



Retirement

Alexander Forbes Retirement Fund **newsletter**

Issue 2 for 2025



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Smart steps for future security



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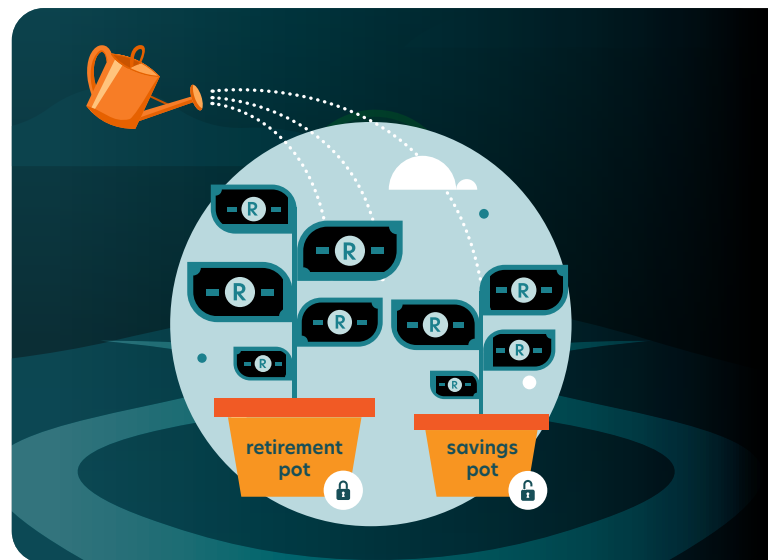
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Welcome to the second issue of the Alexander Forbes Retirement Fund newsletter for 2025. This newsletter shares important fund information and updates you on the latest news in the retirement fund industry. We want to give you all the information you need so that you can make informed decisions about your retirement savings.



Two-pot withdrawals – key insights from our members



On 1 September 2024, the two-pot system was introduced, allowing retirement fund members to access part of their savings while still contributing to their retirement. We completed a survey and the results have been very interesting:

The article emphasises the financial pressures faced by members and the importance of responsible financial planning. It also highlights the support offered by Alexforbes to help members manage their finances while preserving their retirement savings.



Who accessed their savings?

291 332

AFRF members were eligible to withdraw

115 854

AFRF members made savings pot withdrawals

89%

of claimants were aged between 31 and 51

94%

of claims came from members earning under R550 000 per year

The figures above are from 1 September 2024 to 2 March 2025 and are specific to the AFRF only.

They show that most withdrawals came from individuals managing home loans, education costs and other big expenses.

March 2025: new tax year, new claims

March offers members another opportunity to withdraw from the savings pot.

- Within five days, 63 000 claims were submitted across major fund administrators
- Alexforbes received 33 000 claims

While many members understood the impact on their retirement savings, they withdrew funds to pay off debt or cover day-to-day expenses.

Trends in two-pot claims

Age groups

31 to 41 years: 45.6% of claims – likely managing major financial commitments

41 to 51 years: 29.2% of claims – likely also facing financial pressures

Retirement savings and salary impact

88% of claims were from members with retirement savings under R250 000

94% of claims were from members earning less than R550 000 a year

Industry breakdown

42% from wholesale and retail trade

12% from finance and insurance

10% from manufacturing

8% from healthcare

Survey findings: how members used their withdrawals

A survey of **8 200** members and claims data showed these trends:

54% of eligible members withdrew funds

46% chose to keep their savings untouched

Why did members withdraw?

50% paid off debt

30% covered day-to-day living costs

13% made major purchases

7% spent on home improvements, medical bills, education or vehicle maintenance

These insights highlight the financial pressures many members face and the need for responsible financial planning.

Understanding the impact

96% of members understood their withdrawals would reduce their retirement savings

96% were aware of the tax implications

86% were satisfied with their decision to claim

However, some found tax deductions too high, emphasising the need for ongoing education.



Our two-pot calculator has been upgraded, visit twopotcalc.alexforbes.com and see for yourself what tax you'll be charged on a savings pot withdrawal and the impact on your retirement.





