and
- A Retirement Pot, where the remaining two-thirds will be kept for funding your income in retirement. This Pot will be preserved until your retirement date.
- As a Protektor Member, you will not receive future contributions, so this does not apply to you. However, if you choose to consolidate any other retirement savings into the Fund in the future, it will be split across the three Pots (based on what we receive from the transferring fund).

On or after 1 September 2024, there will be a once-off automatic allocation of 10% of your existing retirement savings (capped at R30 000) transferred to the Savings Pot as an opening value.

All retirement savings up to 1 September 2024, will be ring-fenced in the Vested Pot, and the previous rules will continue to apply.

Here is a breakdown of how it will work for Protektor as at 1 September 2024:



### What you need to know

- Protektor members will be able to enquire or withdraw via WhatsApp. It is very important that we have your correct cell phone number, which you can update using the Old Mutual App (the digital home for your savings, insurance and investment portfolio) or via [Secure Service](#).
- The withdrawal is set at a minimum of R2 000. The maximum amount will be the balance available in the Savings Pot.
- You can only withdraw once in a tax year, between 1 March and 28/29 February.
- A transaction fee will be deducted from each Savings Pot Withdrawal value.
- If you have any outstanding taxes (IT88) payable to SARS (South African Revenue Service), this will be deducted before your benefit is paid to you.

- You will pay tax on the withdrawal benefit based on your marginal tax rate.
- If you were 55 and older and a Member of Protektor Provident Fund on 1 March 2021, you must opt-in to the Two-Pot Retirement System to be eligible for a Savings Pot withdrawal.

## More about the various Pots (Three Pots will be available from 1 September 2024)

### 1. Savings Pot

- On or after 1 September 2024, there will be a once-off automatic allocation of 10% of your existing retirement savings (capped at R30 000) transferred to the Savings Pot as an opening value.
- You can access money from the Savings Pot before retirement. You will be charged a transaction fee for each withdrawal to cover administration costs.
- Withdrawals can happen only once per tax year between 1 March and 28/29 February.
- The withdrawal is set at a minimum of R2 000. The maximum amount will be the balance available in the Savings Pot.
- The Savings Pot is designed to be your lump sum at retirement. Any amount withdrawn before your retirement, will reduce your lump sum.
- Any amount from your Savings Pot paid out on retirement or death will be taxed at the current retirement fund lump sum benefit scales.
- Withdrawals from the Savings Pot before retirement or death, are taxed as part of your annual taxable income, calculated using your marginal tax rate.
- If you have any outstanding taxes payable to SARS (South African Revenue Service), it will be deducted before your benefit is paid. A transaction fee will be deducted from each withdrawal value.

### 2. Retirement Pot

- This Pot can only be accessed on death or at retirement.
- This Pot moves with you for the rest of your working lifetime and no withdrawals will be allowed before retirement.
- When you retire, the full amount must be used to purchase a pension, which will provide a you with a regular income after retirement.
- Should you die before retirement, the balance in your Retirement Pot will be paid to your beneficiaries.

### 3. Vested Pot

- This Pot consists of your accumulated retirement savings in the Fund as at 31 August 2024.
- This Pot is subject to the rules applicable prior to the Two-Pot Retirement System.
- Your retirement fund savings on 31 August 2024, minus the amount transferred to your Savings Pot, will remain in the Vested Pot and will be allocated investment returns. The Vested Pot will remain subject to the retirement rules that applied up to the date the new regulations came into effect.
- No further contributions may be made to the Vested Pot. It will continue to grow with investment returns less administration fees.
- Provident Fund Members age 55 and older as at 1 March 2021, who did not opt-in to the Two-Pot Retirement System and stayed in the same fund, may continue contributing towards their Vested Pot.

## What key information is needed from you for the Two-Pot Retirement System?

1. First names
2. Surname
3. ID number/passport number
4. Cell phone number
5. Tax number
6. Email address

All these details must be as accurate as they are on the government system (Home Affairs and SARS). If incorrect, it may cause a delay in benefit payment.

## How are transfers from another product or fund dealt with?

The transfer value will be invested in the same Pots and in the same proportions that they were before the transfer.

