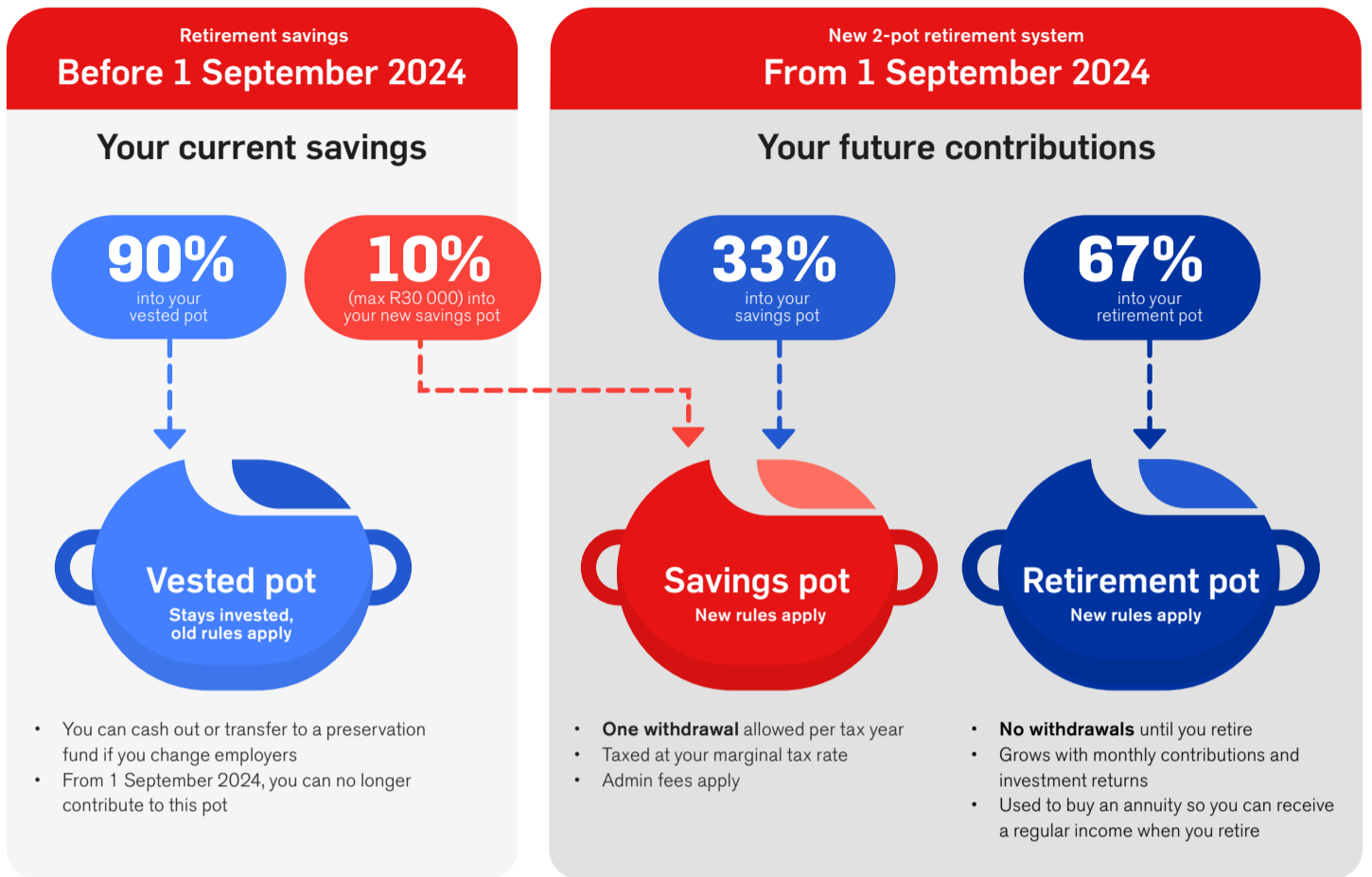


South Africa's new 2-pot retirement system

An easy-to-follow guide

On 1 September 2024, South Africa introduced the 2-pot system for pension funds. This system aims to balance immediate financial needs with long-term retirement security by giving you access to a portion of your savings in times of serious financial need.

