OPTIONS ON RESIGNATION

PetroSA

Retirement Fund

All about your fund and what it does for you

LEGAL DISCLAIMER

- This guide is extracted from the Rules of the Fund. In the event of a conflict between this guide and the Rules, the Rules will apply.
- The contents of this guide does not constitute advice either by the Trustees, or by its consultants.

Dear member,

We are sorry to see you leaving PetroSA and wish you the very best on your journey. Before you leave however, there is one more decision which you need to make.

What are you going to do with the money invested in the PetroSA Retirement Fund?

Your options are as follows:

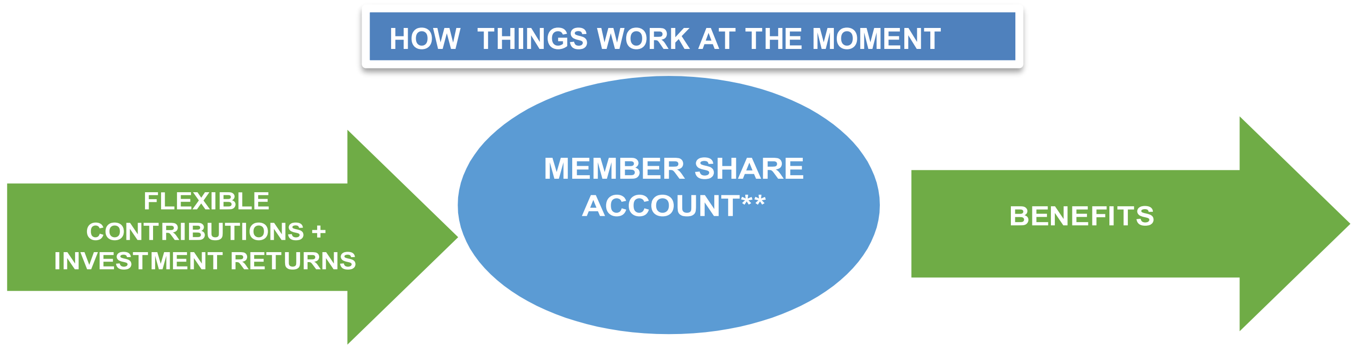
- Defer your full benefits in the Fund – i.e. stay in the Fund until you decide to take cash, transfer your benefits out of or retire from the Fund
- Transfer your full benefits to another Fund
- Take that part of the benefit which is permissible in cash (this will be subject to tax)
- Take a combination of transfer and cash

These are detailed further below. Please note that if you do NOT make a decision, you will AUTOMATICALLY become a deferred member in the Fund (as required by legislation).

RESIGNATION BENEFIT

With effect from 1 September 2024, there were some major changes affecting retirement funds in South Africa. It is therefore important to explain how things operated prior to this date. How the benefits work after 1 September 2024, is explained later.

Up until 1 September 2024, the Fund operated as follows:



NOTE: All the money in your fund was in <u>one account</u> called your Member Share Account. Contributions were made into this account and investment returns were credited to this account. However, members had no access to this money unless a benefit was paid out.

** If you joined the Fund prior to 1 March 2021 (and were under the age of 55), your Member Share Account was made up of two components viz. your Vested Account and your Non-Vested Account. For those members older than age 55 as at 1 March 2021, there was no change to the above – see detailed explanation below.

Vested benefit: Any amount in any provident fund of which you were a member as at 1 March 2021 (including the PetroSA Fund) which is ultimately transferred into the PetroSA Fund (even if it is first transferred somewhere else), plus returns thereon. Plus, if you were over age 55 and a member of the PetroSA Fund on 1 March 2021, the contributions to the PetroSA Fund after 1 March 2021, plus fund returns thereon. This amount may be taken in cash on retirement.

Non-vested benefit: Any amount contributed to any fund after 1 March 2021 plus returns thereon, which is ultimately transferred to the PetroSA Fund, and all contributions to the PetroSA Fund after 1 March 2021 (except for those who were over age 55 and members of the PetroSA Fund as at 1 March 2021, in which case these are vested benefits). If this amount is lower than R247,500 at retirement, it may be taken in cash. If not, a maximum of one-third may be taken in cash and the remainder must be used to purchase a pension.

RESIGNATION OPTIONS AVAILABLE prior to 1 September 2024

On leaving the Fund, you automatically became a deferred member of the Fund – your full Member Share remained in the Fund, earning the same net investment returns as you had previously received.