## Members 55 years and older on 1 March 2021

The Two-Pot Retirement System will affect all retirement fund types, i.e. pension, provident, retirement annuity and preservation funds. However, there is an exception for Provident Fund members who were 55 years or older on 1 March 2021 and are still members of that same Fund. Below are the rules that applied to all Provident Fund members effective 1 March 2021:

**Vested Provident Pot - Prior to 1 March 2021:** Provident Fund members could access their entire retirement benefit in cash.

**Vested Pension Pot - After 1 March 2021:** Provident Fund members' ongoing contributions were subject to the same annuitisation requirements as pension fund members.

Members who were 55 years or older on 1 March 2021, and remained in the Fund, were excluded from this requirement and therefore not impacted by these changes (ie they were still able to take 100% of their benefit in cash at retirement). However, these Members will be given 12 months to opt-in to the Two-Pot Retirement System from 1 September 2024.

## Options at Retirement (You may retire from age 55):

1. Use the full amounts in the Savings, Retirement, and Vested Pots (if applicable) to buy an income annuity to provide a regular income during retirement.
2. Take a portion or the full amount in the Savings Pot as a cash lump sum (subject to tax).
3. Take up to one-third of the Vested Pot (if applicable) as a cash lump sum and the balance must be used to buy an income annuity.
4. If two-thirds of the Vested Pot (if applicable) plus the amount in the Retirement Pot (full amount) is less than R165 000, you may take the full amount as a cash lump sum.

## When may a member access the full retirement value before age 55?

- If you no longer live in South Africa (cessation of tax residency) as defined by SARS, subject to taxation.
- If you have a permanent disability, provided the disability claim is approved.
- In the case of cessation of South African tax residency, i.e. where you have or intend to cease to be a tax resident in South Africa, you will be able to access your Retirement and Vested Pots (if applicable) before actual retirement.

## How to use the Two-Pot Calculator

1. Scan the QR Code. It will open WhatsApp on your phone and will pre-populate the words **"Two-Pot"**. **Select send.**

**OR**

2. Send **"Hi"** to 0860 933 333. You will see menu item number 8. Two Pot. Type **"8"** and select send.
3. Select **Calculate**
4. Select **Continue** and enter your **SA ID Number**
5. View your **Savings Pot estimate value**



## LOANS AND CESSIONS

You may not borrow from your investment in Protektor. You are also not allowed to cede your investment or use it as collateral for debt.

## WITHDRAWALS

You are allowed one withdrawal after joining Protektor, except where:

- the rules of your transferring fund do not allow this; or
- you transferred to Protektor after reaching retirement age i.e. age 55 and above.

You can receive your entire withdrawal benefit in cash, excluding your Retirement Pot, unless specifically allowed by the Two-Pot Legislation (Refer to THE TWO-POT RETIREMENT SYSTEM section above).

Any remaining retirement savings will only be payable as a Savings Pot Withdrawal or at retirement, death or disability in terms of the Rules of the Fund; or on emigration (subject to the terms allowed in the Income Tax Act). If you are like most people, your retirement fund is the biggest retirement savings vehicle you have. This means it can be tempting to withdraw some, or all, of the cash in your Protektor Fund. However, this is not always the best idea – especially since it will leave you with less money for your retirement and it could mean you have to pay a lot of money in tax.

Remember that by not keeping your retirement savings invested, you lose out on the benefit of compound interest, which means you will need to start saving for your retirement all over again, and you might never manage to build up the same savings amount again.

## TRANSFERS

You may transfer your benefit to another registered retirement fund if the destination fund rules allow for it. You can receive your entire withdrawal benefit in cash, excluding your Retirement Pot, unless specifically allowed by the Two-Pot Legislation (Refer to THE TWO-POT RETIREMENT SYSTEM section above).

## RETIREMENT

As a Protektor member, you can choose to retire at any age after you have reached your 55th birthday. This does not mean you have to also retire from your job at that time – you will only be retiring from the Fund if you want to do so.

