



salt umbrella
pension and
provident funds
a smarter financial future

smart member newsletter

June/July 2025

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WELCOME

As the year reaches its halfway mark and winter settles in, it's the perfect time to pause, reflect, and recharge. Whether you're wrapping up projects or taking on new challenges, we're here to keep you informed and connected.

Clear, consistent communication is a cornerstone of our commitment to helping you achieve financial security in retirement. We understand that timely, relevant information can make a meaningful difference in your decision-making and confidence.

You're not just a member of a fund. You're part of a dynamic, forward-thinking community. And we're here to ensure your journey to financial freedom is supported, celebrated, and shared.

This newsletter is more than just an update – it's a tool to empower you. Whether you're here for the latest updates or expert insights, you're in the right place. Each edition of our newsletter is carefully curated to bring you valuable content, timely news, and a few things to make you think.

Thank you for your continued trust in the Funds. We look forward to walking this journey with you – one issue at a time.

The difference between a Dependent and a Beneficiary



A Dependent: is a member's spouse, child or any other person who was in fact dependent on the member or a person whom the member would have been legally and/or factually liable to maintain in the future had the member been alive.



A Beneficiary: is someone who the member nominated on their Beneficiary Nomination Form to receive a portion of their benefit. They may ALSO be a dependant, but not always.



NOMINATION OF BENEFICIARIES

By completing a Beneficiary Nomination Form you are identifying your dependants, and it will help the Board make informed decisions.

The death of a loved one is always an incredibly emotional and challenging time for those left behind. In the event of your death, you would not want your family members to worry and stress about complex administrative processes and unnecessary delays in paying out your benefits (death and funeral) to them. That is why you should regularly complete and update your Beneficiary Nomination Form.

If you pass away while employed by your employer as an active member of the Fund, your member share plus your insured benefit (if your employer selected the option) will be paid out as a lump sum, unless an alternative payment option was selected. If your employer has not offered an insured benefit, your death benefit will consist of your fund credit.

Fund death benefit (Member share/Fund credit which is the total of your Vested, Savings and Retirement components). The distribution of this benefit is done by the Board of Trustees in line with Regulation 37C.

Insured (group life) benefit (if offered by your employer) is paid in accordance with your Nomination form. Make sure you complete a separate nomination form for your insured benefits. If no nomination form was completed these benefits will be paid to your estate.

The Board of Trustees decide

The final decision of who will receive the Fund death benefit rests with the Board. Trustees must first identify all financial dependants, including spouses, children, aged parents, siblings, and anyone else entitled to maintenance or considered financially dependent on the deceased. In their determination, trustees consider the nominees on the deceased's nomination form as a guide.

After the Board complete their assessment, the funds are distributed to the identified dependants. They are required in terms of the Pension Fund Act (Sec 37C), to ensure that all dependants are provided for and will try and follow the member's wishes in terms of the Beneficiary Nomination form as far as possible.

Call to action

It is therefore important to complete/update your Beneficiary Nomination Form at least once a year and also at any time your details may change, i.e. birth of a new child, divorce etc. By completing this form, you identify your dependants.

[Please click here](#)

and follow the step-by-step guide described below to **update your beneficiaries online**

Update your beneficiaries online

You can now easily and conveniently update your beneficiary nominations. The Benefit Counsellor online tool makes it possible for you to securely update this important information, anytime and anywhere.

Step-by-step guide

Log in or Register

Visit <https://salt.benefitcounsellor.com> and log in or create your account.

On your Dashboard

Select "Beneficiary Nomination" from the dashboard menu.

Choose Online Nomination

Click on "Online Beneficiary Nomination" to begin.

Add Beneficiaries

Select "Add item" to include new beneficiaries. Complete the form for each.

Dependant or non-Dependant?

You can nominate both dependant and non-dependant beneficiaries.

Allocate Shares

On the summary page, assign a percentage share to each beneficiary. The total must add up to 100%.

Confirm and Save

Accept the confirmation that this nomination replaces any previous one, then click "Save Share Allocation".



THINK TWICE BEFORE MAKING A SAVINGS COMPONENT WITHDRAWAL

A cash withdrawal may be attractive with the rise of daily living costs in South Africa but may influence your retirement plans negatively in the future.

