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	Seed

Seed capital allocation: Scenario 2

1 10% Retirement sa less than the ca	•	Retirem	000 cap nent savings the cap amount
Retirement savings as at 31 Aug 2024	R200 000	Retirement saving as at 31 Aug 2024	
10% allocated to savings pot	R20 000	Although 10% a capped at R30	mounts to R75 000 <b>it is</b> <b>) 000</b>
Savings pot starting balance (seed capital)	R20 000	Savings pot startin balance (seed cap	

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

(-0-)	Amount that you withdraw Personal / emergency situation	R25 000
<u>9</u> (-0-)	Less marginal tax rate (31%) Depends on your personal tax rate	(R7 750)
<b>9</b> (-()-)	Less administration costs The amount will depend on your fund administrator	(R500)
<u>(</u> )	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

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