



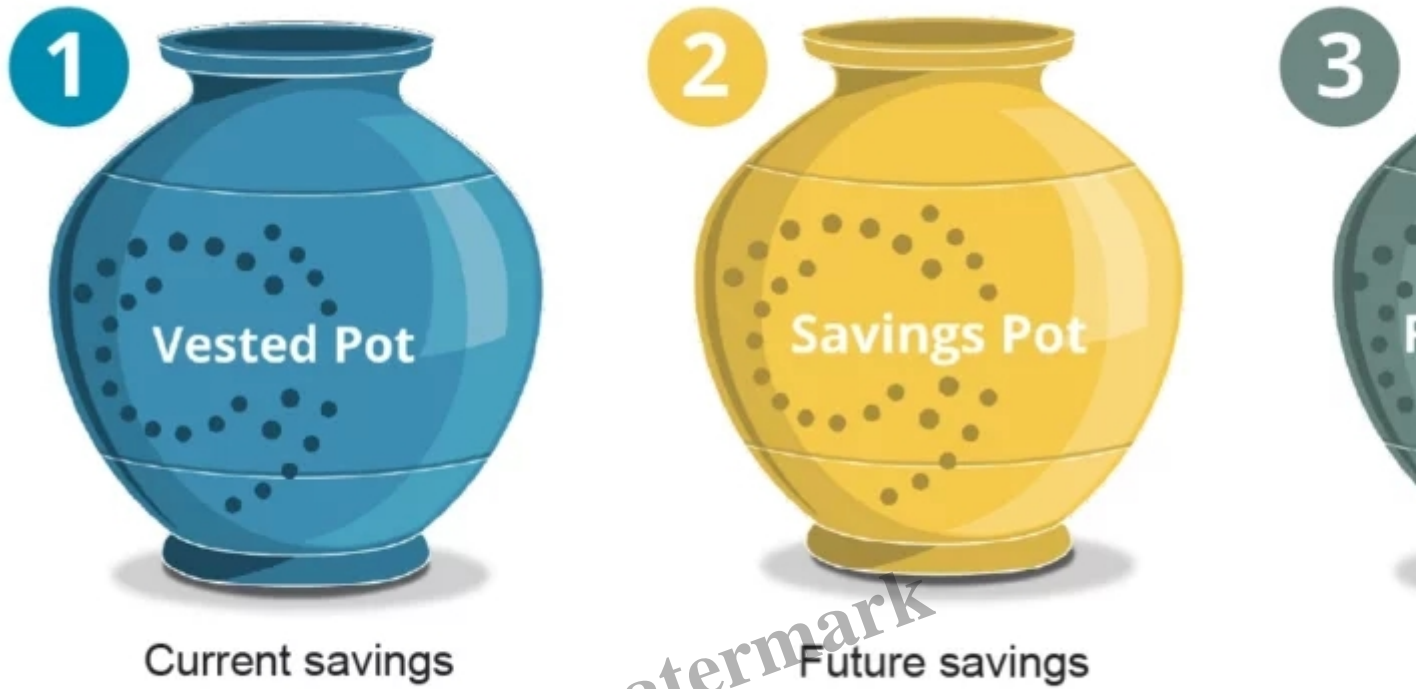
What's in the pot?

Description

The two-pot retirement system came into operation on 1 September 2024. Here's how it works.

Although called the two-pot retirement system, in effect, your retirement savings will comprise of three pots: the vested pot, the savings pot, and the retirement pot. All three pots make up your retirement savings.

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The first pot contains your current savings. Your future contributions to your retirement fund will be split into the other two pots. This means your retirement pot is kept until retirement, and the other pots are accessible before retirement, while also allowing you to gain limited access to your future savings pot for emergencies while you are still employed.

The Vested Pot



1 The vested pot

- Current savings



The value of your retirement savings accumulated up to 31 August 2024



The money in the vested pot will be dealt with as before implementation

However, you will no longer be able to contribute to this pot, unless:

- you were a member of a provident fund;
- you were 55 years or older on 1 March 2021;
- you are still contributing to the same provident fund as at March 2021, and
- you did not elect to contribute into the two-pot retirement system.

