



THE ELECTRICAL CONTRACTING INDUSTRY
PENSION & PROVIDENT FUNDS

Benefit Payment and Withdrawal Guide



Dear Member

When exiting the Funds or transitioning to an employer that does not participate in the Funds, it is important to evaluate your options regarding your retirement savings in the ELECTRICAL CONTRACTING INDUSTRY PENSION FUND and/or PROVIDENT FUND ("ECI Pension and Provident Funds").

Carefully consider the implications of your employment change or upon exiting the Funds by means of resignation, retrenchment or dismissal. Your decision will impact not only your pension fund benefits and contributions but will also have an impact on your future retirement planning.

If you are uncertain about any of the options available to you, please contact your financial advisor who will be able to explain the options available, as well as the long-term implications of the decisions you make today.

You can download your Benefit Claim form from the fund's website or obtain a copy from the ECI Call Centre.

<https://eciretirementfunds.co.za/benefits/>

Your options at withdrawal before retirement age

When you exit/leave the Fund before your retirement date, your total accumulated funds in the Fund become due and payable to you, subject to the provisions of the Two-Pot legislation. This amount may be subject to taxation and other deductions e.g. maintenance orders, divorce orders – where these may be applicable.

- **Preserve your Pension in the Fund:** You may choose to leave your accumulated savings within the ECI Pension Fund and become a paid-up member. This allows your pension to continue growing until you reach retirement age, subject to the fund's rules and any applicable fees.
- **Transfer to another Retirement Funding Vehicle:** Consider transferring your retirement savings to your new employer's fund, retirement annuity, or a preservation fund. These Funds can help you maintain the tax benefits and investment growth associated with pension savings.
- **Cash Out the Pension Fund amount accessible:** You could opt to withdraw your available pension benefits as a lump sum. Note that this may have tax implications and could impact your long-term retirement planning.

Please note this is limited to the amounts held in your vested and savings pots. The value held in your retirement pot is **NOT** available in cash.

- **Part Cash/Part Preservation of Funds**

Cash Portion: You can withdraw part of your benefit as cash for your current needs.

Preservation: The remaining amount can be saved in a retirement fund or preservation fund that grows until you retire or need it later.

Seek Financial Advice: Consulting a financial advisor can help you understand the implications of each option and help you make the best choice for your personal circumstances.

1. Preserve your Pension in the Fund (paid-up members):

Should you choose this option, it is important to keep the Administrator informed of any changes to your contact details as the Fund would still need to communicate with you.

Legislation allows you to leave your retirement savings in the Fund to become a paid-up member. Your retirement savings will stay invested in line with the Fund's investment strategy. You can instruct the Fund at any time, in writing, either to pay out your benefit or transfer the benefit to another retirement arrangement.

As a paid-up member, you will still receive an annual benefit statement.

Please note the importance of the following which is applicable to paid-up members:

- No further contributions towards retirement can be accepted by the Fund;
- No further deductions/cover for risk benefits will apply i.e. you will no longer be covered for insured benefits;
- You cannot preserve a portion of the benefit only; the full benefit must remain in the Fund should you wish to become a paid-up member;
- A reduced monthly administration fee and investment fees will be deducted from your Fund value;
- As no money is withdrawn from the Fund, no tax will be immediately payable. When you inform the administrator to pay your benefit, payment will be subject to legislation and taxation in force at the time.
- Your money will remain in the same investment portfolio as it is while you are an active member of the Fund.
- There is no break in your money being invested, as there would be during the transfer process for the other options.
- Your money will continue to earn investment returns in the Fund until you need to access it for retirement.

You need to ensure that the [Council \(NBCEI\)](#) has your updated personal email address and contact number, as your benefit statement will be delivered to you annually. It is your responsibility to ensure that your contact details remain current.

You must also ensure that your Beneficiary Nomination form is updated regularly, to ensure that the Trustees are aware of who is eligible for a portion of your Fund benefit, should you pass away prior to claiming your benefit.