You basically have three options available with the money in your Savings component:

1. **Avoid withdrawing it until retirement.** At retirement you can choose to receive this as a cash lump sum (subject to tax) or add it to your Retirement component to purchase a pension. If you leave it to grow and add this to your Retirement component, at retirement you can retire with a larger monthly pension.
2. **Leave it in the Savings component to continue to grow** and use a portion in the future when you have a real financial emergency.
3. **Withdraw it annually and pay marginal tax (the highest tax possible)** as well as an administration fee. When you get to retirement you will NOT have any money to take in cash (unless you have a Vested benefit in the Fund and then you may still only receive one third of this money as a cash lump sum).



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In essence, compound interest is “interest on interest,” leading to exponential growth over time

Example to illustrate the impact of regular withdrawals:

- James is a member of the Salt Umbrella Funds and is 30 years old.
- He earns R8 000 per month.
- On 1 September he had R20 000 in the Fund and R2 000 was seeded to the Savings component on 1 September 2024.
- On 20 September he withdrew the R2 000.

If we assume the following:

- **Net contributions** (after costs) to the Fund of 12% over 35 years
- **Salary increases** of 6% per annum
- **Fund growth** of 4.5% per annum
- **He retires at 65 years**
- **If James continues to take the maximum Savings component withdrawal from the Fund annually** he would receive R468 804 in cash over 35 years.
- He is expected to retire with R5.2 million retirement capital at 65 if he never leaves the Fund.

OR

- **If James however did NOT take annual savings withdrawals** he is expected to retire with R7.7 million which is R2.5 million more!
- **This is a result of the power of compound interest.**

Please note this example is based on the assumptions above.

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Important to note when you resign

You will have to consider the balance in your Savings component before you decide to resign. This is the money available in the member's Savings component, as **only one withdrawal is allowed per tax year**.

- If you have already made a withdrawal from your Savings component in a tax year and you decide to resign in the same year you will only be able to take amounts that are lower than R2000 in cash.
- You may therefore **consider resigning in the new tax year** so you're able to take the full Savings component in cash when you resign
- **OR decide not to make a savings withdrawal when you know you intend to resign** from your employer.

Example:

- A fund member, Sarah, has R10 000 in her Savings component.
- On 20 June 2025 she decides to withdraw R5000. She therefore has R5000 left in her Savings component.
- At the end of July, she decides to resign from her employer. The R5000 left in her Savings component cannot be paid to her in cash as the amount is higher than R2000 and because she already made a withdrawal in this tax year.

Call to action:

Thinking twice before making annual Savings component withdrawals is not just a matter of financial prudence; it's a **crucial step toward ensuring your long-term financial security**.

By understanding your options and making intentional decisions, **you can safeguard your financial future and ensure that you're building a solid foundation for retirement**.

Remember, every choice you make today will impact your financial security tomorrow.

Take the time to explore your options, consult with professionals, and make the most of your hard-earned retirement savings.

Your future self will thank you for it!

IMPORTANT NOTICE FOR PROVIDENT FUND MEMBERS OVER AGE 55 -TWO-POT RETIREMENT SYSTEM OPT-IN

South Africa's two-pot retirement system took effect from 1 September 2024, offering improved flexibility on retirement savings. However, if you were 55 years or older on 1 March 2021 and remained a member of the same Provident Fund, this new system will ***not*** automatically apply to you—unless you make a once-off election to opt in before 31 August 2025.

What Happens If You Don't Opt-In?

- You will stay under the current rules (called the T-day vested benefit system).
- You only have a vested component.
- You may still access your full retirement savings in cash upon withdrawal or retirement.
- No changes will apply to how your contributions are invested, they will continue to be invested in the vested component.

What Happens If You Do Opt-In?

- A once-off amount (10% of your fund value at the date you opt-in, capped at R30,000) will be allocated to your new savings component, accessible before retirement under specific conditions.
- **Future contributions will be split:**
 1. 1/3 into the savings component (accessible early),
 2. 2/3 into the retirement component (preserved until retirement).
- Your existing T-day savings remain unaffected and 100% may still be taken in full at retirement.

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Key considerations

- Opting in is final and cannot be reversed.
- This decision must be made before 31 August 2025.
- We strongly recommend you speak with your financial advisor to assess how this decision affects your retirement planning.

Are you ready to take action?

