

Retirement



Alexander Forbes Retirement Fund newsletter

Issue 1 for 2024



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Secure your tomorrow today

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-  **Our noticeboard**
-  **Teaching your children** to be money mindful
-  **Investment outlook** - for 2024
-  **Investment returns to** 31 December 2023

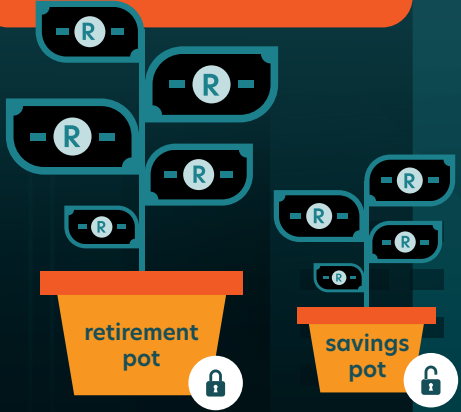


Fund updates

Preparing for the two-pot system

The implementation date for the new two-pot system keeps changing and may change again. For members who are really struggling financially, the constant changing of the proposed date can be unsettling. That's why we decided to give you some important information to consider in the meantime.

Information is based on draft legislation as the law has not yet been finalised.
The proposed starting date for changes is 1 September 2024.



Save money now with Alexforbes Rewards

You can log on here

Sign up for Alexforbes Rewards today and buy groceries, health products, data and airtime and travel packages at discounted prices. There are no subscription fees and the money you save at the end of the month will help you stretch your salary for a few more days. There are also great back-to-school deals to help you get your kids ready for the new school year without breaking the bank.



Need help with managing your money today?

Have you heard of AF+?

It's a new online platform that will connect you to a wide range of carefully selected (curated) financial solutions. AF+ takes the hard work out of doing your own online research by giving you easy access to products and services that will help you manage your debt, improve your credit score, compare insurance and home loan quotes, invest digitally, and more. The contents of the platform will also change regularly to keep you up to date with the latest financial solutions.

AF+

powered by Alexforbes

Find out more about AF+ [here](#)



Thinking ahead – your savings pot

→ Setting up an emergency savings account in addition to your savings pot is a much better plan A. *Why do we say this?*

- You'll only be able to withdraw from your savings pot once in a tax year. If you have an emergency savings account, you can withdraw money when you need it.
- When you retire, you'll need the cash in your savings pot to carry you through the transition from earning a salary to setting up an income in retirement.
- You'll pay tax at the highest rate when you withdraw from your savings pot.



Start slowly, commit to a manageable amount every month and be disciplined. It will be worth it in the long run and it will give you peace of mind.





Get tax ready

If you are not registered for tax, you'll need to get that done before you'll be able to claim from your savings pot. If your tax number is inactive or if your ID number at the South African Revenue Services is incorrect, you will also need to sort that out to avoid delays. The tax year-end is at the end of February. This is the perfect time to make sure your tax affairs are in order.

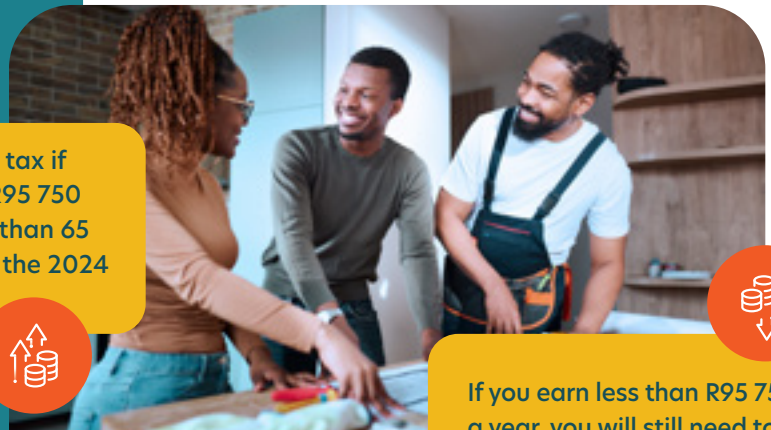
You must pay income tax if you earn more than R95 750 and you are younger than 65 years (this applies to the 2024 tax year).



Here are some important pointers:



You'll pay tax on your savings pot claim at your marginal tax rate. This means that you'll pay the same percentage of tax as you pay on your salary.



If you earn less than R95 750 a year, you will still need to register with the South African Revenue Services - you'll need an active tax number to withdraw from your savings pot.

