VERSO®
Umbrella Retirement Provident Fund

EMPLOYER NEWSFLASH - April 2026

TWO-POT RETIREMENT SYSTEM: WHAT EMPLOYERS NEED TO KNOW

Since the introduction of the Two-Pot Retirement System on 1 September 2024, many members have made use of the option to withdraw from their savings pot. While this provides interim financial relief, it is important to understand how these withdrawals may impact the members' long-term retirement outcomes.

WHAT WE ARE SEEING

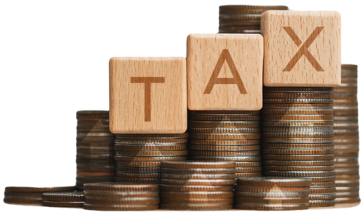
Since implementation:

- Over 7 800 savings pot withdrawal applications have been processed;
- The highest number of savings pot withdrawals occurred immediately after the launch in September 2024;
- Savings pot withdrawals continue to increase during month-end and high-spend periods such as the festive season.

While the savings pot withdrawal amounts differ, many employees are accessing amounts below R10,000:

- The average savings pot withdrawal is approximately R8 700;
- Most members withdraw less than R10 000.

This indicates that many members are using the savings pot to meet short-term financial needs.



TAX – WHAT EMPLOYERS SHOULD BE AWARE OF

Savings pot withdrawals are taxed at the members marginal tax rates (the highest tax bracket they fall into).

Why this matters:

- The amount of the savings pot withdrawal is added to the members annual income;
- This may push them into a higher tax bracket;
- This could cause members to pay more tax than expected.

We have seen:

- Instances where the full savings pot withdrawal was paid to SARS due to existing arrear tax debt;
- Members receiving unexpected tax liabilities after submitting their tax returns.

Understanding these tax implications is critical in managing member expectations and reducing dissatisfaction.

COMMON MISCONCEPTIONS

The following misunderstandings remain prevalent among members:

- “I can withdraw more than once a year”

Fact: Only one savings pot withdrawal per tax year is allowed

- “There will be a new seeding each year”

Fact: The seeding was a once-off event on 1 September 2024

- “Tax is low or fixed”

Fact: Savings pot withdrawals are taxed at marginal rates

- “The savings pot is for general spending”

Fact: It is intended for emergencies

- “Any amount can be withdrawn”

Fact: A minimum withdrawal amount applies. Members can only withdraw if their available savings pot balance is at least R2 000.

WHY SOME APPLICATIONS ARE REJECTED

Applications may be rejected for the following reasons:

- Bank account validation failure
  The bank account provided is not in the member's name

- SARS application declined
  An incorrect PAYE number was submitted

Employers can assist by ensuring that members maintain accurate and up-to-date information.

THE LONG-TERM IMPACT ON MEMBERS

While individual savings pot withdrawal amounts may seem manageable, the long-term impact is significant:

- Reduced retirement savings;
- Less growth over time due to loss of compound growth on the member share;
- Lower income at retirement.

Repeated savings pot withdrawals may materially reduce members' ability to achieve adequate retirement outcomes.

HOW EMPLOYERS CAN SUPPORT THEIR EMPLOYEES

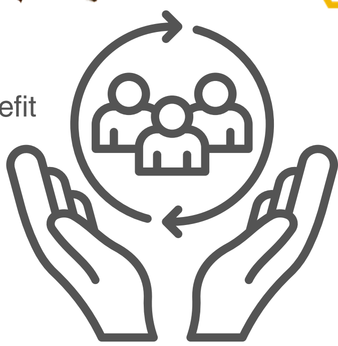
Employers play a critical role in supporting employees to make informed financial decisions.

Promote financial awareness:

Reinforce that the savings pot is intended for emergencies
Educate employees on tax implications and long-term impact

Encourage responsible behaviour:

Position the savings pot as a safety net rather than a "nice to have" benefit
Encourage preservation of retirement savings where possible



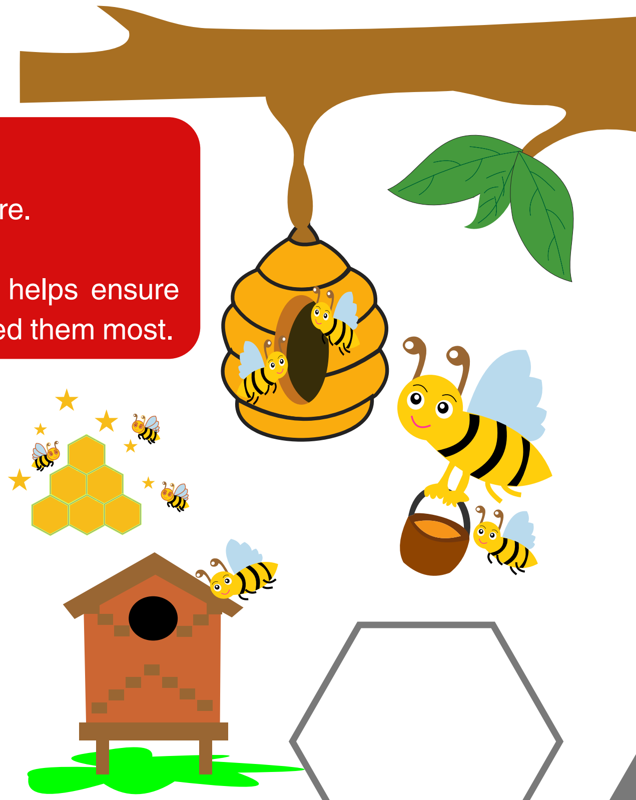
Provide access to support:

Encourage employees to make use of Retirement Benefits Counselling
Facilitate access to financial wellness programmes where available

Supporting employees in this way can improve financial wellbeing and retirement outcomes.

RETIREMENT BENEFITS COUNSELLING

The decisions members make and the options they exercise will have a long-term impact on their financial well-being. Members are encouraged to make use of the available Retirement Benefits Counselling services and to contact the Fund for assistance.



FINAL THOUGHT

Bees don't consume all their honey at once - they store it for the future.

Retirement savings work the same way. Protecting savings today helps ensure members have access to their retirement fund benefit when they need them most.

> ***"The greatest asset of a company is its people."***
>
> \- Jorge Paulo Lemann

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