



Accessing your retirement savings under the Two-Pot Retirement System before you retire

You have access to your:



Savings Pot:

- When:** once a tax year
- How much:** a minimum amount of R2 000 (before taxes and charges)
- Fee:** a fee will be charged each time you make a withdrawal



Vested Pot:

- When:** once – only when you terminate employment
- How much:** a partial or full withdrawal

Will you need to pay tax?

Yes, amounts withdrawn from the pots will be subject to tax.

The exact amount of tax depends on how much you withdraw and the tax rates that are applicable to the pot.

Other deductions may also impact on the final amount you receive. Please ensure that you are in good standing with SARS to avoid a reduction in the amount you receive from the withdrawal benefit. SARS will deduct any other amounts that they are authorised to deduct (such as outstanding amounts due to SARS (IT88)).

What is the impact of withdrawing from your retirement savings before retirement?

Taking money now means that you will have less money available for your retirement. Not only will your retirement savings decrease, but you will also lose out on potential growth on this portion of funds.

The tax implications may also be higher if you choose to withdraw prior to retirement.

What are the tax implications of withdrawing?

- Savings Pot withdrawals will be subject to marginal tax, where the amount withdrawn is considered as part of your annual income and taxed as such.
- Vested Pot withdrawals will be subject to retirement fund lump sum withdrawal tax tables. If you were retrenched, these withdrawals will be subject to the retirement fund lump sum tax tables.

What if you do not withdraw from your Savings or Vested Pot?

You are not required to withdraw from your Savings or Vested Pot if you do not want to. There is no penalty if you do not withdraw, and your money will remain invested in the applicable pot.

If you want to withdraw at a later stage and you still meet the requirements at that time, you will still have access to your Pots.

What will be available to you for withdrawal on 1 September 2024?

10% of your retirement savings as at 31 August 2024 will be allocated into your Savings Pot on the 1 September 2024 as a starting balance. This will be taken proportionally from your Vested and Non-Vested benefits.

If this calculated amount is greater than R30 000, then your allocation to the Savings Pot will be capped at R30 000.

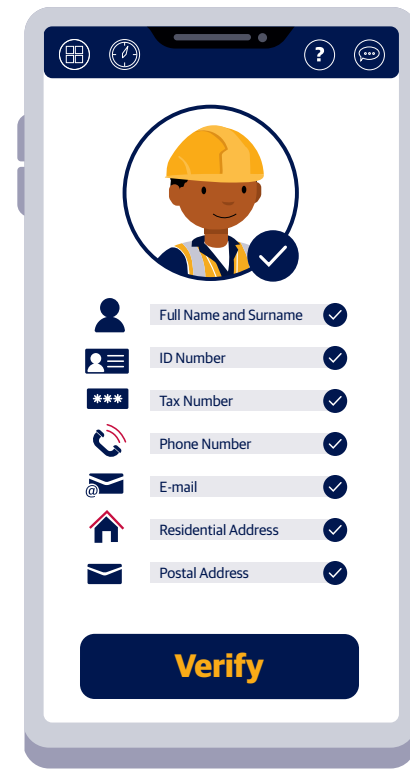
What happens to the rest of your retirement savings?

The rest of your retirement savings (minus the amount transferred to the Savings Pot) will become your Vested Pot balance on 1 September 2024.

On 31 August 2024:

- If you have R100 000 in retirement savings, your Savings Pot starting balance is R10 000 on 1 September 2024.
- If you have R500 000 in retirement savings, your Savings Pot starting balance is R30 000 on 1 September 2024.

Remember, while these funds are available to you, a savings withdrawal claim may take some time before it is paid out to you. This is because it must first undergo various claim processes, such as application for a tax directive.



Make sure your personal data is correct and up-to-date with your employer, to prevent any delays while we verify your identity in order to process the claim.

These include:

- Full name and surname
- Identity Number
- Tax Number
- Phone Number
- E-mail
- Residential address
- Postal address

What happens after 1 September 2024?

- All money in each pot will grow by investment returns earned on each of the balances.
- Your contributions after fees will be split 1/3rd into your Savings Pot and 2/3rds into your Retirement Pot.

What happens when you retire?

At retirement, you will be required to purchase an annuity with part of your retirement savings (if it is above a certain amount).

What sum of money from your retirement savings must you use to buy an annuity with?

- Retirement Pot:** The full balance in this pot; plus
- Vested Pot:** 2/3rds of your Non-Vested Benefits in your Vested Pot.

What about the rest of your retirement savings?

You have flexibility here. You can choose to take this part as cash for immediate use or use it towards buying the annuity, which will increase your regular income at retirement. Taking the cash may have tax implications.

Please note, previous withdrawals from the Savings Pot may decrease the balance available for the cash lump sum taken at retirement.

Please speak to your Financial Adviser to ensure that you make the best choice for your circumstances.

What is an annuity?

This is a financial product that provides you with regular income during retirement, when you are no longer working in return for a sum of money.

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