If you have no other choice but to withdraw from your savings pot

Withdrawing from your savings pot will be an online claims process. We have enhanced our online platform, **AF Connect**, to prepare for the two-pot system withdrawals. Register on AF Connect as soon as possible so that you can get used to the way it works.

[Click here](#)



Remember:

our My Money Matters toolkit has regular updates about the proposed two-pot system.

You can keep up with the developments [here](#)





Our noticeboard



Or, scan the
QR code to
complete
the survey

Quick links: Complete the survey and
win win win!

Two-pot survey

We'd like to get an idea of how many members are thinking about withdrawing money from their savings pot and what they plan to use the money for. Please help us by completing this survey. **You could win a Takealot voucher!**

Click [here](#) to complete the survey.



Do you have any questions relating to the articles in this newsletter?

You can contact the fund or My Money Matters using these contact details:

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adminqueries@alexforbes.com

contactus@alexforbes.com

(if there's something you feel the fund can improve on)

My Money Matters

Website: <https://mymoneymatters.alexforbes.com/>



Teaching your children to be money mindful – part 1

Did you know that you can start teaching your children about money from as early as three years old? The South African Savings Institute recommends starting in preschool years – as soon as a child starts to count.

In this article we look at lessons you can teach your child in two of four different age groups (3 to 5 years and 6 to 11 years), as well as games you can play with them to make learning about money fun. In our next newsletter we will cover the next two age groups (12 to 15 and 16 to 18).

3 to 5 years: preschool

> Lessons to teach them

- 1 **There are different forms of money (notes and coins):** help your children recognise that money can take the form of coins or paper. They can be different colours and have different pictures on them.

- 2 **The value of money:** a note buys them more than a coin. Show them which coins and notes have more value.

> Games to play with them

- 1 **Get three clear jars and glue a picture on each one to teach them what each jar is for:**
 - Their **saving jar** can have a picture of a piggy bank
 - The **donating jar** can have a picture of a heart
 - Their **spending jar** can have a picture of a wallet or a purse

When they do a certain chore like putting toys back in the toy box, they get three coins – one for each jar. Teach them what each jar is for so they understand.

- 2 **Set up a mock grocery store or ice cream kiosk and show them how to pay after choosing their groceries or enjoying their ice cream cone.**



They can use their **spending jar** to pay.





6 to 11 years: primary school

> Lessons to teach them

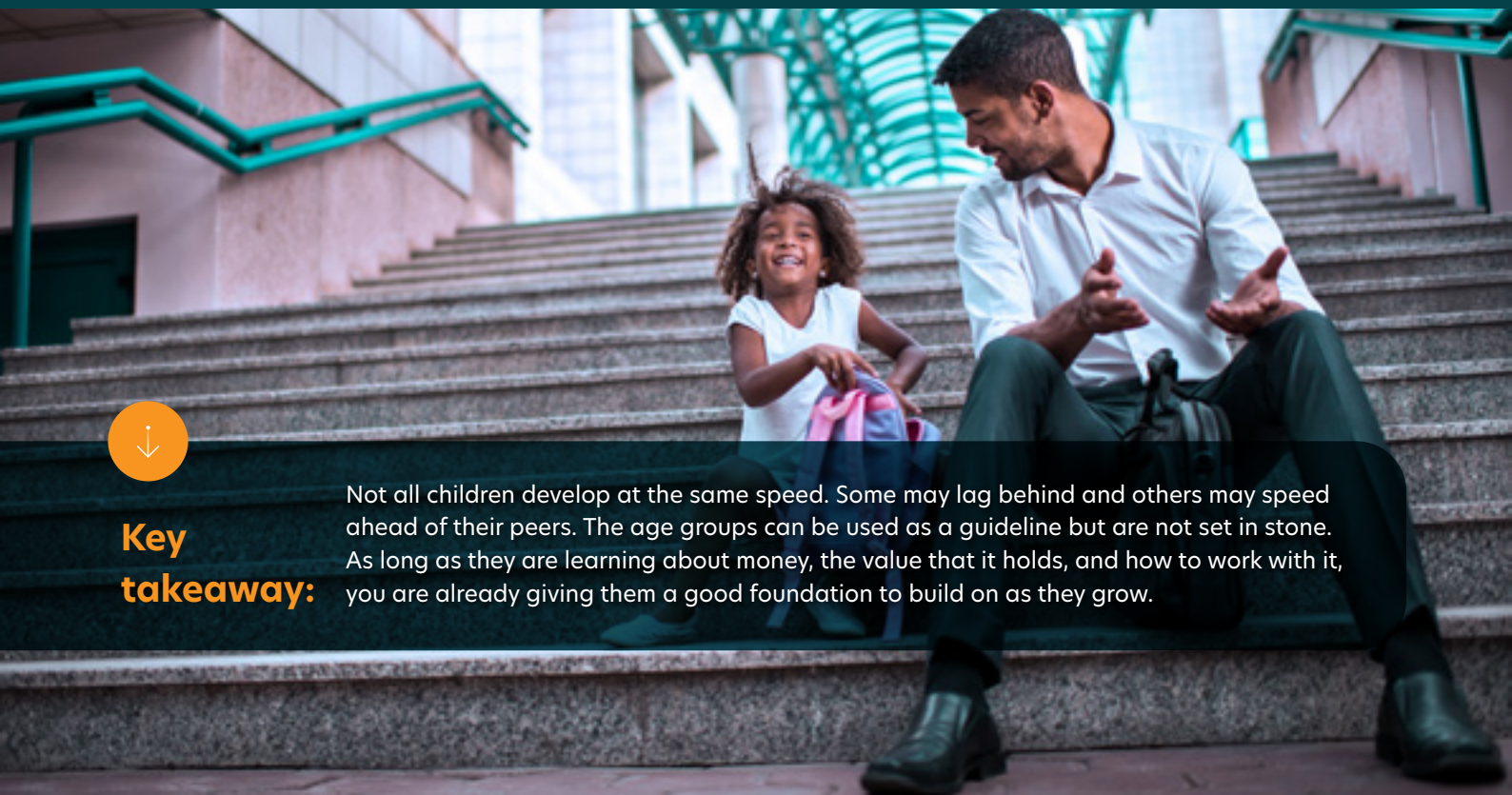
- 1 **How to sort** the same coins and notes, and how to place them in order of value.

