



# MEMBER NEWS

March 2024

Moving Towards A Better Future

**Fund wins IRFA “Making it Happen” award** for investing in infrastructure development and ESG projects that benefit South Africa and Fund members.

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## Welcome

The Board of the Transport Sector Retirement Fund, the Management and Staff of Salt Employee Benefits wish you and your loved ones a year filled with love, prosperity and good health.

The world is currently an uncertain place and in South Africa we are experiencing our own challenges amplified by load shedding, high levels of unemployment and financial pressure due to rising interest rates in 2023. In order to cope, many people are practising conscious self-care. Self-care means taking care of yourself so that you can be healthy, you can be well, you can help and care for others, and you can do all the things you need to and want to accomplish in a day.

We hope you enjoy reading about the business of the Fund.

## A word from the Fund Chairman

The transport sector is set to grow exponentially over the next 20 years. We understand the important role our Fund will play in providing superior benefits at affordable rates to our members. The transport industry provides access to jobs, services, education, medicine, entertainment, sport and social interaction to help create a dynamic country with productive and positive citizens. Transport plays an essential role in providing socio-economic stability and national security within our country.

I commend the members of the TSRF who play a vital frontline role and have endured hardship and violent protests over the past year but have persevered and continued to contribute to our economy as essential workers. Despite great difficulties, our truck drivers spend their time, en route to various destinations in South Africa and across our borders into Africa, tirelessly delivering essential goods.

Our single-minded drive to benefit members, as they are our shareholders, informs the Fund’s investment strategy and transformation agenda. Besides our goal of ensuring that members’ living standards are maintained when they retire, the TSRF continually looks to improve members’ livelihoods while actively employed. We achieve this through the Fund’s impact investment projects in housing, retail and office space, agriculture, truck stops, manufacturing, and retirement homes.

The TSRF is committed to the ongoing transformation of South Africa’s economy to become more inclusive by supporting service providers in the investment value chain who contribute significantly to the targeted economic empowerment of black South Africans. I take this opportunity to thank my fellow Trustees, Fund officers and various service providers for their diligence, hard work and ongoing commitment to improving members’ livelihoods.

As we navigate this year and implement the two-pot system, we continue to interrogate our systems and processes to ensure our sustainability as we position the transport industry for growth in the years to come.

**Mdumisani Mabaso - TSRF Chairman**



## The Fund wins the IRFA 2023 “Making it Happen” Award

The TSRF was the overall (gold) winner of the IRFA Institute of Retirement Funds Africa award for “Making It Happen” in 2023. **We received the award for investing in infrastructure development and ESG projects that benefit South Africa and our members.**

At the awards ceremony, IRFA’s former President, Professor Enos Ngutshane, said we were among winners that had embraced the spirit of transformation and found ways to engage, communicate, educate, invest, and translate legislative changes into concrete actions.

Entrants were evaluated by a panel of experts in their respective fields and the award categories were based on research findings and industry best practice. This award adds to the long list of awards your Fund has won over the last 12 years.

## Two-pot system update on implementation



**Vested Pot**



**Savings Pot**



**Retirement Pot**

**The Two-Pot system is now set to be implemented on 1 September 2024.** This will allow time for the legislation to be finalised, rule amendments to be processed and approved by the Financial Sector Conduct Authority (FSCA) and SARS to ensure their systems are ready and to allow administrators time to develop the administration systems needed.

The Two-Pot system changes will allow members of the Fund to take a portion of their retirement benefit before they retire. Just to recap, the following is a summary of the changes (the act which is to be promulgated may still include changes but the industry does not expect any further material changes):



**Vested component:** The fund credit of current members as at 31 August 2024 will be ring-fenced, and may still be taken in cash at resignation.



**Savings component:** From 1 September 2024 one-third of members' contributions will be allocated to this pot. Members will be allowed a once off withdrawal from this pot during each tax year with a minimum withdrawal of R2 000. The withdrawal will be taxed at the member's marginal tax rate. When exiting the Fund, the balance may be taken in cash.



**Retirement component:** From 1 September 2024 two-thirds of members' contributions will be allocated to this pot. In the case of resignation, the retirement component must be transferred to another retirement fund or annuity, but may not be accessed in cash before retirement. At retirement, if the value is less than R165 000, the full retirement component may be taken in cash. If the value is greater than R165 000 then two-thirds must be used to buy a pension and only one third can be taken in cash.