Future plans and concerns

47% of members plan to claim in the future

36% are uncertain because of tax concerns or eligibility rules

Workplace resources are key

59% relied on workplace resources like the **My Money Matters** toolkit

50% consulted financial professionals

32% used media and social platforms

13% got advice from family and friends

Alexforbes' commitment

Check with your employer if they offer any debt solutions. If not, you can contact a reputable provider like debt rescue.

To support members, Alexforbes offers:



AF+: personalised financial advice and debt solutions – see the quick links section for more about AF+.



AF Rewards: discounts on day-to-day groceries and health products, potentially saving members up to R3 750 a month.



Top tip

It is important to spend time getting to know how your fund works and how your decisions today can affect your future. There are various tools and resources available to you as a member of the fund. To protect your financial security, build your financial awareness so that you can make informed decisions.



What the 2025 Budget Speech means for your savings – and how it can benefit you

The 2025 National Budget has highlighted smart ways to invest and save on taxes. No changes to income tax brackets for the second year in a row. That's why we encourage you to take full advantage of available tax benefits, especially to save for your future.

Here's a simple look at some of the key tax-efficient investment options that can help you grow your money while keeping more of it in your pocket:

1

Retirement funds – save before tax and boost your savings

Your retirement fund, whether it's a pension fund, provident fund or retirement annuity, is still one of the most tax-friendly ways to save. You can save up to 27.5% of your income (up to R350 000 a year) before tax is taken off. This means you pay less tax now and grow your retirement savings at the same time. With the new two-pot retirement system, you also have some access to your savings when you need it, while the rest stays locked in for your retirement years.

Speak to your HR or payroll departments about increasing your monthly contributions to the fund or making additional voluntary contributions (AVCs).

2

Tax-Free Savings Account (TFSAs) – grow your money without paying tax

Tax-Free Savings Accounts let you invest up to R36 000 a year, with a lifetime limit of R500 000. You won't pay any tax on interest, dividends or capital gains from these accounts, making them a powerful tool for long-term savings.

3

Endowments – optimising tax for investors

If you're in a higher tax bracket, endowment policies can offer a tax advantage. These investments are taxed at a fixed rate of 30%, lower than the top individual tax rate of 45%. They're also useful for long-term savings, estate planning and passing wealth on to future generations.

4

Capital gains tax planning – reduce the tax on your investment returns

Capital gains tax (CGT) still plays a role in how your investments are taxed. Currently, 40% of your growth (gains) are included in your taxable income, but you also get a R40 000 annual exclusion. Smart planning can help you make the most of this and reduce the impact of capital gains tax on your returns.

5

Section 10C – avoid paying tax on your retirement income twice

If you've contributed more to your retirement fund than the tax-deductible limit, Section 10C helps make sure you don't pay tax on that portion again when you start drawing an income in retirement. It's designed to protect you from being taxed twice on those extra contributions.

Now's the time to take action

As tax rules keep changing, it's important for South Africans to speak to their financial advisers and make sure their investments are still on track. Using tax-friendly ways to invest can help you keep more of your money, grow your savings and stay financially secure – even when the economy is uncertain.

Visit advice.alexforbes.com for more advice

Get your TFSA at invest.alexforbes.com/za/en/invest/products/discretionary/tax-free-investment, from your bank or speak to your financial adviser.



Quick links

AF +

Need assistance with making financial decisions?

AF+ is a new digital platform that helps you make better financial decisions with ease and confidence.

Making significant financial decisions like buying a home, managing debt and finding affordable insurance can be daunting. AF+ leverages decades of research and expertise to partner with selected providers, offering tailored financial solutions to help you maximise your money and improve your financial outcomes.

Visit www.youtube.com/watch?v=q4CoxZyTDFg

to watch our short introduction video.

AF Connect

Ready to check on your retirement savings?

With AF Connect, you can easily view your balance, update all your different beneficiary nomination forms (each benefit requires its own nomination form) or access your savings pot – all in one secure place! Plus, explore helpful resources to grow your savings and plan for the future with confidence.

Remember to stay safe online!

Protect your personal information by:

- 1 Using strong, unique passwords and updating them regularly.
- 2 Never sharing your login details or one time pins (OTPs) with anyone.
- 3 Being cautious of suspicious emails or messages asking for your personal information.



Note: Registration may take a few days to process.



