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OPFA COMMUNICATION 2 of 2024

COMPLAINTS RELATING TO THE TWO-POT SYSTEM

1. President Cyril Ramaphosa has signed the Pension Funds Amendment Bill, which deals with pension-related legislation to enable the implementation of the two-pot retirement system. The Pension Funds Amendment Act provides for the two-pot retirement system. The two-pot retirement system makes provision for a vested component, a savings component, and a retirement component. Generally, member contributions from 1 September 2024, will be split between the savings component and the retirement component.
2. The vested component will consist of member contributions in the fund up to 31 August 2024. From this component, 10% or R30 000, whichever is lower, will be utilised as a once-off seed capital amount in the savings component, which can be claimed from 01 September 2024. The vested component will be subject to existing retirement laws, allowing a member to claim a withdrawal benefit from this component when they resign from employment. The savings component will consist of the once-off seed capital amount and one-third of the member's contributions in the fund from 01 September 2024, which can be accessed once every tax year by the member.
3. The OPFA anticipates a number of queries and complaints relating to the withdrawal of the once-off seed capital from 01 September 2024. The full nature of the complaints will be appreciated once the fund rules are amended to allow withdrawal from the savings pot and members commence accessing this. The mandate of the OPFA is to ensure a procedurally fair, economical, and expeditious resolution of complaints. The role of the OPFA is to investigate and determine complaints relating, *inter alia*, to the

The Office of the Pension Funds Adjudicator was established in terms of Section 30B of the Pension Funds Act, 24 of 1956. The service offered is free to members of the public.

Centralised Complaints Helpline for Other Financial Ombud Schemes 0860 OMBUDS (086 066 2837)

improper application of fund rules, maladministration, disputes of fact or law, and employer dereliction of duty in respect of pension funds. The main objective of the OPFA is to dispose of complaints as defined in section 1 of the Act.

4. The role of the OPFA in any complaint relating to the two-pot system is to apply the fund rules and ensure that funds comply with their administrative process in this regard. Therefore, if a fund fails to amend its rules to provide for the two-pot retirement system, then the OPFA cannot grant relief in this regard. Funds and administrators are advised, *inter alia*, to embark on a communication exercise to inform members of rule amendments, benefit entitlements, and how to access their benefits and, in general, the implications of the two-pot retirement system.
5. In addition, the OPFA encourages funds and members to resolve these types of complaints at an early stage by sharing information regarding what is payable in terms of the fund rules, turnaround times and any challenges that a fund may be experiencing in implementing the two-pot system. Members must be informed if there is non-payment of contributions by employers to protect their benefits, as this may affect access to any benefit from the savings component. Thus, full use of the RTF process will minimise unnecessary complaints before the OPFA, which could have been resolved quicker and earlier.
6. The OPFA will monitor complaints relating to the two-pot system and engage with stakeholders to deal with any emerging trends and share information accordingly. Continuous engagements with stakeholders will be strengthened in this regard to minimise unnecessary complaints.



MA Lukhaimane

Pension Funds Adjudicator

16 August 2024