**The initial seed capital proposal** of 10% of a member's retirement savings value on 31 August 2024, which was limited to a maximum of R25 000 has been revised to 10% of a member's retirement savings value limited to a maximum of R30 000. Withdrawals from this pot will be called a savings withdrawal.



**Provident Fund members who are younger than 55** will no longer be able to take their entire retirement benefit in cash when they retire.



**Provident Fund members who are 55 years and older** as at 1 March 2021, are exempted from the two-pot system and may still take their full benefit in cash at retirement. These members may still opt into the two-pot regime and if they do the above will apply to their benefits.

### Please note:

If the TSRF' rule amendments are not approved by the FSCA, prior to 1 September 2024, the Two-Pot system withdrawals may be delayed until such time that the approval is received from the FSCA.

The Fund can only draft the rule amendments once the legislation has been finalized. Thus, it is critical for The National Assembly to approve the legislation as soon as possible.

### Important:

Although this change is coming, it may take some time after 1 September 2024 for your Fund to be ready to implement these changes.

Look out for more communication from your Fund regarding the implementation timelines.

**No action is required from members at this stage.**

## Make sure your Divorce Order is binding on the Fund

Divorce is a traumatic and life-altering experience with wide-ranging implications, especially when it comes to retirement savings. A 'pension interest' deduction allows a non-member spouse to be eligible for a pension benefit from the member spouse's pension from the date of divorce. It doesn't take into consideration the duration of the marriage or whether you were married when you first became a member of the Transport Sector Retirement Fund. A pension interest distinguishes between pension interest in a retirement annuity fund, and pension interest in any other retirement funds (e.g. a pension fund, provident fund, pension/provident preservation fund).

Section 7 of the Divorce Act, 1979, facilitates the payment of a pension benefit to a member's former spouse with immediate effect. This means that if a member divorces and the parties include the assets of the Pension Fund in the divorce settlement agreement, the former spouse may immediately claim his or her part of the pension benefit. There are costs involved for the member.

### Note:

In order for the Fund to pay any part of the member's pension interest to the non-member spouse, a final divorce order to that effect must have been granted on a date prior to the member's termination of service due to resignation/retrenchment/dismissal/retirement. If a member exited the Fund prior to the date that his/her final divorce order was granted, the non-member spouse is not entitled to any benefit at date of divorce from the Fund.

### To be binding on the Fund, a divorce order must provide for the following:

- The Fund must be properly identified or identifiable from the order, e.g. Transport Sector Retirement Fund.
- It must be specifically ordered by the Court that the Fund should pay the amount concerned to the other party.
- The amount and/or percentage of the pension interest that is due or assigned to the non-member spouse, must also be clearly expressed as a % or Rand value, not exceeding 100% of the pension interest. (Tax is payable on this amount by the receiving spouse.)
- If the above 3 conditions are not met, the Fund is not legally bound and will not make a payment to the non-member spouse.



### Suggested simplified wording for binding Divorce Order:

Instead of the long-winded provisions often found in divorce orders, it is suggested that where a member, non-member spouse or an attorney acting on behalf of either party requests assistance with the wording of a divorce order that is intended to be binding on the fund, the following wording be suggested to them:

*"It is recorded that the Plaintiff is a member of the Transport Sector Retirement Fund. The Plaintiff hereby agrees that the Defendant shall be entitled to a .....% share of the Plaintiff's pension interest in such fund (as defined in section 1 of the Divorce Act No. 20 of 1979) as at date of divorce. An endorsement shall be made in the records of the Fund that the Defendant's share of the Plaintiff's pension interest is payable to the Defendant. The Fund shall pay to the Defendant his/her share of the Plaintiff's interest as referred to herein within 60 days of being informed of how the amount must be dealt with in accordance with the Defendant's election."*

### Who is responsible for the tax?

In terms of the provisions of the Income Tax Act, if the non-member spouse elects to take a cash lump sum, the benefit will be taxed in his/her hands. However, if the benefit is transferred to another retirement fund, the benefit will be transferred tax-free. When the non-member retires or withdraws from that retirement fund, he/she will be liable for tax on the retirement or withdrawal benefit.