2. Transfer to another Retirement funding vehicle:

- You can transfer your benefit to the **retirement fund of your new employer**, if the employer participates in a different retirement fund arrangement.
- Should you wish to transfer to a **retirement annuity fund**, please proceed with caution as there are a range of retirement annuity funds to choose from, with different investment options.

Speak to your financial advisor about the different options available to you. A retirement annuity works exactly like a pension fund. At retirement you will only get a portion in cash and the balance must be used to purchase a lifelong pension from a registered insurer. **This is a tax-free transfer.**

Please remember:

There is no withdrawal benefit in a retirement annuity fund, other than limited withdrawals from the Savings Pot. Therefore, you can only get your money out at retirement, between the ages of 55 and 65 years.

But remember, saving for retirement is a long-term goal! The longer your funds remain invested, the more you will benefit from investment growth.

Transfer to a Preservation Fund: There is a range of preservation funds to choose from, with different costs and investment options from the respective providers. Speak to your financial advisor about the different options available to you. **This is a tax-free transfer.**

Please remember that when you retire from a preservation pension fund, you may only take a portion in cash, and the balance must be used to purchase a lifelong pension from a registered insurer.

Please note: You have only ONE withdrawal from your Vested Pot in a preservation fund. This can be the entire amount, or a portion. If you have an amount deducted from your withdrawal benefit at the date of withdrawal, such as an outstanding housing loan that is settled or an amount payable to your spouse, it will not be seen as your once-off withdrawal.

3. Cash out your accessible pension fund amount (some or all of your vested pot and savings pot money in cash (NOT recommended!))

Withdrawal benefits taken in cash are severely taxed as you are encouraged to preserve your retirement benefit to help ensure your financial independence.

Should you elect to take the value of your **vested** pot in cash, this will be taxed based on the Retirement Fund lump sum tax tables:

Taxable income (R)	Rate of tax
1 – 27 500	0% of taxable income
27 501 – 726 000	18% of taxable income above 27 500
726 001 – 1 089 000	125 730 + 27% of taxable income above 726 000
1 089 001 and above	223 740 + 36% of taxable income above 1 089 000

It is important to note that the amount of tax that will become payable on your benefit, will be calculated by SARS and will take into account any cash benefits you previously received from a retirement fund.

The tax-free amounts of R550 000 (on retirement or retrenchment) and R27 500 (on withdrawal) is the total tax-free amount available to you in your lifetime.

Withdrawals taken from your savings pot (in terms of the Two-Pot legislation) are taxed at your marginal tax rate, which is the highest rate of tax that can be applicable to you:

Taxable income (R)	Rates of tax (R)
1 – 237 100	18% of taxable income
237 101 – 370 500	42 678 + 26% of taxable income above 237 100
370 501 – 512 800	77 362 + 31% of taxable income above 370 500
512 801 – 673 000	121 475 + 36% of taxable income above 512 800
673 001 – 857 900	179 147 + 39% of taxable income above 673 000
857 901 – 1 817 000	251 258 + 41% of taxable income above 857 900
1 817 001 and above	644 489 + 45% of taxable income above 1 817 000

Consider your benefit payment option and associated tax implications carefully – this will have a long-term impact on your retirement benefit.

Taxation will deplete your retirement benefit.

Remember:

If you preserve your benefit, there will be not tax payable, and your benefit value can continue to grow!

Quick Review: Understanding How the “Pots” Work for You

When you exit a retirement fund, whether it's a pension or a provident fund, your benefit may be split into different “pots” or components. Each pot has its own rules and options, depending on the type of fund you belong to.

Effective 1 September 2024, the Two-Pot legislation created three different components/“pots” for members.

The only exclusion is provident fund members who were 55 or older on 1 March 2021 and did not opt-in to the Two-Pot System. These members will only have a vested pot.