- 2 **The difference between needs and wants.** They need food and clothes, but they want sweets and toys. Every time they ask for something, first ask if they **need** it or if they **want** it.

- 3 **Delayed gratification:** : give them sweets and tell them they can only eat the sweets after supper. Or, make them save up for the things they really want.

> Games to play with them

- 1 **Every time they do a certain chore,** give them money for the 'work' they have done - basic things like taking dishes to the kitchen, washing dishes, making their bed, helping with laundry and so on.
- 1 **Comparison shopping:** when you take them with you to do grocery shopping, ask them to compare grocery prices using different brand names - they must tell you which one is cheaper. At this stage they should be able to understand that everything has a price.



Key takeaway:

Not all children develop at the same speed. Some may lag behind and others may speed ahead of their peers. The age groups can be used as a guideline but are not set in stone. As long as they are learning about money, the value that it holds, and how to work with it, you are already giving them a good foundation to build on as they grow.



Beneficiary nomination forms - important reminder

As you know you need to complete a beneficiary nomination form for every benefit your employer has included in your employment package, for example funeral cover, life insurance and your retirement savings in the fund.

Here's some good news - we've made this process simpler!

You can now complete all your beneficiary nomination forms on AF Connect, which means all your important information will be stored in one safe place. No more printing of documents and giving copies to your HR or payroll department.



Why is this so important?

If you don't complete or update your beneficiary nomination forms, it will take much longer for the benefits to be paid out to you or your family. And no one wants to worry about their finances when they are grieving the loss of a loved one.

Have you completed or updated all your beneficiary nomination forms?

Register or log on to **AF Connect** today.

Complete or update all your beneficiary nomination forms and enjoy the peace of mind of knowing that you and your family won't face delays in difficult times.



Investment outlook for 2024

The economic outlook for South Africa in 2024 is not very good. This means that the country's economy is not expected to grow very much this year. This is because of many different reasons, like the country not having enough money to invest in new things, climate changes, and ongoing power outages. The tough economic outlook is not just a problem for South Africa, but for other countries around it too.

However, some positive trends could help boost the economy. According to an article in The Citizen, in 2024 South Africa's economy will be affected by trends in:



Exports

(how many goods or services we send to other countries to sell)



Consumer spending

(how much the average consumer spends)



Investments

(how well investments perform)



4.5%

According to the African Development Bank, our country's inflation rate is also expected to drop to 4.5% in 2024.

It's important to remember that although experts have made these predictions, we still don't know for sure how the financial markets will perform over the next year. That's why you should keep in mind that investing your money always comes with some risk. If you keep your money invested and are patient, you could see some good returns over five to ten years.



