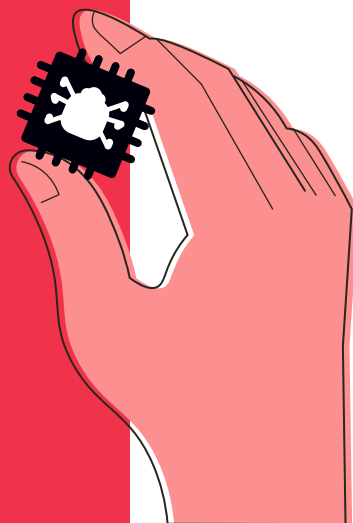


THE HIDDEN CYBER RISKS OF THE TWO-POT RETIREMENT SYSTEM



South Africa's Two-Pot Retirement system came into effect on 01 September 2024, and while its financial and social impacts have been widely discussed, it's important to highlight associated security issues.

Why does this system increase cyber risks? The new system involves access to your cash pot, whilst you are still in employment. This means that you can access the money in this Pot without your employer having to verify that you are employed by them. The Two-Pot Retirement system will result in large amounts of money being taken out of the system once members claim their savings withdrawals.

Members may therefore face requests to update banking details, or to click on a link to withdraw money, etc. This situation attracts cybercriminals and fraudsters, as the potential rewards are significant, when millions of people are eligible to access their savings at the same time.

Please be aware of scammers trying to trick you into revealing or changing sensitive personal information. For example, a cybercriminal could pretend to be a pension fund administrator and send a phishing email asking you to click a link to update your details.

Is this a one-time risk? No. Over time, the value of your saving pot will grow, making it even more attractive to cybercriminals. Since these accounts are meant for long-term savings, fraudulent activities could go unnoticed for a long time, giving criminals more time to cover their tracks.

How to avoid a scam

- Install an app on your mobile phone that identifies a caller, e.g. TrueCaller.
- Never click on a link in a message requesting you to confirm a withdrawal.
- Don't give your personal or financial information in response to a request that you didn't make. Never, ever, give anyone your PIN number.
- If you get an email or text message from someone who claims to be from your Fund or from their Administrators regarding a withdrawal, it's still best not to click on any links. Instead, contact the Fund or Administrator using the website or a phone number that you know is trustworthy.
- Anyone who pressures you to withdraw or give them your personal information is a scammer.

Consider the following:

Is a savings claim really worth it?



Ben is **35** years old. He has **R50 000** in his savings pot. He makes a claim for **R20 000**.



Ben has to pay tax at his marginal rate as well as an admin fee: the money he actually gets in his pocket is **R12 855**. That's less than two thirds of the full amount.



If Ben had left this money alone, it could have grown to almost **R200 000** by the time he retires. So when Ben retires, he will be R 200 000 poorer... all because of **R12 855** today!