

FOR PSA MEMBERS: **GAUTENG DEPARTMENTS OF HEALTH AND SOCIAL DEVELOPMENT**

10-07-2024

Update: Facts regarding two-pots retirement system

The PSA is concerned about the increasing number of resignations of employees at the Gauteng Departments of Health and Social Development. The identified problem leading to these resignations is that members do not know the facts about the two-pots retirement system. Below are the facts you need to know about this system:

- This amendment to the retirement legislation introduces a two-pots system to address concerns related to lack of preservation before retirement and the lack of access to retirement funds by households.
- Retirement savings will be structured into two pots, namely Savings (33.3%) and Investment Pots (66.7%) of the total retirement savings.
- Within the 33% Savings Pot there are the Retirement Savings Pot and Vested Savings Pot. The Vested Savings Pot is 10% of the total Savings Pot, which is accessible only once a year whilst the Retirement Savings Pot is 33.3% and will be accessible only over a period of ten years.
- Example: You currently have R900 000 in your total retirement funds of which R600 000 will not be accessible whilst you still work. This means that you may access only a maximum of R30 000 once a year.
- This will be with effect from 1 September 2024.

Members are urged not to panic as there will be no changes to their retirement funds if they choose not to withdraw from their retirement funds. All employees will still have guaranteed access to their total retirement funds at the Government Employees Pension Fund upon their retirement, resignation, unfortunate termination of employment or death. Members are discouraged from withdrawing their retirement funds as there will be high tax implications and less funds upon old-age retirement.

Reuben Maleka
GENERAL MANAGER