



TWO-POT Retirement System

How will it work?

When the **Two-Pot retirement system** comes into effect on 1 September 2024, this is what you can expect:



If you have an existing **pension/provident fund**, the money in the fund will be moved into what is called a **Vested pot**.



From the money in the **Vested pot**, **10%** up to a **maximum of R30 000** will be moved into what is called a **Savings pot**.



Starting from 1 September, workers will be able to withdraw the funds in the **Savings pot** up to a **maximum of R30 000**, if the amount in the **Savings pot** is more than **R2 000**.

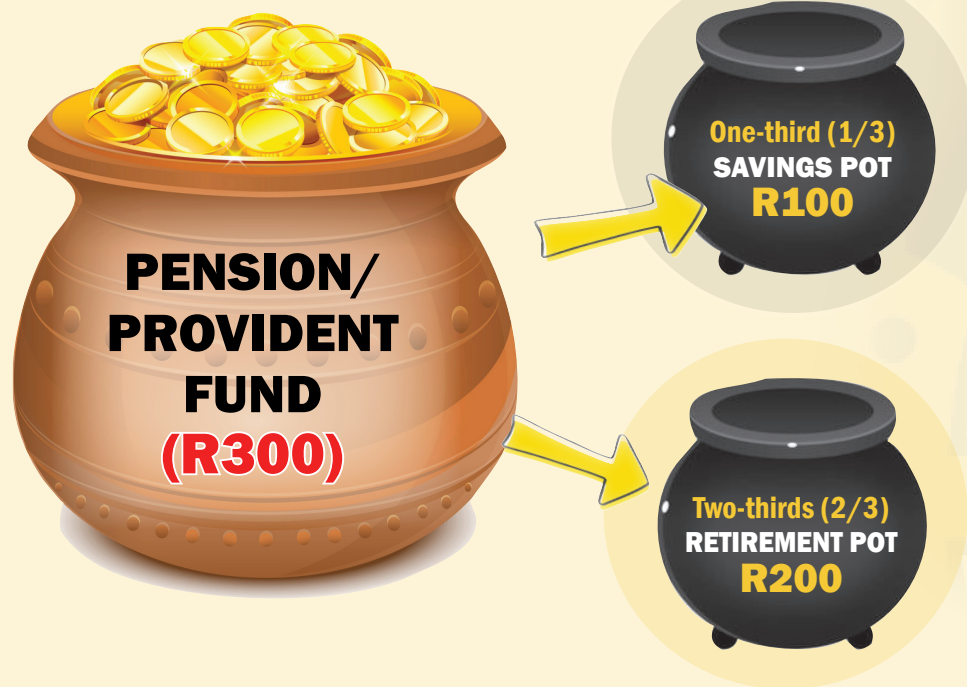
WITHDRAWAL ONCE A YEAR

Once a year, you will be able to withdraw money from the Savings pot, if there is more than R2 000 in the pot. In the second year of the Two-Pot system, the R30 000 withdrawal limit will fall away, and you will be able to withdraw all the money in the Savings pot if there is more than R2 000 in the pot.

IT IS IMPORTANT TO REMEMBER THAT THE AMOUNT YOU WITHDRAW WILL BE TAXED AT THE RATE OF YOUR TAX BRACKET.



FUTURE CONTRIBUTIONS



Any future contributions into the pension/provident fund after 1 September will be split into two pots. One-third (1/3) will be put into the Savings pot, while two-thirds (2/3) goes into a Retirement pot.

For example, if you contribute R300 per month into your pension/provident fund, R100 will go into the Savings pot, and R200 will go into the Retirement pot.



Every month as contributions go into the Retirement pot, the money in this pot will grow and attract interest but you will not be able to withdraw it until you go into retirement.

THIS IS DONE TO MAKE SURE YOU HAVE ENOUGH MONEY TO LIVE ON IN YOUR OLD AGE.

ACCESS TO LEFT OVER FUNDS

The funds left over in the Vested pot can be **ACCESSED AT ANY TIME** when you resign or lose your job.



COSATU advises workers to withdraw funds from the Savings or Vested pot only if they really need to, because it is to their benefit to let the money attract interest and grow for when they go into retirement.

**— IF YOU STILL HAVE QUESTIONS ABOUT HOW THE TWO-POT SYSTEM WILL WORK —
CONTACT YOUR UNION OR YOUR PENSION/PROVIDENT FUND AND THEY WILL EXPLAIN IT TO YOU**

