MIRF
Motor Industry
Retirement Funds

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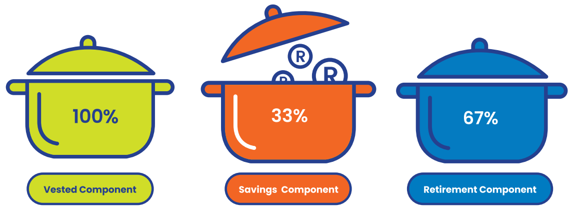
Two-Pot Withdrawal Note One



What happens to your retirement component of your withdrawal benefit when you leave the fund due to resignation, dismissal and retrenchment before retirement age?

The two-pot retirement system, effective in South Africa from 1 September 2024, will split the member's monthly retirement contributions into two components, which is the savings component and retirement component. This will apply to pension funds, provident funds, and retirement annuities. Although the system is called Two-Pot system, the system has introduced a vested component.

When a member leaves employment due to resignation, dismissal and retrenchment before retirement age

When you leave your employer, you must decide what to do with your retirement savings. This is a crucial choice that affects your future income in retirement. A summary of your options are as follows:

- Leave your money in the fund
- Transfer to a provident preservation fund
- Transfer to your new employer's fund
- Transfer to a retirement annuity fund
- Take a cash payment

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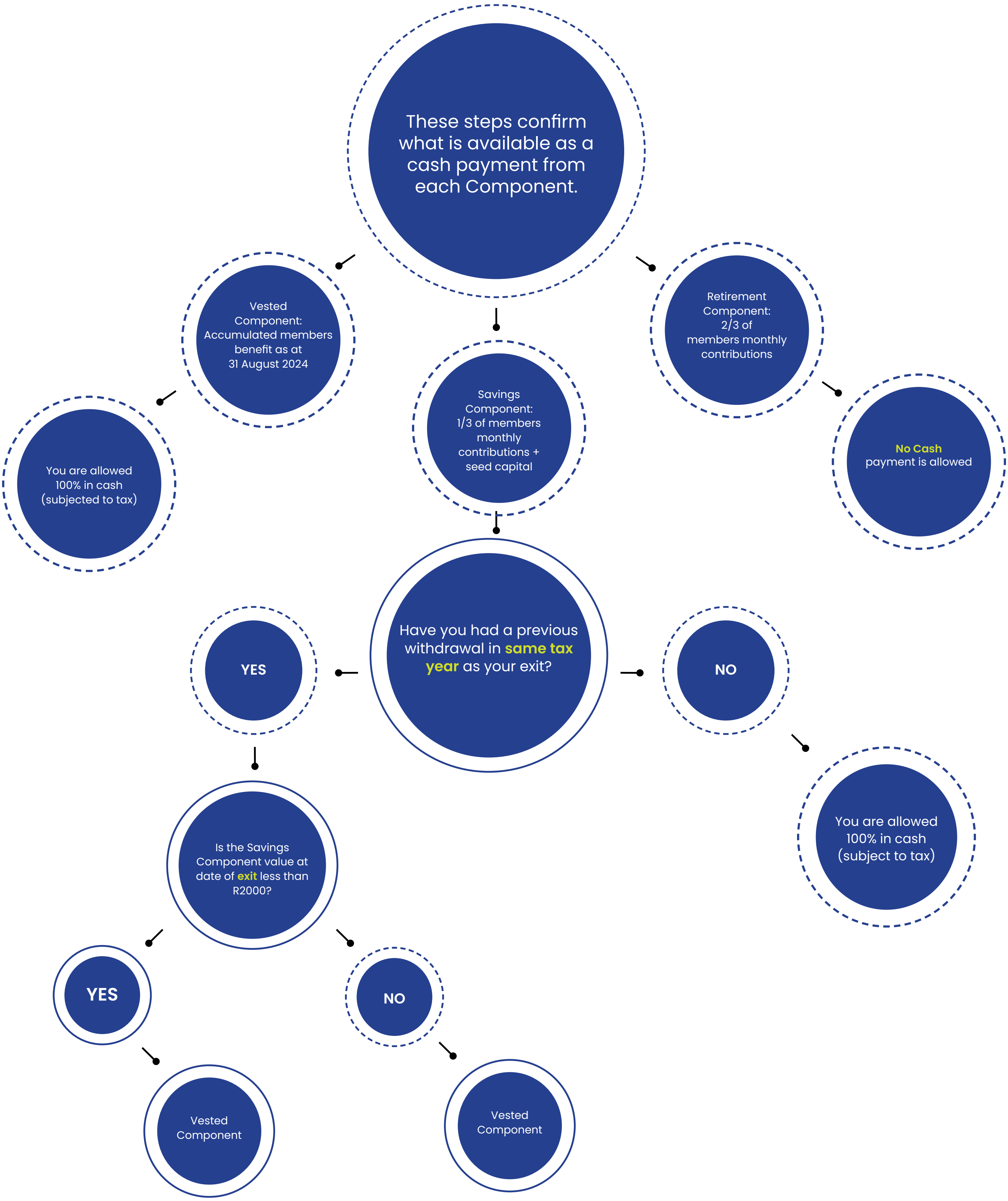
The restrictions in respect of what can be taken as a cash payment is summarised as follows:



