



Political Office-Bearers
Pension Fund

July 2026

Letter to members of the Political Office-Bearers Pension Fund

Dear colleagues,

This Newsletter deals with the following issues:

1. Investment performance
2. Benefit statements as at 31 March 2026
3. Two Pots – change in legislation, affecting rights to savings withdrawals when leaving office
4. Two Pots – process for making savings withdrawals
5. Reminder – nomination forms
6. Website - where to get further information about the Fund and its benefits

I hope that this provides interesting reading and useful information.

The Board wishes members and their families all the best for the coming year.

SENT ELECTRONICALLY AND THEREFORE NOT SIGNED

(Ms) K A Ramolobeng, MP
Chairperson, Board of Trustees

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1. Investment performance (investment growth)

The Fund's investment returns are posted on the Investments > Investment Performance page of the Fund's website. The page is updated each month with the latest monthly return credited to members' retirement savings accounts.

The Fund's investment strategy aims to combine the objective of good long-term investment growth (relative to inflation, and after all fees and costs) with a desire to avoid large losses over short-term periods, especially when we get nearer to an Election. The strategy is fairly conservative compared to the strategies favoured by other retirement funds (at least for their younger members).

Even so, there is the possibility of negative returns in particular months, or even over longer periods. **(In particular, the return for the month of March 2026, which witnessed the US attack on Iran and the closing of the Hormuz Strait, was -4.4%.)** Members should however not be panicked by such losses – the reason the Fund has these investments (especially the investments in local and foreign equities, i.e. shares listed on the JSE and foreign stock exchanges) is that they are expected to be the drivers of long-term inflation-beating growth.

The return credited to members for the full financial year ending on 31 March 2026 was a pleasing **+17.3%**, even allowing for the negative return in the month of March.

The return credited to members for the three months from April to June 2026 (the first quarter of the new financial year) was **+5.9%**, marking a good recovery from the loss seen in March. Returns for July and later months will be posted on the Fund website when they become available.

It is worth noting that investment returns are now calculated on a daily basis, following the Trustees' recent decision to appoint AlexForbes Investments (AFI) to carry out a "daily unitization" service for the Fund. Monthly returns are therefore calculated and published based on the month-end unit prices provided by AFI, once these are available and have been checked for reasonability.

2. Benefit statements for the year to 31 March 2026

Members' benefit statements covering the year to 31 March 2026 will be issued in early July.

As was the case last year, the format of the benefit statements and the accompanying notes will allow for the Two Pots pension reforms that took effect in September 2024. The statements will again show the split of members' retirement savings in the Fund between the so-called Vested Pot, Retirement Pot and Savings Pot, and will show the build-up of these "pots" over the year.

3. Two-Pots – change in legislation

A change has been made to the Income Tax Act, applicable as from 01 March 2026, affecting members' rights to take a cash withdrawal from the "Savings Pot" (as discussed below) when leaving office.



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The restrictions that applied if a member has already taken a cash withdrawal in the same tax year have been relaxed, but rather complicated restrictions will still apply:

- If your Retirement Pot balance (and any part of your Vested Pot that you do not take in cash) will **stay in the Fund as a “paid-up” benefit**:
 - If you already took a cash withdrawal from your Savings Pot in the same tax year, you **cannot** access any part of your Savings Pot until the next tax year.
 - If you have **not** taken a cash withdrawal from your Savings Pot in the current tax year, you **can** take a further cash withdrawal at the time you leave office, but **only if the amount is more than R 2 000** (i.e. you won't be able to take a cash withdrawal if the balance in your Savings Pot is below R 2 000* at this time).
- If your Retirement Pot balance (and any part of your Vested Pot that you do not take in cash) will be **transferred to another retirement fund**, so that your membership of the POBPF will cease:
 - You **will** be able to take a cash withdrawal from your Savings Pot, **even if** the balance is below R 2 000*. (Anything that's left in your Savings Pot after the cash withdrawal will have to be transferred to the other fund, along with your Retirement Pot.)

* The amount flowing into an ordinary member's Savings Pot is slightly more than R 5 000 each month, so it is unlikely that the balance at any time will be less than R 2 000.

The Trustees are in the process of amending the Fund Rules to be aligned with this change in legislation.

Remember that any cash withdrawal from your Savings Pot will be taxed as income in your hands.

4. Two-Pots – savings withdrawals

Cash withdrawals from your “Savings Pot”, as provided under the Two-Pots legislation, must be made by the Alexforbes online system, AFConnect. There is a How-to guide (Savings Benefit Withdrawals) on the fund website, which members should refer to – on the Member Guides page.