However, you could make the following choices, either immediately or at a later stage (all these options are discussed in detail further in the document):

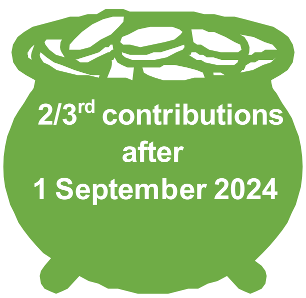
- Leave the full benefit in the Fund (and remain a deferred member); OR
- Transfer the full benefit to another retirement fund (an approved Preservation Pension Fund,Retirement Annuity Fund, or your new employer's pension fund), immediately or at a later stage; OR
- Take the full benefit in cash as a lump sum (though this will be subject to tax, and will reduceyour ability to enjoy a financially comfortable retirement, and is generally not a good idea); OR
- Choose a combination of part cash and part transfer to another Fund

On 1 September 2024, your Member Share became what we now call your VESTED POT. The Vested Pot includes all the money you saved up until 31 August 2024, less the seed capital. Your Vested Pot is now closed to new inflows, so you won't be able to contribute to this pot anymore. The good news is that the money you've saved in your Vested Pot will be invested and will keep growing with investment returns until you exit the Fund.

NOTE: The VESTED POT (whenever it is mentioned), includes the Vested portion and Non-vested portion (if you joined the Fund prior to 1 March 2021 and were under the age of 55). For those members older than age 55 as at 1 March 2021, there was no change as at 1 September 2024. Members in this category have an option to participate in the Two Pots system if they wish. They have one year (until 1 September 2025) to make a final decision regarding their participation in the Two Pots system.

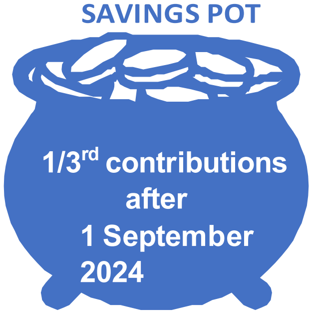
Contributions payable after 1 September 2024, are paid as follows:

RETIREMENT POT



- 2/3rd of future net contributions from 1 September 2024 goes into the "retirement pot".
- Members will continue to earn investment returns on the monies in this retirement pot.
- The money in this pot **must** be preserved **until retirement.**
- On retirement, you **must** buy a pension with the entire amount in the retirement pot – except if the Retirement Pot plus 2/3 of Vested Pot is less than *de minimis* amount (R165 000), in which case the full amount may be withdrawn as a lump sum.

SAVINGS POT



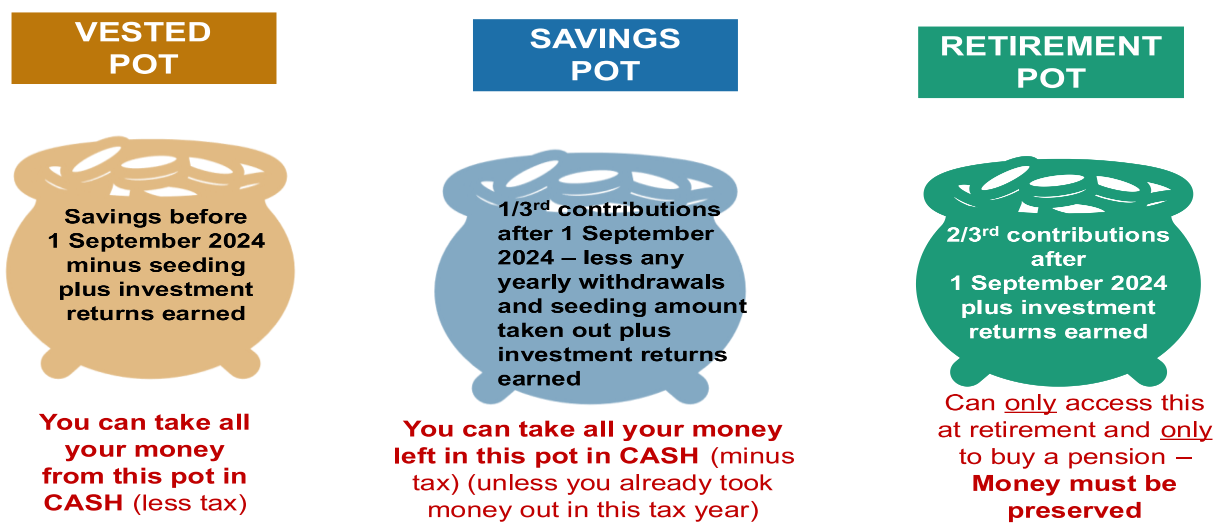
- **1/3rd of future net contributions from 1 September 2024 goes into the "Savings Pot"**
- **You can make a withdrawal once per year (tax year) from the Savings Pot.**
- **Withdrawals from the Savings Pot are subject to certain conditions (taxation at marginal tax rates as well administration fees).**
- **There is also an initial once-off "Seed capital" amount that was transferred from your Vested Pot to the Savings Pot on 1 September 2024.**

If you choose the cash option when you resign, what will you get in cash after 1 September 2024 ?

