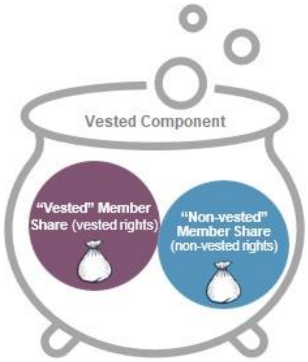
glacier
by Sanlam

Retirement Reform Changes

The two-pot retirement system

What will access to retirement savings look like from 1 September 2024?

The final legislation is not yet available and the below depicts our current understanding as of December 2023, in relation to preservation funds and retirement annuity funds only. All information speaks to generic changes and not to any Fund specific implementation of the new rules.



BEFORE RETIREMENT	AT RETIREMENT
The one allowable withdrawal in a preservation fund remains available. Such a withdrawal will continue to be deducted proportionally from both the vested and non-vested right portions. Members in a retirement annuity fund will not be allowed to withdraw from the vested component before retirement. Access is possible in the case of emigration (three years cessation of residency), disability or death, subject to the applicable Fund rules.	Benefits in the vested rights portion will be available as a lump sum (subject to taxation), as an annuity, or as a combination. Benefits in the non-vested rights portion is subject to the purchase of a compulsory annuity with at least two-thirds of the value.

Only a member, who was previously a member of a provident fund, might have both a vested and non-vested rights portion inside their vested component.

BEFORE RETIREMENT	AT RETIREMENT
No access at all, unless in the case of emigration (three years cessation of residency), disability or death, subject to the applicable Fund rules.	All benefits must be annuitised i.e. used to purchase a compulsory annuity income product unless the *de minimis* rule applies.

De minimis rule applies when:
The full value of the retirement component + two-thirds of the non-vested rights portion in the vested component < R165 000. In this case the full value of the retirement component and the non-vested rights portion of the vested component, may be taken as a taxable cash lump sum.

BEFORE RETIREMENT	AT RETIREMENT
One withdrawal per tax year, subject to taxation. The value of the withdrawal must be at least R2 000 before costs, but there is no maximum withdrawal value.	A member may take everything as a lump sum, subject to taxation in terms of the retirement/death tax table. Annuitisation of the value in the component will be possible, either directly out of the savings component or after transfer to the retirement component.

Provident & Provident Preservation fund members who were 55/older on 1 March 2021, may choose not to partake in the new system, if they remain in the same fund.

Glacier Financial Solutions (Pty) Ltd. | A member of the Sanlam Group | Reg No 1999/025360/07 | Licensed Financial Services Provider | Private Bag X5, Tyger Valley, 7536 | Email: client.services@glacier.co.za | Tel: +27 21 917 9002 / 0860 452 364 | Fax +27 21 947 9210 | Website www.glacier.co.za

Sanlam Life Insurance Ltd. | Email life@sanlam.co.za | Tel + 27 21 916 5000 / 0860 726 526 | Fax +27 21 947 9440 | Reg No 1998/021121/06 | Licensed Financial Services Provider