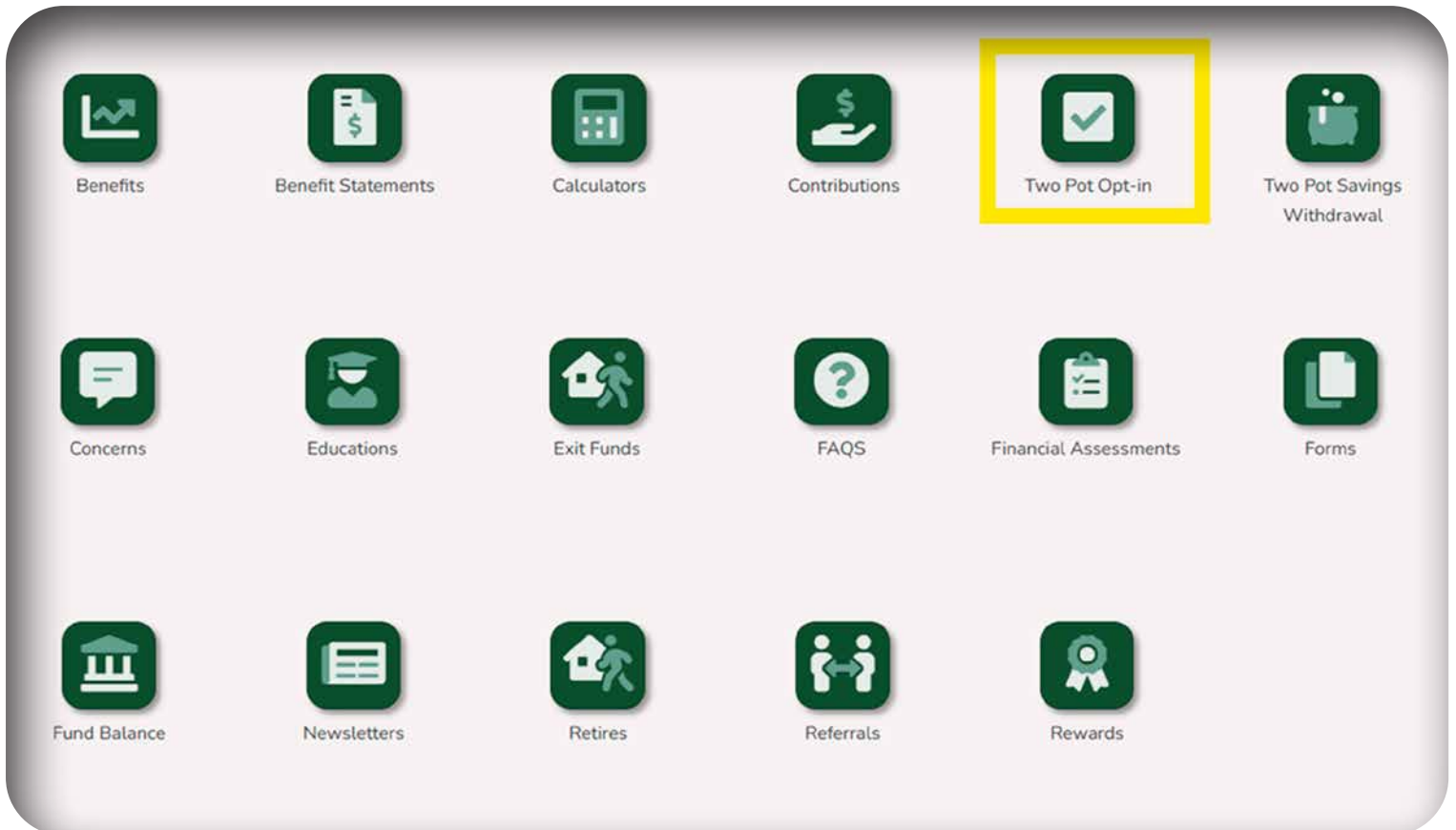
If you decide to opt-in, please do so on the Fund's member portal, Benefit Counsellor platform. Just follow these easy steps:

Step 1. Login to the online Salt Benefit Counsellor Platform

Step 2. Select the "Two Pot Opt-in" icon on the dashboard

Step 3. Read through the content and select "Accept"

Step 4. Confirm your selection by selecting "Yes, I opt-in"



If you joined the Two-Pot system in September last year no action is needed from you now.



