



OLD MUTUAL SUPERFUND

EMPLOYER NEWSLETTER

MESSAGE FROM THE PRINCIPAL OFFICER



Welcome to the May 2023 Employer newsletter!

The year is now well underway and there have been significant developments in the retirement industry. The government has implemented Section 13A of the Pension Funds Act, and plans are underway to legislate the “Two-Pot” retirement savings system.

While Finance Minister Enoch Godongwana’s budget speech for 2023 has been largely well-received, we acknowledge that many South Africans are facing financial challenges. The energy crisis and interest rate hikes have increased the cost of living, putting pressure on households. In fact, a survey by global consulting company NielsenIQ earlier this year revealed that over 70% of respondents felt they were in a worse financial position than a year ago, with increased living costs being a significant factor.

Fortunately, the Minister delivered some good news on tax relief during his speech. Those about to retire will be happy to know there has been an increase in the tax-free amount that can be taken as a lump sum payout from a retirement fund by 10%, from R500 000 to R550 000. On that note, National Treasury aims to introduce the Two-Pot system on 1 March 2024, which will allow Employees pre-retirement access to a portion of their retirement savings while preserving the remainder for retirement. As previously mentioned, Old Mutual SuperFund supports this proposal as it’s geared towards long-term savings for retirement. We will keep you updated on additional details as they are released.

In this edition, we offer you:

- The latest update on Two-Pot;
- A reminder about complying with Section 13A;
- Retirement savings options for Employees in case of resignation, dismissal or retrenchment;
- An explanation of benefit advances related to the Death Benefit;
- Details on how Employers can receive compensation for losses caused by theft, fraud or dishonest misconduct of an Employee or former Employee.

We are also excited to share that our first [Member newsletter](#) for the year will be sent to Members shortly.

Happy reading & stay safe.

Fiona Reynolds

Principal Officer: Old Mutual SuperFund



Update: Two-Pot coming in March 2024

During his Budget Speech this year, the Minister of Finance communicated that National Treasury is pressing ahead with implementing the Two-Pot retirement system on 1 March 2024. It will allow pre-retirees to save for non-retirement purposes (e.g., emergencies, such as retrenchment or death in the family) while preserving more of their savings for retirement.

This new, tax-free savings vehicle has the potential to help solve the country’s retirement crisis. Research shows that the number of South Africans who’ll be able to maintain their living standard after retirement is low – [estimates vary from](#) 6 to 25% for a phase of life that can last 30 years.

N.B. Two-Pot will only apply to Members’ future savings and will not affect their existing savings.

“Two-Pot is going to give you the protection to make sure you have enough money at retirement, but it’s also going to be there as a safety net in case you need emergency expenditure beforehand.”
– Michelle Acton, Retirement Reform Executive at Old Mutual



Next steps

While the first phase of the legislative amendments is expected to take effect on 1 March 2024, Treasury has yet to publish any further draft legislation for comment. SuperFund will communicate with all Employers as and when more information becomes available.

For more information about Two-Pot, including how it will work, who will be affected, and how much Members can withdraw once it comes into effect, click on your preferred language below.

[English](#) | [IsiXhosa](#) | [IsiZulu](#) | [Sesotho](#) | [Sepedi](#) | [Afrikaans](#)

S13A: Are you compliant?

As an Employer, it's crucial to ensure compliance with Section 13A of the Pension Funds Act. The Act stipulates that contributions collected from Employees' salaries must be paid to the relevant pension fund. This payment must be made before the 7th day after the end of the month in which the contributions were due i.e. the payment must reflect in the fund's bank account no later than 7th.

Implications of late payments

If Employers don't pay retirement contributions on time, they must pay compound interest on those payments. According to the Conduct Standard:

- The interest should be calculated from the first day after the payment was due until the date the fund receives it; and
- The interest rate is set at the prime rate plus 2%.

For example, if June retirement contributions reflect in the retirement fund's bank account on 11 July, interest will be calculated for the period from 1 July to 10 July (i.e. 10 days).

Non-compliance consequences

Failure to comply with S13A may result in sanctions, including fines not exceeding R10 million or imprisonment for up to 10 years. According to the Office of the Pension Funds Adjudicator (OPFA), it should not be acceptable that pension fund Members must bear the brunt of Employers facing financial challenges.

Are your Employees' details updated?

Since 19 February 2023, it has become compulsory for Employers to provide SuperFund with certain minimum information. Please refer to our [Vol. 2 communication for a list](#) of this information.

SuperFund's Trustees are obligated to report non-compliant Employers to the Financial Sector Conduct Authority (FSCA) and the South African Police Service (SAPS). We urge all Employers to ensure compliance with S13A by making timely contributions and updating Employee details with SuperFund. Compliance not only helps you avoid potential sanctions but also ensures that your Employees' retirement savings are protected.

We appreciate your efforts in assisting us with providing correct Employee details and request that you carry out regular updates to ensure that our database has their alternative contact details. This is especially important if an Employee leaves your employment so that we can stay in touch and update them about their savings.

Members can also update their details by calling the SuperFund Service Centre at 0860 20 30 40.

How Employees can manage their retirement savings

When an Employee resigns, is retrenched, or dismissed, they have several options for their SuperFund retirement savings:

Option 1: Stay a SuperFund Member: Preserve their retirement savings in SuperFund Preserver.

