

The two-pot system

Savings component from 1 September 2024

- Your retirement savings will be divided into 3 components, a vested, savings and retirement component.
- Different rules apply to each component.
- You will still only have one retirement savings account in the Fund, and it is important that your long-term financial goal for all three components remains **saving for retirement**.

Contributions up to 31 August 2024



Vested component

- Your total retirement savings immediately before 1 September 2024.
- The 2-pot rules will not apply to your vested component.**
- Can take in cash, become a paid-up member, or transfer to another fund when you leave your employer.

Contributions after 1 September 2024



Savings component

- One-third of your contributions will go into your savings component.
- The money in this component is the cash amount you will have access to at retirement.



Retirement component

- Two-thirds of your contributions will go into this component.
- No withdrawals** are allowed before retirement.
- Must use the money in this component to buy a pension when you retire.

Money transferred to your savings component

on 1 September 2024

- Your Fund will do a transfer of 10% of your retirement savings on 31 August 2024 or R30 000, whichever is the lowest to your savings component.
- Subject to a maximum of R30 000.
- Once-off compulsory transfer.
- The remaining money will become your vested component.

Example:

- You have saved R150 000 in your retirement savings by 31 August 2024.
- R15 000 will go to your savings component (10% of R150 000) and R135 000 will remain in your vested component.
- You can access the R15 000 in a financial emergency as part of the annual withdrawal.



Vested component

Savings component

Example:

- You have saved R500 000 in your retirement savings by 31 August 2024.
- 10% of R500 000 is R50 000, but because it is higher than the maximum of R30 000, only R30 000 will be transferred to your savings component.
- R470 000 (R500 000 minus R30 000) will remain in your vested component.
- You can access the R30 000 in a financial emergency as part of the annual withdrawal.

Access to savings component at retirement



Savings component

- At retirement you may take the money in this component in cash, and you will be taxed on the retirement lump sum withdrawal tax rate.
- You can access this money any time before retirement, but:
 - Only one withdrawal during a tax year.
 - Minimum withdrawal amount of R2 000 (before tax and fees).
 - It is taxed on your marginal income tax rate.
 - You don't have to resign from your job to access the money.
 - Withdrawals should be for financial emergencies.

The money in your savings component should also be saved for retirement and will be available as a cash lump sum at retirement. Access to this money before retirement should **only** be for **financial emergencies**.

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