CHOOSING BETWEEN LIVING AND LIFE ANNUITIES: WHAT EVERY PROSPECTIVE RETIREE SHOULD KNOW

At retirement you must buy an annuity (pension) for life with your Retirement component. There are many annuity products available in the market and understanding their differences, pros, and cons can help you make the best choice for your future. **Retirement is a time to enjoy the fruits of your labour, but ensuring those fruits last a lifetime requires critical financial decisions.** One of the most important choices retirees face in South Africa is between a living annuity and a life (or guaranteed) annuity.

Living annuity: Flexibility with responsibility

A living annuity allows you to draw an income from your retirement savings while maintaining control over how the remaining funds are invested.

Pros

- **Flexibility in income:** You can adjust your annual income within the legal limits (2.5% to 17.5% of your capital).
- **Investment control:** Choose your investment strategy, from conservative options to higher-growth portfolios.
- **Inheritance:** Any remaining funds can be left to your beneficiaries.

Cons

- **Longevity risk:** If you outlive your savings, your income will stop.
- **Market risk:** Your income depends on investment performance, which can be volatile.
- **Complexity:** Requires ongoing financial management and regular reviews. Living annuities suit retirees who want flexibility and have a good grasp of investment principles or a trusted financial planner to guide them.

Life annuity: Security and peace of mind

A life annuity, on the other hand, provides a guaranteed income for life, purchased from an insurer. Once you buy a life annuity, you cannot change its terms.

Types of life annuities in South Africa include:

1. **Level annuity:** Provides a fixed income, which may lose purchasing power over time due to inflation.
2. **Inflation-linked annuity:** Income increases with inflation but starts lower than a level annuity.
3. **With-profit annuity:** Annual increases depend on the insurer's investment performance.
4. **Joint life annuity:** Provides income until both you and your spouse pass away.
5. **Guaranteed term annuity:** Guarantees income for a set number of years, even if you pass away during the term.

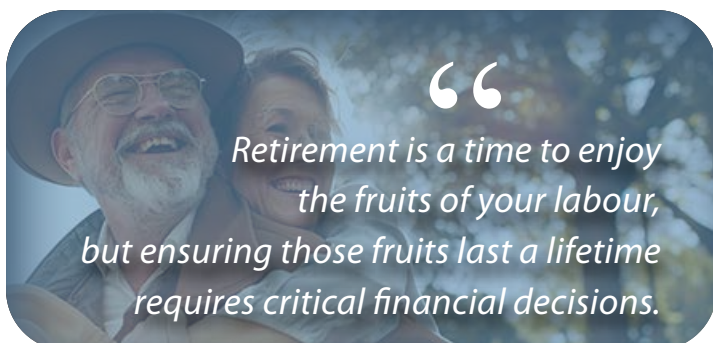
Pros

- **Guaranteed income for life:** You cannot outlive your income.
- **No market risk:** Income isn't affected by market fluctuations.
- **Simplicity:** Once purchased, it requires no further management.

Cons

- **No flexibility:** Income is fixed, and you cannot adjust it.
- **No inheritance:** Once you and your spouse pass away, the insurer retains the remaining funds (except for guaranteed term options).
- **Inflation risk:** Without an inflation-linked annuity, your purchasing power can decline. Life annuities are ideal for retirees prioritising certainty and simplicity over flexibility.

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Choosing between a
Living or Life Annuity is
one of the most important
financial decisions you’ll
make in retirement.”

Key considerations when choosing

- **Risk tolerance:** If you’re comfortable with investment risk and seek flexibility, a living annuity might suit you. For guaranteed peace of mind, consider a life annuity.
- **Life expectancy:** A life annuity protects against outliving your funds, which is especially important for those with a family history of longevity.
- **Inflation protection:** Inflation-linked or with-profit annuities safeguard against eroding purchasing power.
- **Legacy goals:** If leaving an inheritance is a priority, a living annuity provides that opportunity.

FINAL THOUGHTS

Choosing between a living or life annuity is **one of the most important financial decisions you’ll make in retirement**. By understanding their features, weighing the pros and cons, **you can create a retirement income plan that aligns with your lifestyle and goals**.

The Good News:

The Salt Umbrella Funds now provide
in-house default annuities
(both a **Living and Life Annuity**)
through **Momentum**.

These products have been
selected for you
by the Board of Trustees.

In the next newsletter
details of these two products
will be provided.



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EMPLOYEE BENEFITS

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The Funds Registration numbers:

FSCA Reg no for Salt Umbrella Provident
Fund: 12/8/38002

FSCA Reg no for Salt Umbrella Pension Fund:
12/8/38117