



Stirring the Pot^(s)

WHERE ARE WE AT WITH THE
TWO POT SYSTEM?

On 9 June, Treasury published updates to the proposed two-pot retirement system, which is scheduled for implementation on 1 March 2024.

The two-pot system means South Africans will be able to access one-third of their retirement savings throughout their career, while two-thirds will only become accessible on retirement.

The new proposal will mean that you will be able to make one withdrawal from your Fund savings in any 12-month period – BUT:

- That withdrawal may not be less than **R2 000**.
- You will be taxed on any amount you withdraw in cash.
- It will apply to your new savings, from the date of implementation.
- You must preserve your old savings, and two thirds of all your new savings.
- You will be permitted ONE withdrawal from your old savings. This will be limited to **R25 000** OR **10%** of your total savings – whichever is **LESS**.
- You will not have immediate access to your new savings! As you can withdraw a minimum of **R2000**, your balance needs to be at least **R6000**.

The deadline for public comments is 15 July. Written comments must be sent to the National Treasury's depository at 2023AnnexCProp@treasury.gov.za or SARS at acollins@sars.gov.za.

There is still a very long way to go before this proposal reaches Parliament!

1. After receipt of written comments, National Treasury and SARS will engage relevant stakeholders through public workshops to discuss all feedback.
2. The Standing Committee on Finance (SCoF) and the Select Committee on Finance (SeCoF) in Parliament are expected to make a similar call for public comment later in the year.
3. These committees will also convene public hearings on the revised bills, before their formal introduction in Parliament.
4. Thereafter, a response document on the comments received will be presented at the Parliamentary committee hearings.
5. The bills will then be revised again before they are introduced formally to Parliament for consideration.

Retirement funds and fund administrators have noted that it is going to be extremely challenging to implement the necessary changes to their systems by the due date, because:

- Retirement funds will have to change their rules and systems, and have their updated rules approved by the Financial Sector Conduct Authority.
- SARS will also need to update their systems to cater for the new retirement pots and to track withdrawals.
- Retirement funds must train employees and educate fund members about the reform and its implications.