Option 2: Move their total retirement savings to another fund, like a Retirement Annuity (RA) Fund, Preservation Fund, or their new Employer's Fund.

Option 3: Withdraw some or all of their retirement savings in cash (and transfer the balance, if any, to another retirement fund).

**Any cash they withdraw could be taxed. SuperFund recommends investing one's retirement savings rather than taking it in cash where possible. Withdrawals could seriously impact one's chances of enjoying a comfortable retirement one day.*

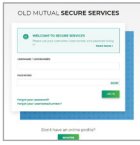
It's essential to inform your Employees of these options so they can make informed decisions about their retirement savings.





SuperFund on DIGITAL

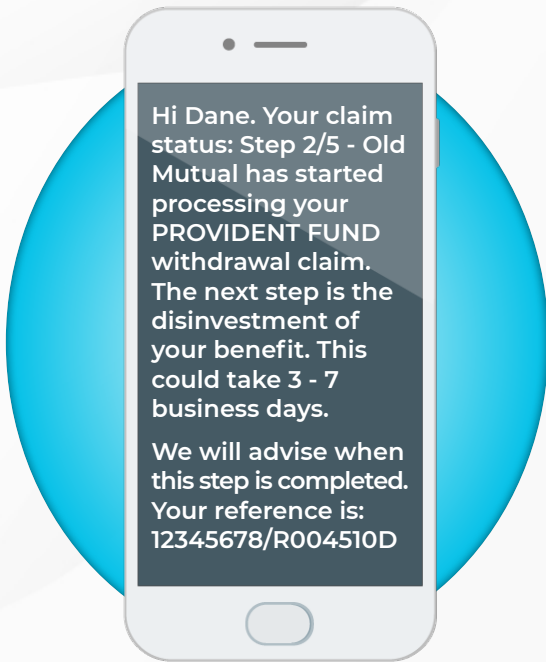
SuperFund provides a convenient and secure self-service option through WhatsApp and Secure Services. Members can track their retirement savings value 24/7 using these platforms.



[Click here](#) for a guide on how to register for Secure Services.







Scan the QR code.
Save 0860 933 333 to your contacts.
Type 'Retire' on WhatsApp and enter.
Select the task to perform.



Using our WhatsApp, SMS, and Secure Services is easy and convenient. Help your Employees stay informed and engaged with their retirement savings by reminding them about these valuable services.

Members can enjoy the following features by using SuperFund on WhatsApp:

-  Track their retirement savings balance
-  Access their statements
-  Monitor progress on their retirement savings claims
-  Access Member educational content

and so much more

Did you know? SuperFund also has an SMS alert service that provides Members with updates on their full cash withdrawal or retirement claim status. We want them to be fully aware of what is happening while they are waiting.



Did you know about the advance claims on the Death Benefit?

When a SuperFund Member passes away, their dependants and/or nominated beneficiaries may receive a sum of money called a 'Death Benefit', which is intended to provide financial support. Section 37C of the Pension Funds Act outlines how death benefits are handled.

The SuperFund Management Board (Trustees) considers the distribution of death benefits. The process can take up to 12 months from the date of the Member's death, because the law requires many steps to be followed.

In exceptional circumstances, however, SuperFund may approve benefit advances to financial dependants and/or nominated beneficiaries to ease economic difficulty. Please ensure the financial dependants of your Employees are informed about this option.

Benefit advances may be granted to:

- A spouse or life partner, for him/herself, or on behalf of his/her minor child/ren with the Member.
- A parent, guardian, or caregiver of a minor child/ren of the Member.
- Other dependants who were financially maintained by the deceased and are likely to be awarded a portion of the death benefit.

Learn more about the Death Benefit by clicking on your preferred language below.

[English](#) | [IsiXhosa](#) | [IsiZulu](#) | [Sesotho](#) | [Sepedi](#) | [Afrikaans](#)



Employer compensation claims

Employers can be compensated for damages from theft, dishonest misconduct or fraud by an Employee or former Employee, as per Section 37D of the Pension Funds Act.

When a compensation claim is submitted to SuperFund, the Fund may deduct the amount claimed from the Member's benefit. Certain requirements must be met for the Fund to deduct compensation from a Member's benefit, including:

- There must be a benefit payable to the Member by the pension or provident fund from which the compensation is claimed.
- The damage caused to the Employer must result from theft, dishonesty, fraud or misconduct by the Member. "Misconduct" has been interpreted as an act or omission that contains an element of dishonesty and would not include simple negligence on the part of the Member.
- The Member must either admit liability to the Employer in writing or a judgement must be obtained against the Member in a court of law.

For more information, including whether the Fund can withhold a Member's benefit, how much compensation will be payable to an Employer, and how tax will be deducted, [click here](#).

Empower your Employees

Please click on the buttons below to **read more**.



N.B. SuperFund is currently only offered as a retirement fund solution to South African companies. It is no longer available in any neighbouring country, including Lesotho.

Members can view their profile and access other services using one of our digital solutions

Secure Services
 WhatsApp 0860 933 333
 0860 20 30 40
 superfund@oldmutual.com

Old Mutual App
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DO GREAT THINGS EVERY DAY

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