We do not recommend that members withdraw their retirement savings when changing employment, but the Two Pots system will continue to allow you, as a member, to have lump sum access to your retirement savings accumulated before 1 September 2024 (the Vested Pot), when changing jobs or on leaving your employment at any date before retirement.

You will also be able to take all the money remaining in your Savings Pot in cash (less tax) unless you have already taken some cash out of the Savings Pot in the current tax year. If you have already taken money out in the current tax year, you will not be permitted to access the rest of the Savings Pot when you change jobs, unless the remaining amount is *less than* R 2 000 – otherwise you will have to **wait** until the next tax year to access this money in cash.

You cannot access any money in your Retirement Pot. Your Retirement Pot must either be preserved in the Fund or be transferred to your Retirement Pot with your new employer fund (or to a preservation or RA fund). You cannot access any part of your Retirement Pot before retirement - this pot only becomes available at retirement, and even then, *only to provide you with a monthly pension*.



Note: the yearly withdrawals (referred to in the Savings Pot above) may not have necessarily been taken out yearly.

RESIGNATION OPTIONS AVAILABLE AFTER 1 SEPTEMBER 2024

When you leave the Fund, you automatically become a deferred member of the Fund – all 3 pots will remain in the Fund, earning the same net investment returns as you have previously received.

However, you can make the following choices, either immediately or at a later stage (all these options are discussed in detail further in the document):

- You can leave the full benefit in the Fund (all 3 pots) and remain deferred member; OR
- You can transfer your full benefit (all 3 pots) to another retirement fund (an approved Preservation Pension Fund,Retirement Annuity Fund, or your new employer's pension fund), immediately or at a later stage; OR
- You can take part of your benefit in cash as a lump sum (as described on the diagram on the previous page) - though this will be subject to tax, and will reduce your ability to enjoy a financially comfortable retirement, and is generally not a good idea OR

- You can choose a combination of part cash (that which is permissible) and part transfer to another Fund.

While you are a deferred member of the Fund, a monthly charge will be deducted from your Member Share Account to help cover the costs of operating the Fund.

The issues to consider in deciding what to do with your resignation benefit are quite complex. The next section deals with these options in more detail.

RESIGNATION OPTIONS IN DETAIL

1. BECOMING A DEFERRED MEMBER

- This option is the default option on withdrawal. This means that you automatically become a paid-up member of the Fund when you resign, are dismissed or get retrenched.
- By becoming a paid-up member, your full benefit remains in the Fund until you decide to take your benefit. The full benefit means all 3 pots, unless you have withdrawn all your savings from the Savings Pot. In this case only the Vested and Retirement Pots will remain in the Fund.
- You may withdraw the full benefit immediately or at any time after becoming a paid-up member.
- The timing for taking your benefit can be at any stage after becoming a paid-up member.
- As a deferred member, you will not be allowed to make any contributions to the Fund, but your investments will continue to grow with investment return. Your investments will continue to benefit from compound interest.
- You may receive a retirement benefit at any time from age 55 onwards, if you elect to take a retirement benefit from the Fund. In this case, you will be entitled to any of the retirement options available from the Fund (explained in a separate booklet titled "Retirement Benefit Options").
- Your account will be debited with reasonable administration and other fund expenses as determined by the Trustees. These expenses will not be more than the expenses of active members of the Fund.These expenses are disclosed in this document.
- On electing to become a paid-up member, you will receive a paid-up certificate from the Fund, which will contain all relevant details of your paid-up status.
- You are entitled to become a paid-up member in respect of the whole of your benefit. You may not become a paid-up member in respect of part of your benefit.
- You will be required to keep the Fund informed of any change in your contact details i.e. home and postal address, email address and contact numbers.

2. TRANSFERRING YOUR RETIREMENT SAVINGS

2.1. Transferring to a new Employer's Fund

- You have the option to transfer your full benefit (all 3 pots) to your new Employer's Fund (unless you have emptied out your Savings Pot already – then just the Vested and Retirement Pot will be transferred.)
- Importantly, establish the type of fund of your new employer and the rules relating to the fund so that you are best able to understand how you are able to take your benefit from that fund.

2.2. Transferring to an Approved Retirement Annuity Fund

- You may transfer your full benefit (all 3 pots) tax-free to a retirement annuity (unless you have emptied out your savings pot already – then just the Vested and Retirement Pot will be transferred.)

- You may have an existing retirement annuity or may have to elect one. Either way, there are many retirement annuity offerings from different financial service providers, all with different costs to consider. You will have to discuss this with your financial advisor.