Vested Pot

This is the value of your retirement savings on 31 August 2024 plus any investment return earned. This amount will be available to you on withdrawal but will be subject to taxation if you opt to take this value in cash.

Savings Pot

Effective 1 September 2024, one third of your ongoing retirement fund contributions are allocated to the Savings Pot. Under the Two-Pot legislation, you can make one withdrawal per year, subject to your marginal tax rates. If you have already made a withdrawal from your savings pot in the year of your fund exit, you will need to wait for the next tax year to make this withdrawal. Remember, the maximum tax rate will be applicable!

Retirement Pot

Two thirds of your ongoing retirement contributions is allocated to your Retirement Pot. This Pot can only be accessed at retirement and must be used to secure a pension/annuity of your choice.

Important Notes

- The tax you pay and the choices you have depend on the type of fund and the latest regulations.
- Recent legislation has introduced changes to how much you can take in cash and how much must be preserved or used for retirement income.
- Always check with your fund or a financial advisor to understand the latest rules for your specific situation.

This way, you get immediate access to some of your savings if you need it, while ensuring the rest continues to grow for your retirement—whether you're a pension or provident fund member.

THE WITHDRAWAL PROCESS

You will need to fully complete and sign a Benefit Claim form, on which you will need to indicate what you would like to do with your benefit, based on the options available as detailed above.

IMPORTANT INFORMATION REQUIRED!

- It is important to ensure that your tax number is correct and active at SARS and that your tax affairs are in order. The Administrator will not be able to pay your benefit without a valid active tax number.
- Your banking details must be correct, and the bank account must be in your name.
- Your postal and physical address are required for the tax application.
- Your contact details are required to allow for communication during the claim process.

Once you have filled in the form, submit it to the ECI Call Centre before you leave your employer, together with the following supporting documents:

- The employer can submit claim documents on your behalf
- The employer's stamp or completion of the employer section is always required for the process to be valid and accepted.
- A copy of a recent bank statement or a letter confirming your banking details stamped by the bank
- A copy of your identity document

What happens if you don't fill in and submit a fully completed Benefit Claim Form?

If you do not submit a fully completed Benefit Claim form, you will automatically become a paid-up member of the Fund. This means that you will remain a member of the Fund, and your benefit will remain invested until such time as you claim the benefit either as a withdrawal benefit, or at retirement.

THE CLAIM PROCESS

Once the Administrator has received the fully completed and signed Benefit Claim form together with the required supporting documentation, the claim processing commences. when you leave the employer's service.

- 1 Contribution Allocation**
Your final month's contributions will be allocated to your member record after both the contribution payment and the contribution schedule are received from your employer.
- 2 Submission of Forms**
All required forms and supporting documents should be submitted to the NBCEI as soon as possible, ideally before your last working day. NBCEI will then submit your election online to the NBC.
- 3 Disinvestment Process**
Once the Administrator has received and allocated your final contribution and confirms that your claim form and supporting documents are complete, your member share in the Fund will be disinvested.
- 4 Quality Assurance**
The Administrator will verify the claim documentation and information received from the Council and if there are discrepancies, it will be returned to Council for rectification and request outstanding information.
- 5 Follow-Up on Incomplete Information**
Where applicable, transfer details will be verified. If any information is incomplete, NBC will contact you or your financial advisor for clarification.
- 6 Claim Processing**
Once all documents are verified and complete, the administrator will proceed with processing your claim.
- 8 Tax Application**
After passing the system validations, the benefit will be submitted for tax calculation.
- 9 Payment Release**
Once SARS approval is obtained, any applicable taxes are deducted, and the payment is processed within ten business days
- 10 Processing Time**
The entire process may take up to 10 business days, provided all required documents are submitted on time and are complete.

Should you wish to track the progress of your claim, you can send an email to the Funds at ecifund@nbcei.co.za OR call via the Call Centre on **011 339 2312** OR WhatsApp **068 210 6783**