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You can choose a different option on what do with each component, but the following rules will apply:

- If you transfer any part of your benefit, all your monies in the three components (vested, savings and retirement) must go to the same fund.
- If you leave your benefit in the Motor Industry Fund, all three components must stay in the fund.
- For example, you can take the vested component in cash and transfer the retirement and savings components to another approved fund.
- When you transfer any portion of your benefit, each amount stays in the same component (pot) in the new fund.

We explain the options in a little more detail below:

Leave your money in the Fund

- You keep your full benefit (all three components) invested in the Motor Industry Fund.
- No cash is paid out now.
- Your money stays invested in the Motor Industry Fund portfolios and continues to earn the investment return based.
- Costs in the fund are lower than retail investment products (e.g. Preservation fund or Retirement Annuity fund).
- You can access your money later by submitting a claim form.

Transfer to a Preservation Fund

- You can transfer your full benefit or part of it (you can take some in cash, where allowed).
- Transfers are tax-free.
- You are allowed one more withdrawal from the vested component while in the preservation fund.
- The same rules for the savings component still apply (one withdrawal per tax year).
- You can retire from age 55 onwards, and the retirement rules will apply to each component.

Transfer to Your New Employer's Fund

- You can transfer your full benefit or part of it (you can take some in cash, where allowed.
- Transfers are tax-free.
- The vested component will be locked in until you leave the new employer.
- The same rules for the savings component still apply (one withdrawal per tax year).
- Check the rules and investment strategy of the new fund before deciding.

Transfer to a Retirement Annuity Fund

- You keep your full benefit (all three components) invested in the Motor Industry Fund.
- No cash is paid out now.
- Your money stays invested in the Motor Industry Fund portfolios and continues to earn the investment return based.
- Costs in the fund are lower than retail investment products (e.g. Preservation fund or Retirement Annuity fund).
- You can access your money later by submitting a claim form.

Take a Cash Payment

- You can take your vested component in cash (tax applies).
- You can also take your savings component in cash if:
  - You haven't already withdrawn from it in this tax year, or
  - The amount is less than R2,000.
- The retirement component cannot be taken in cash.
- **Be cautious:** cashing out reduces your future retirement income.

What happens to the member's retirement component money when the member leaves the fund and does not inform the fund what to do with their retirement component money?

The member's retirement component money will be preserved in the fund (become a Paid-Up member) and continue earning investment return until the member informs the fund what to do with their money.

Tip: it is important that the member consult with a financial advisor to assist them in making an informed decision about what to do with their retirement component money when leaving the fund before retirement.

AS A MEMBER OF THE MOTOR INDUSTRY RETIREMENT FUNDS (MIRF), YOU HAVE ACCESS TO RETIREMENT BENEFIT COUNSELLING AT NO COST. OPTIMUM FINANCIAL SERVICES GROUP IS THE MANDATED RETIREMENT BENEFIT COUNSELLORS FOR MIRF. YOU CAN CONTACT OPTIMUM ON THE DETAILS BELOW.

YOU CAN CONTACT OPTIMUM ON THE EMAIL ADDRESS MIRFCLIENT@OPTIMUMGROUP.CO.ZA
OR CONTACT A FINANCIAL ADVISOR ON THE TOLL-FREE NUMBER: 087 095 8850