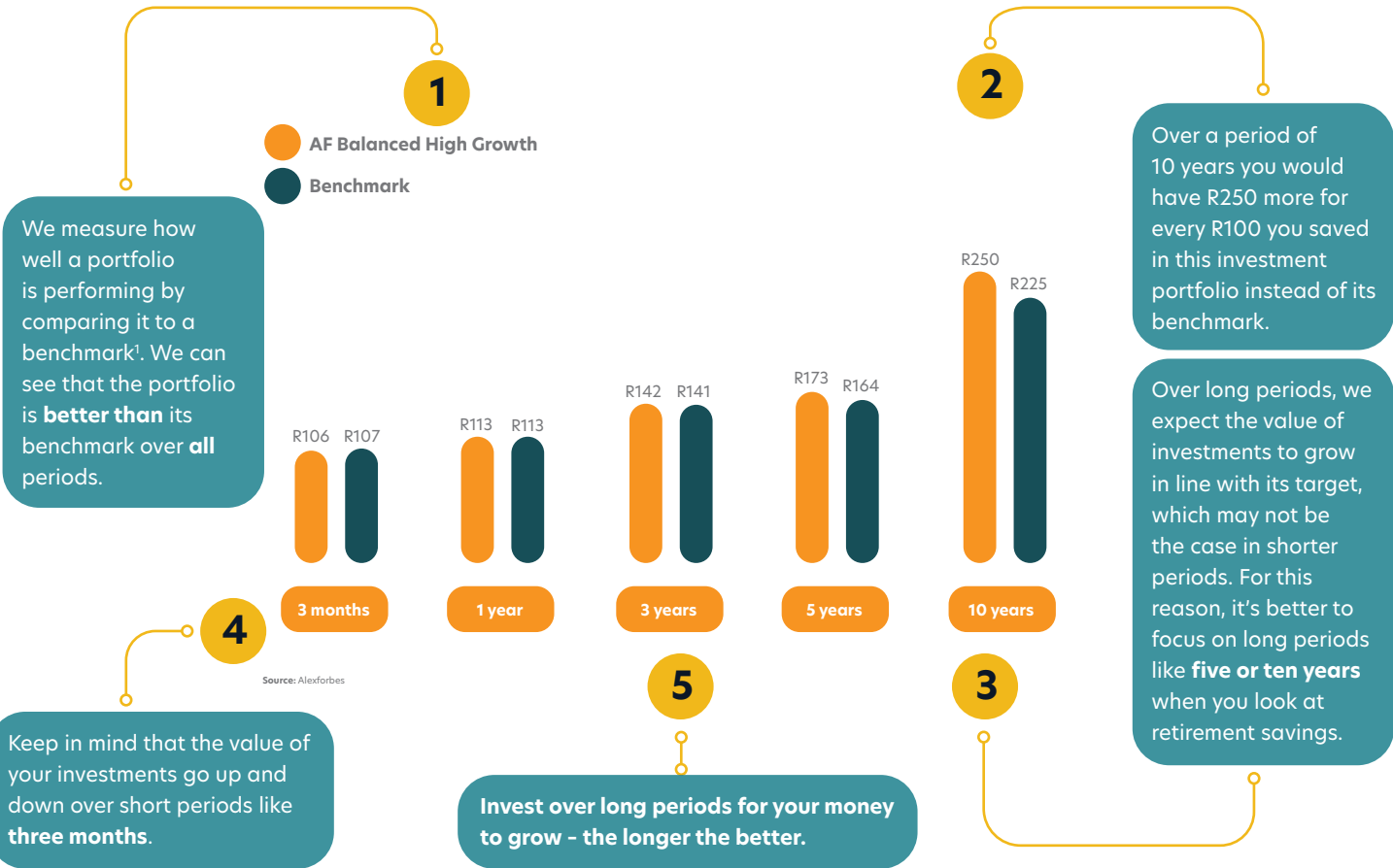


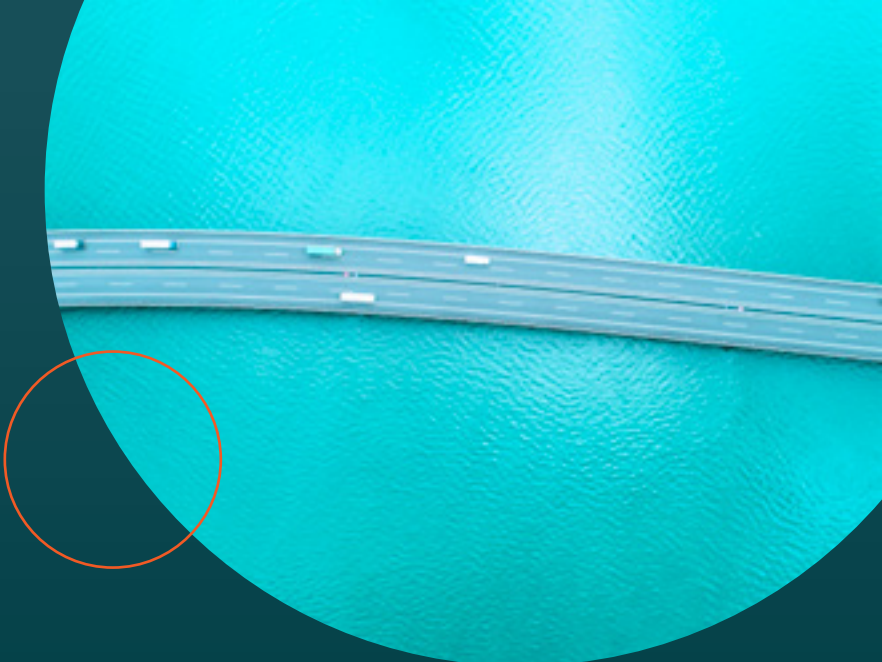
Investment returns

Performance of investment portfolios to 31 December 2023

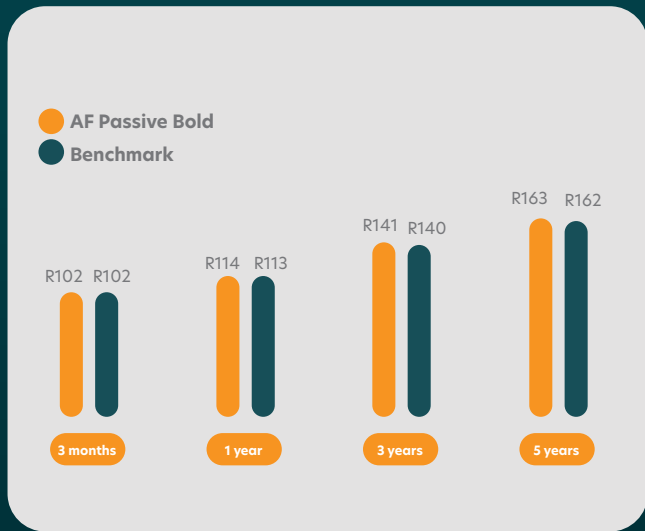
Let's take AF Balanced High Growth as an example