Visit id.alexforbes.com/register?RedirectUrl=https:%2F%2Fonline.alexforbes.com&Channel=AFConnect to register.

My Money Matters

Your go-to financial guide is here!

Take charge of your financial future with My Money Matters – a one-stop resource filled with expert insights and practical advice. Whether you're starting a new job, changing employers or planning for retirement, you'll find valuable tools to help you make informed choices every step of the way. Empower yourself with knowledge and start building a secure and successful financial future today!



My Money Matters Centre: 0860 000 381

Email: mymoneymatters@alexforbes.com

Website: mymoneymatters.alexforbes.com



Our noticeboard

Share your retirement goals and win a Takealot voucher

What does your dream retirement look like? Whether it's travelling the world, starting a passion project or simply enjoying financial freedom, we want to hear about your retirement goals! Share them with us and you could win a Takealot voucher.

Smart steps to achieve your retirement goals:

1

Save consistently

even small amounts add up over time.

2

Keep your money invested

the longer it grows, the better.

3

Plan for the long term

know how much you'll need and stay on track.

4

Avoid unnecessary withdrawals

protect your future self.

5

Get expert advice

a financial planner can help fine-tune your plan.

Tell us your retirement goals today and stand a chance to win!

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



You can contact the fund using these contact details:

Alexander Forbes Retirement Fund

0860 100 333

admin@alexforbes.com

contactus@alexforbes.com (if there's something you feel the fund can improve on)



Investments

Responsible investing, what is it?

It is all in the name – responsible investing. It means to invest your money in companies that think about and consider how these companies impact the environment and society, but also how they conduct their business.

The are three key elements to understand:

Environmental impact

This means considering how a company treats the planet. Do their operations pollute the air or water? Do they use renewable energy? Companies that care about the environment are often seen as better choices for responsible investing.

Social responsibility

This involves looking at how a company treats people and the surrounding community. Does it pay fair wages? Does it have good working conditions? Does it support communities? Companies that are good to their employees and communities are more socially responsible.

Governance

This is about how a company is run and conducts business. Are the leaders honest and transparent? Do they make ethical decisions? Good governance means the company is managed in a way that is fair and accountable.

The Alexander Forbes Retirement Fund helps people save money for when they stop working. They also try to make the world a better place by having a positive impact and thinking about the environment, how companies treat people and how companies are run. By doing this, they make responsible choices about where to invest money, address challenges and succeed in the long run.

In 2023, we adopted the Responsible Investment (RI) policy, which combines our environmental, social and governance (ESG) efforts, transformation goals and key positions into one policy. Our strategy focuses on our duty to manage investments responsibly, being active and engaged owners, taking care of our investments and addressing climate change. We aim to make a positive and lasting difference in our communities.

We are committed to becoming a sustainable Retirement Fund of the Future™ by embedding ESG requirements and adopting responsible investment, transformation and climate change policies.

Responsible investing in action

The AF Balanced High Growth (Performer) and High Growth portfolios invest in ESG sectors like water, power, environment and housing. By investing in these portfolios, we contribute to improving the communities and to the economy's recovery.

The Sustainability and Transformation Sub-Committee (STSC) oversees and implements the fund's ESG and transformation plans, meeting regularly to ensure alignment with broader sustainability and transformation initiatives and reporting back to the trustees.

Responsible investing means choosing companies that generate profits and contribute positively to the environment and society, while demonstrating strong leadership. It's similar to being a responsible shopper who values the impact of their spending.



