



Let's secure
your future by
nurturing your
retirement pot

TWO-POT

Dear <Customer Name>,

IMPORTANT INFORMATION ABOUT YOUR RETIREMENT SAVINGS

As your financial adviser, I want to ensure you are fully informed about the upcoming changes to retirement savings legislation and their potential impact on your financial planning.



New Two-Pot Retirement System

Starting 1 September 2024, a new two-pot retirement savings system will be introduced. This system allows for greater flexibility in accessing your retirement savings. Here's a brief overview:

- **Vested Component:** Your savings accumulated until 31 August 2024 will remain in this component. A one-time transfer of 10% of your savings (up to R30 000) will move to the savings component, with the remainder staying in the vested component until retirement.

- **Savings Component:** One third of your future contributions will go into this component. You can access this portion before retirement for **financial emergencies** (read on for more information about this), with the ability to withdraw once per tax year. Income tax and an admin fee will be deducted from the amount you withdraw.
- **Retirement Component:** Two thirds of your future contributions will go into this component and will be preserved for retirement only.



Defining a Financial Emergency

While the new system provides the option to withdraw from the savings component for emergencies, it's crucial to define what constitutes a financial emergency for your individual situation. Here are some considerations:

- **Personal Circumstances:** Financial emergencies can vary greatly. For example, a holiday is generally not considered an emergency. However, if a retirement fund member is terminally ill, a holiday might be considered essential to maximise quality time with family. This illustrates the importance of considering personal factors when deciding whether to withdraw from your savings.
- **Alternative Options:** Before making a withdrawal, evaluate whether there are other sources of funds available or if the expense can be postponed or reduced. For example, it may be worth paying interest on a personal loan rather than paying income tax on a withdrawal from your savings pot and compromising your retirement goal.
- **Impact on Retirement:** Withdrawals from the savings component will affect your retirement funds, reducing the amount available for your future income. Carefully weigh the long-term impact on your retirement savings.



Next Steps

Making informed decisions about your retirement savings is crucial. If you want advice on how to protect your retirement savings proactively, please contact me to discuss strategies for building an emergency fund. If you are considering making a withdrawal and need a sounding board to discuss the implications of this, we can explore the options available to you to ensure you make the best choices for your future.

- **Review Your Situation:** Speak to me to discuss your current financial situation and any potential emergencies. They can provide guidance tailored to your unique circumstances.
- **Stay Informed:** Visit [Old Mutual's Two-Pot Retirement System](#) for more details and download the Old Mutual App to view your account balances.

Thank you for trusting us with your financial planning. We are here to support you and ensure that you make informed decisions regarding your retirement savings.

Kind regards,

<Name of Adviser> <Your Contact Information>