As we explained in earlier newsletters, Government's “Two Pots” pensions reforms came into effect in September 2024:

- In broad terms, one-third of post-September 2024 contributions for retirement saving are invested in the so-called “**Savings Pot**”. Members are able to **withdraw cash** from this “pot” (account) **once in each tax year** – any amounts withdrawn are **taxed as income**.
- The other two-thirds of contributions for retirement saving are invested in the so-called “Retirement Pot” – members **cannot** access this money before retirement (even when they leave office, before age 50), and when they retire, they will need to use the full balance in the retirement pot to buy a life-time pension (which could be a so-called “living annuity” **or** a fixed pension).
- Whatever **existing** savings balance the member had in their retirement fund on 1 September 2024 (plus future investment growth on this amount) remains subject to the pre-September 2024 rules, and is called the “Vested Pot” (so it is more correctly a “Three Pots” system). Members can cash in the Vested Pot balance in full (if they so choose) when leaving office – when the member retires,



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they will need to use at least two-thirds of the Vested Pot, together with the full Retirement Pot, to buy a pension - but up to one-third of the Vested Pot, together with any balance in the Savings Pot, can be taken in cash, minus tax on the current “retirement” tax basis.

Members are reminded that **Savings Pot cash withdrawals are meant to be used for emergency needs only** – if you routinely “empty out” your Savings Pot every tax year, this will have a negative effect on your eventual retirement benefits. At the extreme, your post-September 2024 retirement savings will only be two-thirds of what they could have been, if you had left your Savings Pot untouched until you reached retirement (and then your ability to take any cash lump sum at retirement would also be affected – remember, you **must** use your Retirement Pot balance to provide a pension - you cannot take any part of this in cash, at any stage).

5. Reminder – nomination forms for Funeral Benefits and Fund death benefits

Members who have not yet done so, are again kindly asked to complete the “Expression of Wish” (nomination) form for the Fund death benefit, and also the nomination form for the Funeral Benefit payable on your death. (Funeral benefits are also payable on the death of a family member.)

The nomination form for the Funeral Benefit will identify the person to whom the funeral benefit should be paid, in the event of your death (R 100 000 on your own death) – **if there is no valid nomination form, the funeral benefit will have to be paid to your estate**, which means the money will not be available to cover funeral costs.

The “Expression of Wish” form for the Fund death benefit will help us to understand your wishes in respect of the (possibly large) benefit that the Fund will pay out to your dependants, in the event of your death.

Both forms are available on the Fund’s website, www.pobpf.co.za – see Home > Forms (or else the New Members page).

The nomination form for the **funeral benefit** should be submitted to the **Members’ Affairs department at your legislature**, who have been asked to hold these forms for the Fund.

The “Expression of Wish” form for the **death benefit payable by the Fund** on the death of a member should however be sent to the administrator, at zzpobpen@alexforbes.com .

6. What to do if you have questions about the Fund and its benefits

Please contact the Fund’s administrators, Alexforbes (e-mail zzpobpen@alexforbes.com) – tel. 021 401 9300. There is also detailed information on the Fund and its benefits on the Fund website, www.pobpf.co.za . Summaries of the quarterly Trustee meetings are posted on the Newsletters & Updates page of the website, together with other useful information.

The New Members page of the fund website has an “**Induction Guide**” which gives a brief introduction to the Fund.



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Members can also register for access to **Alexforbes' online system** (AF Connect) for details of your Fund benefits, including your latest available Fund values. Information on how to do this is available on the fund website – see the Member Online Registration page. (Please do **not** try to register via the Fund website – the “Trustee Login” link is for Trustee use only.) You can also use AF Connect to update your nomination for the **death benefit payable by the Fund** (but **not** the funeral benefit nomination – see above).

Cash withdrawals from your “Savings Pot”, as provided under the Two-Pots legislation, must also be made by the Alexforbes online system, AFConnect. There is a How-to guide (Savings Benefit Withdrawals) on the fund website, which members should refer to – on the Member Guides page (and also attached to this Newsletter).

For members leaving office, the Member Guides page of the Fund website has a **“Leavers’ Pack”** with key information, including information on the Living Annuity options suggested by the Trustees for those members who are considering such investments after retirement, together with contact details for the firms providing these pension products. These firms will be able to support members who do not have their own financial advisors. **We encourage members leaving office to read carefully through the “Leavers’ Pack”**.

Withdrawal and retirement forms are also available on the Forms page of the Fund website, together with nomination forms for the Fund death benefits and also the funeral benefit payable if a member dies while in office.