




## The two-pot system Draft response released

In our previous Member Connect you were informed that National Treasury proposed that one-third of your future retirement savings will be allocated to a savings pot and two-thirds to a retirement pot with your current savings in your retirement fund to a vested pot. The Revenue Laws Amendment Bill was published on 1 November 2023 and a parliamentary session is scheduled for 21 November 2023, when the final decisions on the proposals will hopefully be clarified.

The following noteworthy changes to what was proposed in the draft Bill are made:

### Previous vs new proposals

Previous proposal	New proposal
Implementation date of <b>1 March 2024</b> .	It is proposed that the <b>implementation date of the two-pot retirement system be postponed to 1 March 2025</b> .
The initial withdrawal amount proposed was <b>10% capped at R25 000</b> .	It is proposed that the initial amount available to withdraw from a member's retirement funds (the "seed capital") <b>be increased to R30 000. Members may therefore withdraw 10% of their money in their fund, capped at R30 000</b> .
Provident fund members who were <b>55 years and older as at 1 March 2021 by default, would have formed part of the two-pot retirement system with the opportunity to opt out</b> .	Provident fund members who were <b>55 years and older as at 1 March 2021 will, by default, be excluded from the two-pot retirement system with the opportunity to opt in should they choose to</b> . Those members who continue to contribute to the vested component, will not have a seed capital amount, and will therefore not be able to make a savings withdrawal.

 **A new proposal was included that upon retirement, a member will have three options in respect of their savings component:**

- make a withdrawal, which will be taxed in accordance with the retirement lump sum tax table;
- transfer a portion or the full value to the retirement component, from where it will have to be annuitised; or
- leave the balance in the savings component, which may be withdrawn in accordance with the savings withdrawal rules and will be taxed at marginal rate (the rate of tax you pay on your income).

### Below previous communication relating to the Two-pot system and retirement tax tables

- Two-pot system - [Early access to retirement benefit](#)
- Two-pot system - [Frequently asked questions and answers](#)
- [Adjusted retirement tax tables](#)