### Please note

Lastly, if you are in the process of a divorce, ensure that the wording of the court order and settlement agreement is in line with legal requirements. If the order is granted and the wording is not competent, the Fund will not be able to give effect to the order. This will require the court to formally amend its original order, which is a lengthy and costly exercise.

## Data laws and knowing your rights

The Fund, and its authorised service providers, collect and process members' information, including personal information, for the purpose of providing services to you in connection with the Fund. These services include administering your benefits in the Fund, providing you with Fund-specific information and obtaining information and elections from you.

The Fund appreciates that data processing is an ongoing project and is driven to continuously improve its processes and policies to better serve its members.

Members are encouraged to visit the Fund's website at [www.transportsectorfund.co.za](http://www.transportsectorfund.co.za) to access the **Fund's data protection policy**. Alternatively, please contact the **Fund's Principal Officer** who has been appointed the **Fund's Information Officer**. The Information Officer is responsible for overseeing the Fund's compliance with data protection laws and assisting members with queries and complaints.

## Streamlining administration to enhance services to members.

The Management Board of the TSRF are continuously looking at ways to improve services to members. To enhance members' service experience regarding enquiries and claim payments, the Board took a decision to consolidate the administration of the Fund. Effective 1 October 2023, Salt Employee Benefits has taken over the Front Office duties from Sanlam. This means that both the Front Office and Back Office functions now reside with Salt Employee Benefits. **This change has resulted in the email address of the Fund changing from:**

members@rflipf-sanlam.co.za to:



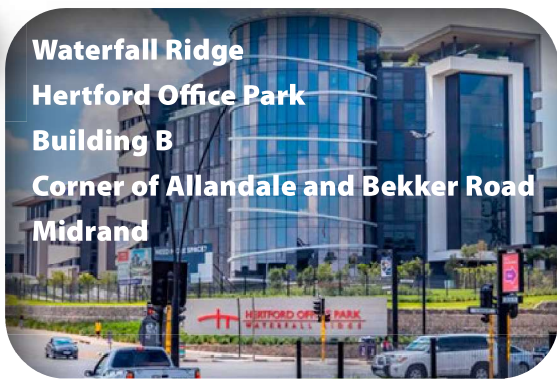
[members@tsrf.salteb.co.za](mailto:members@tsrf.salteb.co.za)

We ask that all correspondence to the Fund and the submission of claims be sent to this new email address with immediate effect. This change will have no effect on the processes of the Fund - it is business as usual.



The telephone number remains unchanged: **Tel: 011 544 8300**

Please remember that Salt Employee Benefits has relocated to new business premises, across from the Mall of Africa:



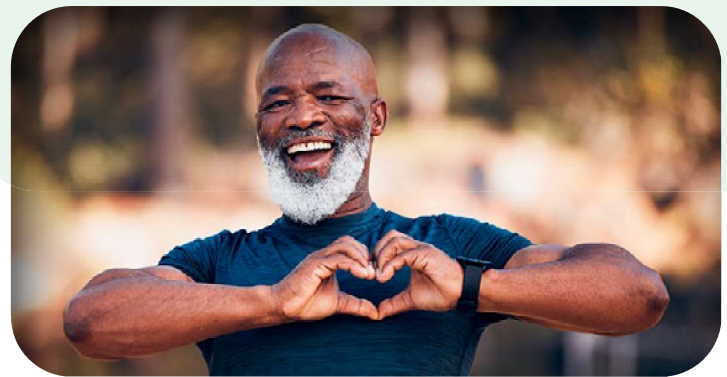
## Living Your Life: Self-care tips

*"Give the world the best of you, not what's left of you"*

Self-care includes everything related to staying physically healthy — including hygiene, nutrition, and seeking medical care when needed. It's all the steps an individual can take to manage stressors in his or her life and take care of his or her own health and well-being.

### Self-care tips

- ✓ Practice healthy eating and sleeping habits,
- ✓ Make sure you have a household budget and try to stick to it,
- ✓ Dedicate time to positive activities,
- ✓ Maintain boundaries with others;
- ✓ Spend time with your loved-ones,
- ✓ Seek support when you are overwhelmed,
- ✓ Seek medical care when you are ill or unwell.



## We are ready and waiting to be of service to you



011 544 8300



[members@tsrf.salteb.co.za](mailto:members@tsrf.salteb.co.za)



[www.transportsectorfund.co.za](http://www.transportsectorfund.co.za)



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