

What to know about the Two-Pot System when you resign from your retirement fund at work.

By Palesa Mokoena, Technical Support Specialist at Glacier Business Development

The Two-Pot Retirement System has brought about major changes to the rules governing retirement funds. The question for many is, "Under the new system, what access will I have to my retirement savings if I am a member of a pension or provident fund, and I resign from my company?"

The rules before 1 September 2024

Before 1 September 2024, as a member of a pension or provident fund, when you resigned from your employer, you could opt to preserve your retirement savings in your employer fund as a paid-up member or in a preservation fund of your choice. Alternatively, you could cash out the value in the fund. If you chose to cash out, such a withdrawal was taxed according to the withdrawal tax table.

The rules under Two-Pot

As of 1 September 2024, as a pension or provident members, if you wish to resign from your employer, you are still allowed to take the full value of your vested component^[1]. You will, however, only be allowed to withdraw the value of your savings component^[2] at resignation if you haven't already made a withdrawal from this component in the prevailing tax year or if the remaining value of this component is less than R2 000.

Importantly, you will not be able to withdraw any retirement savings that are in your retirement component^[3] at resignation, as this component must be preserved until retirement.

Any resignation withdrawal from the vested component will be taxed according to the withdrawal tax table, whereas any resignation withdrawal from the savings component will be taxed at your marginal income tax rate.

Some of your questions, answered.

1. What will happen to my retirement component when I resign?

Subject to your specific fund rules, you may be able to stay in the employer fund as a paid-up member or you may transfer your retirement component, tax-free, to a preservation fund of choice.

2. Will I be allowed to make a withdrawal from the retirement component if I transfer it to a preservation fund?

No, the retirement interest in the retirement component will only be accessible at retirement or upon emigration (three years after cessation of tax residency), disability or death.

3. Will I be allowed to take a portion of the remaining retirement component in cash at retirement?

No, you will have to purchase a compulsory annuity with the full value of the retirement component unless the value falls below the legislated limit.

Get help.

When you resign, there are big decisions to make about your retirement savings, and how to preserve them to ensure that you can retire with confidence, but you don't have to make these decisions alone. An appropriately authorised financial adviser can help you navigate your options under the Two-

^[1] Retirement savings accumulated on 31 August 2024 and future growth thereon.

^[2] One-third of contributions from 1 September 2024.

^[3] Two-thirds of contributions from 1 September 2024.

Pot Retirement System, understand the implications for retirement savings and make informed decisions.

Read more about the Two-Pot Retirement System at the Glacier Insights [Member Information Hub](#).

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About the author



Palesa joined Glacier as a Technical Support Specialist in the Business Development team in May 2021, focusing on investments and financial planning. Her role involves supporting the competency and expertise of Glacier's Business Development team through mainly digital engagement platforms and creating financial planning content.

Before Glacier, Palesa worked for Allan Gray for four years.

Palesa holds the following qualifications:

- Bachelor of Business Science Degree in Finance & Accounting, University of Cape Town, 2015
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