- Importantly, if you elect this option, you may only take your benefit from age 55 onwards and will also be restricted to a maximum of one third as a lump sum from your Vested Pot as well as your full Savings Pot can be taken in cash (no cash from the Retirement Pot) and the balance must be received as an annuity (same option as you have as if you were retiring from the Fund).

- When electing this option, there will be certain costs associated with this annuity, both upfront and on-going if applicable.

2.3. Transferring to an Approved Preservation Fund

- You are able to transfer your benefit (all 3 pots) to a preservation fund (unless you have emptied out your savings pot – then just the Vested and Retirement Pot will be transferred.

- In this case, no tax is payable until you receive a benefit from the preservation fund.There are both preservation pension funds as well as preservation provident funds.

- Like retirement annuity funds, there are a range of preservation funds offered by different financial service providers,again also with different cost structures. Speak to your financial advisor regarding the different options available to you.

- Currently, you are allowed a once-off withdrawal from the preservation fund at any time after transfer. This withdrawal can also be in part or full. If you take a benefit from the Preservation Fund before retirement, it will be taxed as a resignation benefit (except your Saving Pot portion which will be taxed at your marginal tax rate). If you make a partial withdrawal, the remaining balance will only be available on retirement, at age 55 onwards.

- Any benefit you receive as a retirement benefit from age 55 onward, will be taxed as part of your retirement benefit.

- You will likely however pay a commission on transfer and an on-going administration fee, and you are urged to consider these fees before deciding on this option.

3. CASH LUMP SUM

- You are able to elect to receive your full benefit as a cash lump sum (that which is permissible – as discussed above).

- If you elect this option, you will pay tax on the benefit taken in cash, as explained in the section below.

- Should you elect to receive your Member Share as a cash lump sum, you are encouraged to seek financial advice on the manner in which to invest part or all of this lump sum. *Non-preservation of savings during working years often contributes to why South Africans are not able to retire comfortably.* In fact, legislation that required funds to introduce a paid-up option forms part of National Treasury's aim to improve the retirement outcomes for members of funds.

- If you decide on this option, be aware of all the risks that you potentially face. These include, but are not limited to, inflation risk, longevity (you outlive your savings), poor health or unexpected medical expenses, poor investment decisions, reduced income on retirement.

The tax treatment of the cash resignation option is as follows:

The tax-free amount in respect of resignation benefits (referred to as “withdrawal benefits” by SARS) is R27 500. However, the R27 500 is a 'once-off' cumulative value (a lifetime allowance), and once the limit of R27 500 is reached, all further resignation benefits will be taxed. It is **very important** also to note that the tax-exempt resignation benefit amount of R27 500 reduces the once-off tax exempt amount of R550 000 at retirement.

Note: The cash withdrawal from the Savings Pot will be taxed at your marginal tax rate.

Taxable Amount	Rate of Tax
Up to R27 500	0%
R27 501 to R726 000	18% of the taxable income exceeding R27 500
From R726 001 to R1 089 000	R125 730 plus 27% of the amount above R726 000
R1 089 001 and above	R223 740 + 36% of the amount above R1 089 000

The tax-threshold of R27 500 is cumulative and applies to the aggregate amount of a member’s resignation over the member’s lifetime.

4. PART TRANSFER AND PART CASH

You may elect to receive part of your benefit in cash and preserve the balance, by transferring it as described in the transfer options explained in 2 above.

IMPORTANT CONSIDERATIONS

- The **deferred** option is a low cost way to preserve your savings. You benefit from the fund’s investmentstrategy, at a low cost and there is no commission paid on becoming a paid-up member in the Fund. Furthermore, the costs that apply are reasonable and may not exceed the costs that apply to active members of the Fund.
- You may at any time elect to receive your benefit and you are not “locked in” the option.
- **Transferring** your benefit allows you also to preserve your retirement savings, but you need to make sure you understand the rules and the legislation that governs the transferee fund i.e. the fund that youare transferring to. Furthermore, you must consider the costs that apply to the transferee fund.
- **Cash lump sums** is not a way to generate wealth, leading up to retirement and is the least favoured option. However, you may exercise this option in either part or all (that which is permissible) of your retirement savings. Please carefully read the section on the tax treatment of the cash resignation benefit in order to understand the tax implications of this option.

QUESTIONS OR QUERIES- PLEASE CONTACT:

The Principal Officer: Belinda Burger*

Telephone: 083 2673963

E-Mail: belindaburger1406@outlook.com

*Ms Burger is an independent Principal Officer

CHANGE IN ADDRESS OR PERSONAL DETAILS

Please notify the Human Capital department in writing:
Dorathy Cedras (044) 601 2540
dorathy.cedras@petrosa.co.za

Updated: October 2025