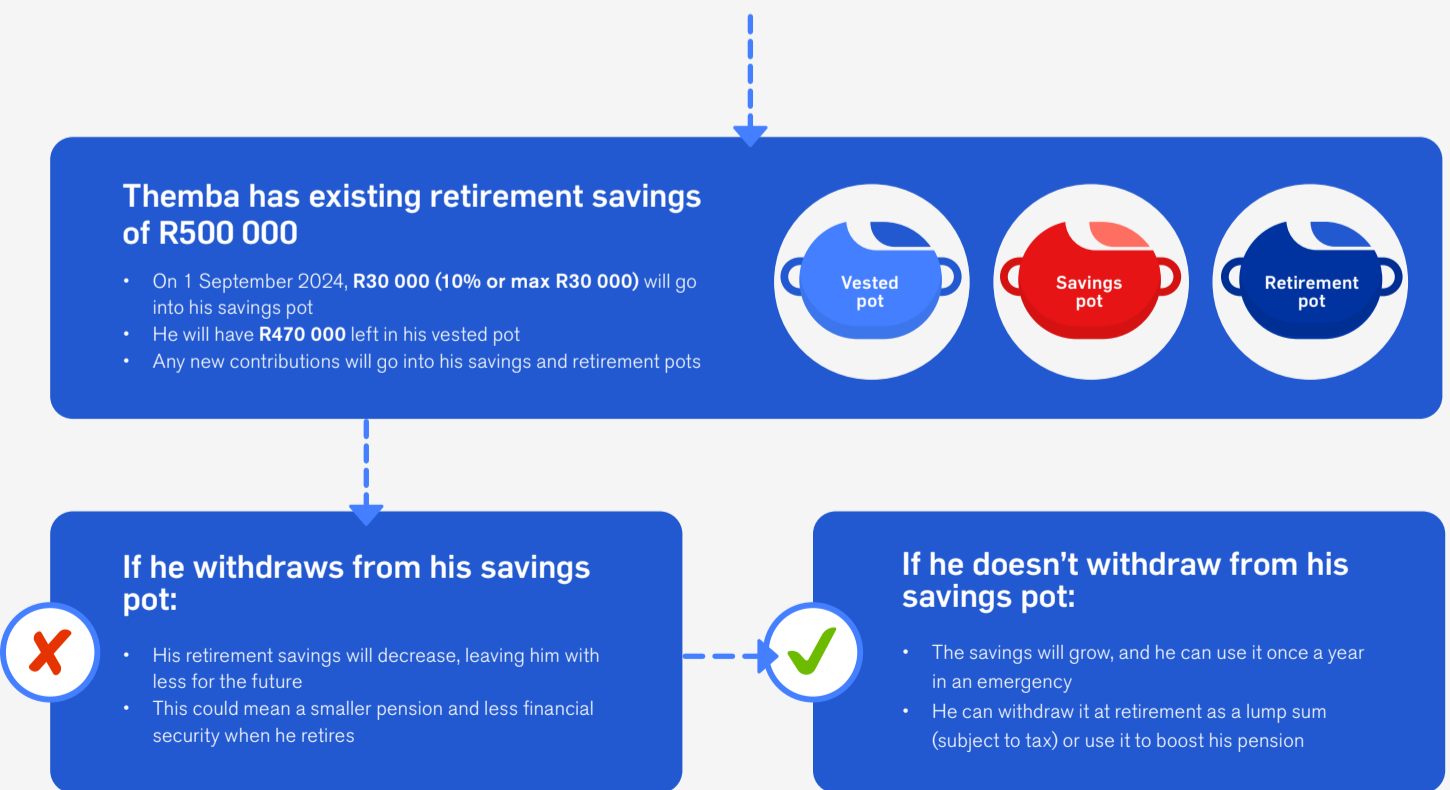
Even though this is good news, remember you're saving for retirement. Think carefully before withdrawing, as it can significantly impact your long-term financial security.



- How much can I withdraw from my savings pot?**
You can withdraw a minimum of **R2 000** up to the maximum limit available in your savings pot.
- What are the benefits if I don't withdraw from my savings pot?**
The savings pot comes with a tax incentive at retirement. The first **R550 000** is tax-free, and you will be taxed according to retirement tax tables, which are lower than income tax rates.
- How much tax do I pay?**
You are taxed at your marginal tax rate, which is the highest rate on a portion of your income. The more you earn, the higher the tax on extra income. If you owe tax to SARS, it will be deducted from your savings withdrawals.
- Can I still take a lump sum at retirement if I withdraw all my savings?**
Your retirement pot will be used to buy an annuity and provide you with an income after retirement. You can withdraw **1/3** of your vested pot and any money in your savings pot. If there is no money left in your vested pot or savings pot at retirement, you will not have access to a lump sum in case of emergencies or big expenses.



Example: How withdrawing from the savings pot affects retirement



Remember, the 2-pot system is designed to keep your retirement savings safe until you retire. Stay informed and consider your financial security at retirement before withdrawing from your savings.

For more information, speak with a registered financial advisor.