### What are my options at Retirement?

- Use the full amounts in the Savings, Retirement, and Vested Pots (if applicable) to buy an income annuity to provide a regular income during retirement.
- Take a portion or the full amount in the Savings Pot as a cash lump sum (subject to tax).
- Take up to a third of the Vested Pot (if applicable) as a cash lump sum, the balance must be used to buy an income annuity.
- If two-thirds of the Vested Pot (if applicable) plus the amount in the Retirement Pot (full amount) is less than R165 000, you may take the full amount as a cash lump sum.
- Provident Fund Members - your Vested Pot is made up of the Vested Provident Pot and the Vested Pension Pot:
  1. Vested Provident Pot - retirement savings (with investment growth) built up in the Fund prior to 1 March 2021. You can take this entire portion as a cash lump sum when you retire.
  2. Vested Pension Pot - retirement savings (with investment growth) from 1 March 2021 to 31 August 2024.  
You can take a maximum of one-third of this portion as a cash lump. The balance (or full amount if no lump sum is taken) must be used to purchase a pension (annuity) in your name.  
If your full retirement savings amount is R247 500 or less, you have the option to take the entire amount in cash.

### When may you access the full retirement value before age 55?

- If you no longer live in South Africa (cessation of tax residency) as defined by SARS, taxed at marginal tax rates.
- If you are permanently disabled, provided your disability claim is approved. If declined, you could still use the ill-health early retirement option.
- In the case of cessation of South African tax residency, ie where you have or intend to cease to be a tax resident in South Africa, you will be able to access your Retirement and Vested Pots (if applicable) before actual retirement.

### **If you are a Protektor Provident Fund member and was 55 years or older on 1 March 2021**

- You can take your entire Retirement Benefit as a cash lump sum when you retire.
- If you transferred into Protektor and selected not to opt-in to the Two-Pot Retirement System, your will have your transferred amount protected and will not be compelled to purchase a pension upon retirement.
- If you decided to opt-in to the Two-Pot Retirement System, prior to becoming a Protektor Member, the entire benefit must be in accordance with the Two-Pot Retirement System.

When deciding on a pension, you need to consider a number of factors, such as the amount of pension income you need, the capital available to buy a pension, whether your pension needs to increase in future, the extent of any such increase, whether your dependants should receive a benefit after your death, and whether you will be able to control your level of income after retirement. It is best to speak to a Financial Adviser about the best pension option for you.

Remember that the capital used to purchase a pension is not taxed, but the income paid by the pension policy will be subject to tax.

### **DEATH**

Should you die, the balance in your Protektor Account (consisting of your Vested, Savings and Retirement Pots), will be used to provide a death benefit. In terms of the Pension Funds Act, the the Protektor Trustees must allocate this benefit in a fair manner between your beneficiaries. It is important to remember that this death benefit does not form part of your deceased estate, so it is not paid out according to what you have said in your Will. Making sure you have updated your list of beneficiaries with Old Mutual will help make this process fair and efficient. As a Protektor member, you can change your beneficiary nominations at any time.

### **SAVINGS POT WITHDRAWAL**

To initiate a Savings Pot withdrawal, you must submit a claim:

- via Whatsapp on 0860 933 333, or
- via the Old Mutual App, or
- via the Old Mutual Member Web



## SUBMITTING A CLAIM

Before a benefit can be paid to you, or your family (in the event of your death), a Protektor Claim must be submitted digitally via [MyClaim](#)



## FIND OUT MORE

For more information contact a qualified and registered financial adviser, or an Old Mutual Corporate Consultant in your area.

| AREA          | OLD MUTUAL CORPORATE INTERMEDIARY CONSULTANTS | OLD MUTUAL CORPORATE DIRECT CLIENT CONSULTANTS |
|---------------|---|--|
| Johannesburg  | 011 217 1969                                  | 011 217 1287                                   |
| KwaZulu-Natal | 082 440 6758                                  | 031 581 0706                                   |
| Pretoria      | 011 217 1969                                  | 011 217 1287                                   |
| Eastern Cape  | 082 440 6758                                  | 082 441 8985                                   |
| Western Cape  | 021 509 0700/072 909 5205                     | 021 509 0741                                   |

Alternatively, visit [www.oldmutual.co.za/protektor](http://www.oldmutual.co.za/protektor)

