BOKAMOSO
RETIREMENT FUND

(FAQs)

1. How does the Two-Pot Retirement System affect my payout?

The Two-Pot Retirement System divides your retirement savings into different components. Contributions made from 1 September 2024 are generally allocated to a Savings Pot and a Retirement Pot, while benefits accumulated before this date remain in the Vested Pot. At retirement, the money in all applicable pots is combined to determine your total retirement benefit, subject to the rules governing each pot.

2. How much money can I withdraw from the Savings Pot?

You may make one withdrawal per tax year from your Savings Pot, provided you have at least R2,000 available to withdraw. The minimum withdrawal amount is R2,000, and you may withdraw up to the full balance available in your Savings Pot. Withdrawals are subject to tax at your marginal income tax rate, and any tax owed will be deducted before payment.

3. Can I take money from the other pots?

No. The Retirement Pot is preserved and generally cannot be accessed before retirement. The Vested Pot continues to follow the rules that applied before 1 September 2024 and may be accessible when you exit your employer or retire

4. Will withdrawing from the Savings Pot affect my long-term savings?

Yes. Every withdrawal reduces the amount invested for your retirement. This means less money remains invested to benefit from future investment growth and compound returns, which could result in a lower retirement benefit. Members are encouraged to withdraw only when it is absolutely necessary.

5. How is my retirement lump sum taxed?

The taxation of your retirement benefit depends on how it is taken and the applicable tax tables issued by the South African Revenue Service (SARS). Retirement lump sums are taxed according to the retirement lump sum tax table, taking into account any previous retirement or severance benefits you have received. The first R550 000 is tax-free.

6. Can I take my entire retirement fund as a cash lump sum?

Not always. Under current legislation, the amount that can be taken as cash at retirement depends on the value of your retirement benefit and the applicable retirement rules. In most cases:

- The Savings Pot may be taken as cash at retirement.
- The Retirement Pot must be used to purchase a pension (annuity), unless the total value qualifies under the applicable de minimis threshold set by legislation.
- The Vested Pot continues to be governed by the rules that applied before 1 September 2024.

Members are encouraged to seek financial advice before deciding how to take their retirement benefits.