



NEDGROUP
INVESTMENTS

Frequently Asked Questions

How will withdrawals from
the **savings, retirement**
and vested pots work?

see money differently

1. How will withdrawals from the savings pot work?

With the introduction of the two-pot retirement system, all eligible retirement fund members will receive an initial transfer into their savings pot on 1 September 2024 and may start withdrawing from their savings pot.

Each member can withdraw from their savings once every tax year (1 March – 28 February), with a minimum of R2 000 per withdrawal, and no maximum withdrawal amount. Those with several retirement fund contracts can withdraw from each account once every tax year. After withdrawing in a tax year, members must wait until the next tax year to withdraw again. However, if members leave the fund and the value is less than R2 000, they will be allowed to withdraw the remaining balance. At retirement, members can withdraw any funds left in their savings pot, regardless of whether they have already made a withdrawal in that tax year.

2. How can I submit withdrawal instructions from my savings pot?

Members will be required to submit the relevant retirement fund withdrawal form. The form will only be accepted when submitted with a completed and signed 'Client Details – Subsequent Instructions Form.' All forms are available on nedgroupinvestments.com or from our Client Services Centre. The withdrawal form will also require members to complete their income tax number and annual income to apply for a tax directive to calculate the tax which will be deducted from the requested amount. The member will only be able to submit withdrawal instructions to instructions@nedgroupinvestments.co.za.

3. How will withdrawals from the savings pot be taxed?

Withdrawals before retirement: If a member makes withdrawals from the savings pot before retirement, these will be subject to tax at the member's marginal tax rate. Members will be required to inform us of their anticipated taxable income for the year when submitting the withdrawal form instruction. After receiving the member's withdrawal request, we will apply for a tax directive by providing the desired withdrawal amount and the member's anticipated taxable income to the South African Revenue Service (SARS). SARS will then determine the tax to withhold from the withdrawal amount and inform us accordingly. The remaining balance after tax will be paid to the member, and the withheld tax will be paid to SARS. These withdrawals will not impact the tax-free lump sum that members are entitled to upon retirement.

Withdrawals at retirement: The tax rules regarding retirement withdrawals of lump sums remain unchanged. Members will be taxed according to the retirement fund lump sum tax table when they withdraw cash from the savings pot at retirement.

4. How will withdrawals from the retirement pot work?

With drawals before retirement: Withdrawals from the retirement pot are prohibited prior to retirement, and this applies even if employment status changes. The total funds in the retirement pot will remain untouched until the member reaches retirement age. The only exception to this rule permitting an early withdrawal is when a member has formally emigrated and is no longer considered a tax resident for three consecutive years or if the member has left South Africa on expiry of a work or visit visa, at which point they may access the full amount from their retirement pot or if the value of their retirement annuity is below R15 000.

Withdrawals at retirement: Withdrawals from the retirement pot upon reaching retirement are prohibited unless subject to the de minimis exception. It is compulsory to use the entire value of the retirement pot to purchase an annuity at the time of retirement. The new two pot de minimis exception rule for the retirement pot will apply where the member will be allowed to submit a full withdrawal of their investment at retirement from the retirement pot where the combined amount in the retirement pot and two-thirds of the vested pot is R165 000 or less. Only then can members withdraw the value as a cash lump sum.

5.

How will withdrawals from the vested pot work?

The rules applicable to a member’s existing retirement savings on the implementation date of 1 September 2024 will continue to apply to the vested pot. These rights will also be preserved on transfer to another retirement fund, subject to the rules of the receiving fund.

Retirement Fund	Withdrawals before retirement	Withdrawals at retirement
Nedgroup Investments Retirement Annuity	No pre-retirement withdrawals allowed, unless the total market value across all retirement annuities is R15 000 or less and there are no active debit orders on the account	Vested benefits¹ The entire amount can be taken as a cash lump sum when you retire. Vested rights are not lost upon transfer from one fund to another.
Nedgroup Investments Pension and Provident Preservation Fund	One part or full withdrawal subject to transferring fund rules, per preservation fund product. If a part withdrawal is made, the remainder will have to remain until retirement.	Unvested benefits² A max of 1/3 can be taken as a cash lump sum. Remaining 2/3 must be used to purchase an annuity. If the 2/3 value of the unvested benefits and the retirement pot is R165 000 or less, then the member may withdraw the full unvested benefit as a cash lump sum.
Pension and Provident Funds <small>(Not offered by Nedgroup Investments)</small>	Full or partial withdrawal upon resignation	

¹All contributions made to Provident and Provident Preservation Funds before 1 March 2021 including past and future growth on these contributions ²All contributions made to Provident and Provident Preservation Funds after 1 March 2021 including past and future growth on these contributions & all contributions to Retirement Annuities and Pension- and Pension Preservation funds (excluding vested benefits transferred from a Provident or Provident Preservation Fund – Vested benefits are not lost upon transfer)



We are here to support you through this transition, please visit nedgroupinvestments.com to learn more about retirement planning.

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