

TWO-POT RETIREMENT SYSTEM

PURPOSE

The new Two-Pot Retirement System aims to allow members to access a portion of their retirement savings while still promoting long-term savings.

IMPLEMENTATION DATE

1 September 2024.

LEGISLATION STATUS

Currently in draft and subject to change.

LEGISLATIVE AMENDMENTS NEEDED

Revenue Laws Amendment Bill

- Ensures tax treatment aligns with the two-pot structure.
Passed 17 May 2024.

Pension Funds Amendment Bill

- Provides regulatory framework for private sector funds.
Passed 25 April 2024.

Government Employees Pension Law

- Needs amending for public sector retirement funds.



VESTED POT

Contains all contributions and savings made up to 31 August 2024.

One-time transfer of 10% (up to R30,000) to the Savings Pot as "seed" money from 1 September 2024.

Contributions cease from 1 September 2024, but funds can be accessed according to existing rules.



SAVINGS POT

Receives 1/3 of all new contributions (33%).

Accessible for withdrawal of at least R2,000 (pre-fees and taxes) once a year.

Taxed at marginal rates.



RETIREMENT POT

Receives 2/3 of all new contributions (67%).

Funds are preserved for retirement, providing a monthly pension.

Not accessible upon resignation but must be preserved.

WITHDRAWAL VS RETIREMENT

UPON RESIGNATION

Vested Pot	Savings Pot	Retirement Pot
<ul style="list-style-type: none">Governed by existing rules and restrictions.Withdrawals taxed according to tax tables.	Accessible for withdrawal (full amount) subject to marginal tax rate.	Must remain preserved.

UPON RETIREMENT

Vested Pot	Savings Pot	Retirement Pot
<ul style="list-style-type: none">Governed by existing rules and restrictions.Up to 1/3 withdrawal as a lump sum (taxed on retirement lump sum withdrawal tax rate) balance to purchase an annuity.	Full benefit in cash (taxed on retirement lump sum withdrawal tax rate).	<ul style="list-style-type: none">Preserved until retirement.Compulsory to purchase an annuity (subjects to rules and restrictions).

SPECIAL CONSIDERATIONS

Members > 55 years

- Different rules based on whether they elect the two-pot system.

New Entrants and Members < 55 years

- Subject to the new system from 1 September 2024.



ADDITIONAL NOTES

- Members with less than R20,000 in their vested pot by 31 August 2024 cannot make immediate withdrawals.
- Withdrawals can be made electronically (App/WhatsApp) or by paper. Electronic withdrawals have lower admin fees than paper base.
- Legacy annuity policies or inactive funds excluded from retirement funds.

REQUIRED INFORMATION

- Gender
- Surname, First names
- ID or Passport number
- Tax number
- Cell phone number
- Email address
- Physical address
- Salary

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