

The two-pot retirement system

Seed capital - starting balance in savings pot

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

This allocation is called your seed capital, which you can withdraw if you want to.



Seed capital allocation: Scenario 1

- 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**

Seed capital allocation: Scenario 2

- 2 R30 000 cap**
Retirement savings
exceed the cap amount

Retirement savings
as at 31 Aug 2024 **R750 000**

Although 10% amounts to R75 000 it is
capped at R30 000

Savings pot starting
balance (seed capital) **R30 000**

A fund member's seed capital in the savings pot will not exceed R30 000 on 1 September 2024



If you withdraw your seed capital

- 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.

Example of tax and cost impact - assuming that you fall within the 31% tax bracket and have seed capital of R25 000



Amount that you withdraw

R25 000

Personal / emergency situation



Less marginal tax rate (31%)

(R7 750)

Depends on your personal tax rate



Less administration costs

(R500)

The amount will depend on your fund administrator



Net payment to you

R16 750

If you take money out of your savings pot now, you will have less when you retire - try to only access your savings pot for emergencies