Investment returns

Performance of investment portfolios to 31 March 2025

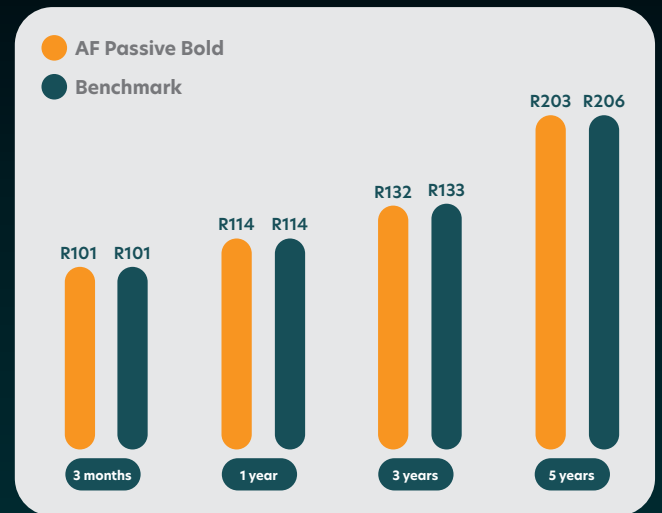
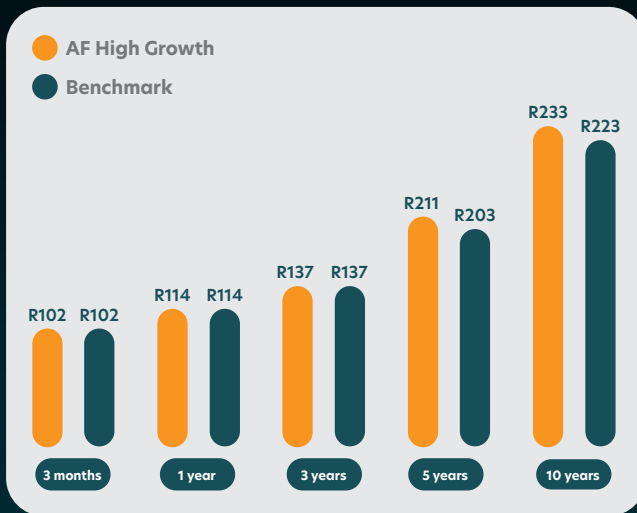
Let's take AF Balanced High Growth as an example

The value of R100 invested over various periods to the end of March 2025

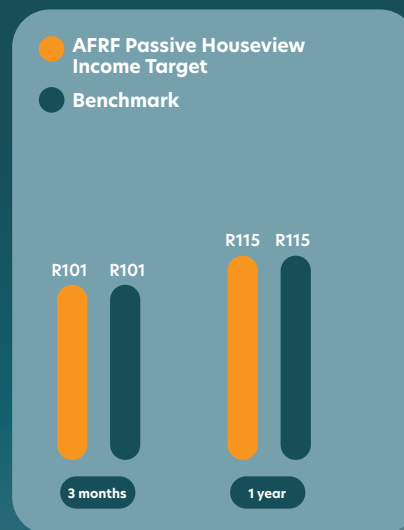
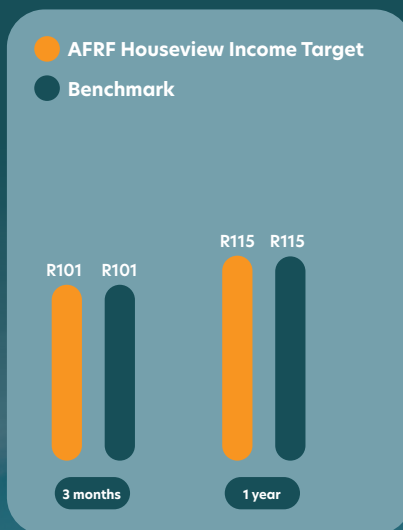




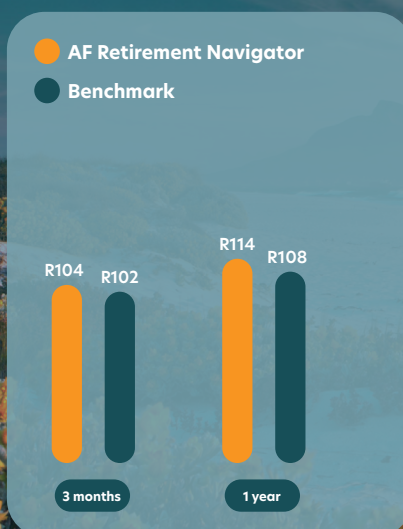
Growth portfolios



Income target portfolios



Source: Alexander Forbes Investments



Visit myapi.alexanderforbes.co.za/content/download/investmentsmedia/umbrella?path=AFRF%20Returns%20%28March-%202025%29.pdf to view the full list of investment returns



Contact us

0860 100 333

Monday to Friday between 08:30 and 17:30

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