The Savings Pot

You do not have to withdraw from your savings pot if you do not need the money. What you do not withdraw from your savings pot during your membership will form part of your retirement lump sum when you retire.



2 The savings pot

- Seed amount and future savings

10% Of the value in your vested pot as at 31 August 2024 will be your seed amount.

This opening balance is known as the seed capital and is capped at more than R30 000.

1/3rd

From 1 September 2024 onwards, 1/3rd of your contributions will go to the savings pot.



You can withdraw from the savings pot, for emergencies, once in every tax year



You will be able to submit a withdrawal instruction for this seed capital to be paid to you if it is more than R2 000



An administration cost will be deducted from the seed capital to process the withdrawal. This cost will also be deducted from your contributions.

The Retirement Pot

You will not have access to the retirement pot when changing jobs or during emergencies.



3 The retirement
- Future savings

$\frac{2}{3}$ rds
From 1 September 2024 two thirds will go to the retirement pot

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You will gain access to the retirement pot when you reach the age of retirement

How the Savings Pot works

On 1 September 2024, 10% or R30 000 (whichever is lower) from your retirement savings in your fund as at 31 August 2024 was allocated to your savings pot as a starting balance (also called your seed capital).

Below are two examples of how this works in practice.

Seed capital allocation: Scenario 1

Seed capital allocation

1 **10%**
Retirement savings
less than the cap amount

Retirement savings
as at 31 Aug 2024 **R200 000**

10% allocated to
savings pot **R20 000**

Savings pot starting
balance (seed capital) **R20 000**

2 **R30 000**
Retirement
exceed the

Retirement savings
as at 31 Aug 2024

Although 10% amount
capped at R30 000

Savings pot starting
balance (seed capital)

This is the money that you can withdraw if you want to, but if you take money out of your savings pot now, you will have less when you retire – and there are tax implications.

It's important to only access your savings pot for emergencies.

- To withdraw, you need to apply directly to your retirement fund.
- The claim process will be shared by your fund administrator.
- The amount you withdraw will be subject to tax at your marginal rate and an administration fee will be charged.

Below is an example of how withdrawing from your savings pot could affect your tax and future savings.



Amount that you withdraw

Personal / emergency situation



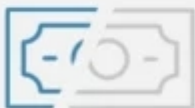
Less marginal tax rate (31%)

Depends on your personal tax rate



Less administration costs

The amount will depend on your fund administrator



Net payment to you

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1

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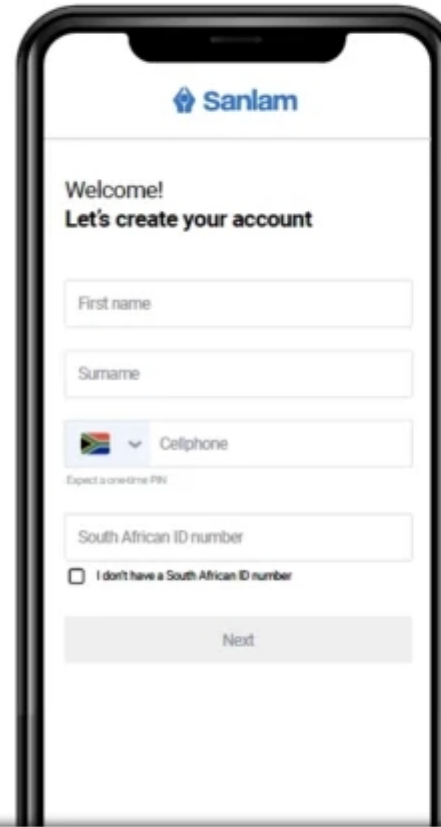
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2

Register using your details



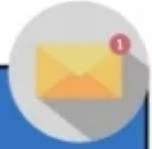
If you do not already have an account, at the login screen tap **Register**.



Complete the form with the details requested. Tap the **Next** button.

3

Activate your profile



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If you prefer to use your PC or laptop, visit cp.sanlam.co.za to view your portfolio online, then follow

the same steps to register!

Category

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