



TWO-POT

Explained



1

Cosatu concerned...

COSATU is concerned about the myths that have been spread about the Two-Pot retirement system, as the implementation date of 1 September approaches.

Workers have been fed all types of mistruths such as the system is a 'Mashonisa' scheme through which government plans to steal their pensions; some public sector workers have been told that if they withdraw funds out of their existing retirement fund as the Two-Pot system allows, their years of service with the employer will be reduced.

This couldn't be further from the truth because the Two-Pot system was designed with workers in mind; to bring relief to the millions of workers who are drowning in debt and make sure they do not retire in poverty.



2

Proposed by COSATU

The Two-Pot system was first proposed by COSATU in 2020, in the throes of COVID-19, after workers were left high and dry when the payments they were expecting from the Temporary Employee Relief Scheme (TERS) did not materialise.

Instead of being nervous, workers should be rejoicing the implementation of the Two-Pot system because from 1 September, workers will be able to access a portion of their pension or provident fund savings without having to resign from their jobs to cash out their fund.

Before President Cyril Ramaphosa signed the relevant legislation to make the new retirement system a reality, workers could only get their pension savings before retirement, if they resigned from or lost their jobs. However, this meant they had little to no savings in their old age when they eventually went into retirement.

3

From 1 September 2024

From 1 September workers will be able to withdraw 10% of their existing pension savings up to a maximum of R30 000. However, it is important to note that this amount will be taxed because like death, tax is a part of life.

Going forward, future pension fund contributions will be split into two pots – hence the name. Two-thirds (2/3) of the contribution will go into a Retirement Pot, and one-third (1/3) will be placed in the Savings Pot. For example, if you contribute R100 to your pension fund monthly, R66.67 will go into the Retirement Pot and R33.33 will go into the Savings Pot. Once a year you will be able to withdraw funds from your "Savings Pot" if there is more than R2 000 in the pot.

The amount in the Retirement Pot will accumulate interest and grow, until you retire and access the money.



4

Funds left over...

The funds left over from the pension fund you had before the Two-Pot system kicked-in, (from which you might have withdrawn 10%) will be placed in a Vested Pot and can be accessed at any time when you resign, lose your job or when you need it.

In the second year of the Two-Pot system, the R30 000 Savings Pot withdrawal limit will fall away, which means you can access all the money in the pot as long as you have a minimum of R2 000 in savings.

It took five years of hard work to get here, with COSATU tirelessly negotiating with government and the retirement industry. There is no way that COSATU would spend so much time working on a system that would eventually rob workers.

AMANDLA!

Saving important



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