The value of R100 invested over various periods to the end of December 2023

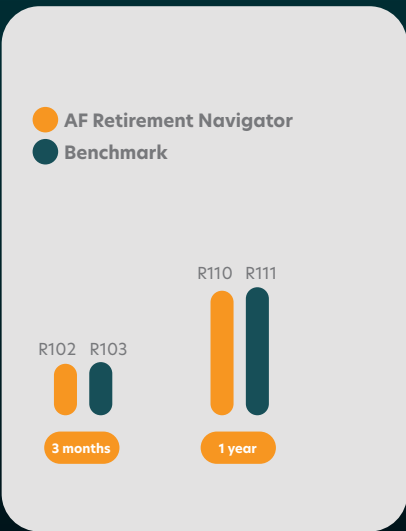
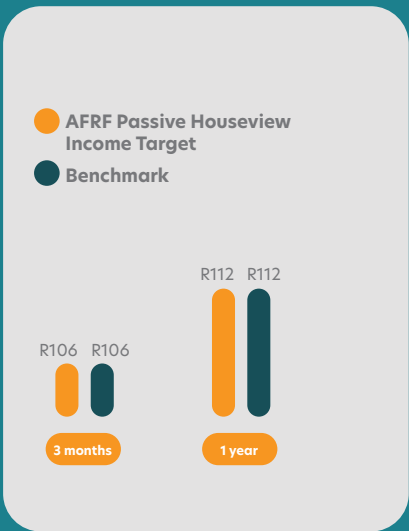
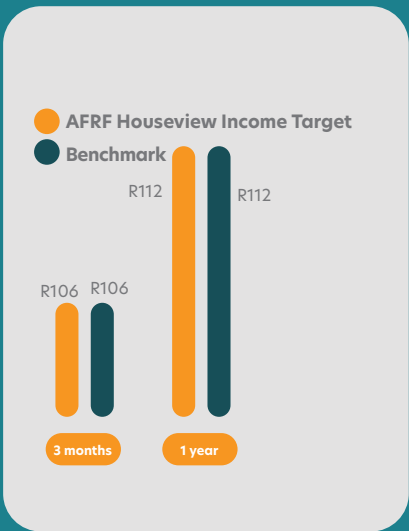




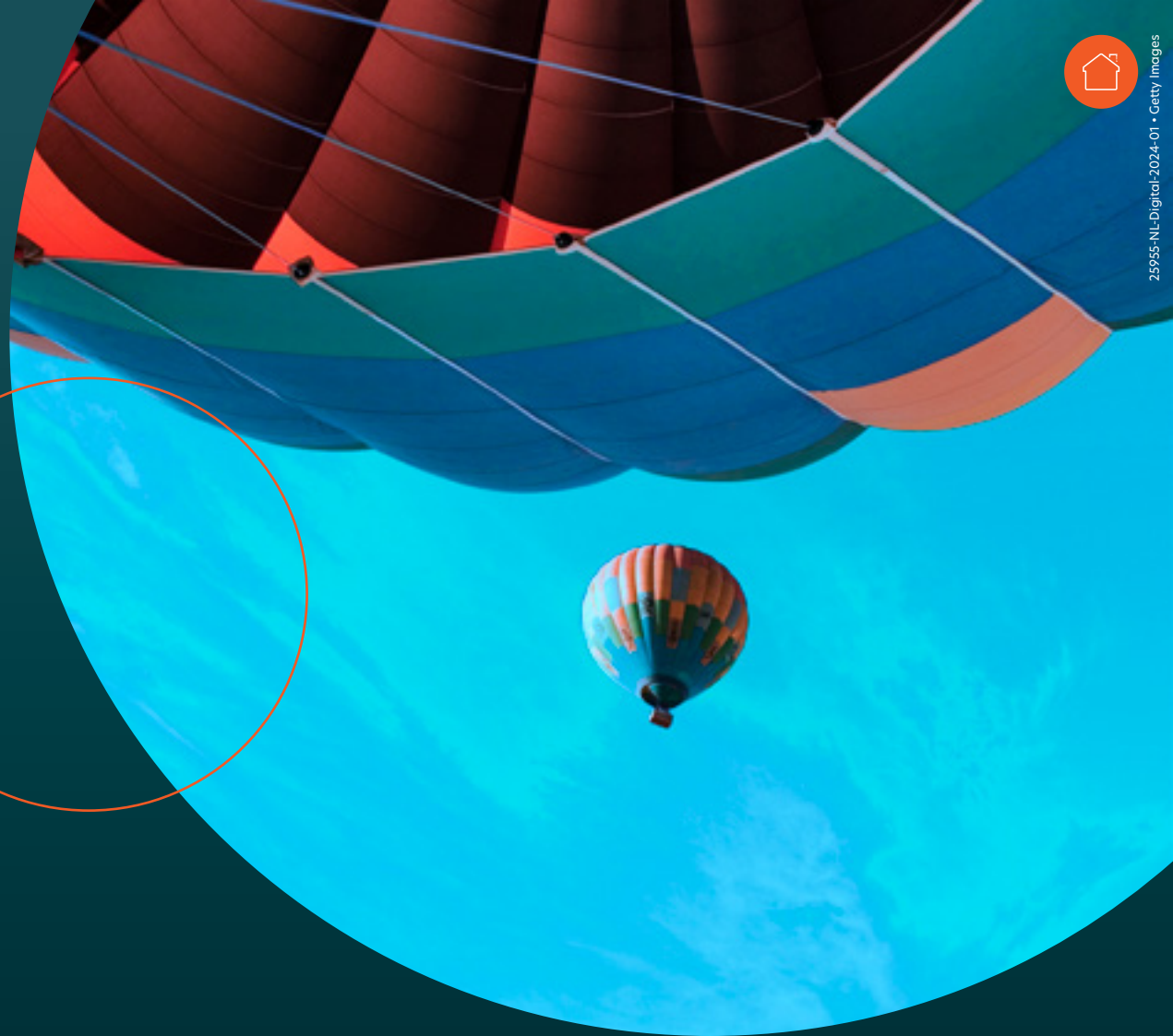
Growth portfolios



Income target portfolios



Source: Alexander Forbes Investments



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