VERSO®
Umbrella Retirement Provident Fund

MEMBER NEWSFLASH - APRIL 2026

TWO-POT RETIREMENT SYSTEM: WHAT YOU NEED TO KNOW

Since the introduction of the Two-Pot Retirement System on 1 September 2024, many members have made use of the option to withdraw from their savings pot. While this provides interim financial relief, it is important to understand how these savings pot withdrawals can impact your future retirement.

WHAT WE ARE SEEING

Since implementation:

- Over 7 800 savings pot withdrawal applications have been processed;
- The highest number of savings pot withdrawals occurred immediately after the launch in September 2024;
- Savings pot withdrawals continue to increase during month-end and high-spend periods such as the festive season.

While savings pot withdrawal amounts differ, many members are accessing amounts below R10,000:

- The average savings pot withdrawal is approximately R8 700;
- Most members withdraw less than R10 000.

This shows that many members are using the savings pot for short-term financial needs.

TAX - WHAT YOU NEED TO KNOW

Savings pot withdrawals are taxed at your marginal tax rate. Your marginal tax rate is the highest tax bracket you fall into.

Why this matters for savings pot withdrawals:

- Your savings pot withdrawal amount is added to your annual income;
- This could push you into a higher tax bracket;
- You may end up paying more tax than expected.

Some members had their full savings pot withdrawal paid to SARS due to existing arrear tax debt.

Others received unexpected tax bills after submitting their tax returns.

Before withdrawing, it is important to understand the tax impact.

COMMON MISCONCEPTIONS

We have seen several misunderstandings:

- “I can withdraw more than once a year”

Fact: Only one savings pot withdrawal per tax year is allowed

- “There will be a new seeding each year”

Fact: The seeding was a once-off event on 1 September 2024

- “Tax is low or fixed”

Fact: Savings pot withdrawals are taxed at your marginal rate

- “The savings pot is for general spending”

Fact: It is intended for emergencies

- “Any amount can be withdrawn”

Fact: A minimum withdrawal amount applies. You can only withdraw if your available savings pot balance is at least R2 000. If the amount is below this, a withdrawal is not permitted

WHY SOME APPLICATIONS ARE REJECTED

Applications may be rejected for the following reasons:

- Bank account validation failure - The bank account provided is not in the member's name.
- SARS application declined - An incorrect PAYE number was submitted.

Please ensure your details are correct before commencing your application to avoid delays.

THE LONG-TERM IMPACT

While individual savings pot withdrawal amounts may seem small, the long-term impact is significant:

- Reduced retirement savings;
- Less growth over time due to loss of compound growth on the member share;
- Lower income at retirement.

HOW TO PROTECT YOUR RETIREMENT BENEFIT

- Use your savings pot only when necessary for emergency reasons;
- Understand the tax implications before withdrawing;
- Consider making Additional Voluntary Contributions (AVCs) (additional monthly contributions) to grow your retirement savings;
- Seek expert guidance before making financial decisions.

RETIREMENT BENEFITS COUNSELLING

The decisions members make and the options they exercise will have a long-term impact on their financial well-being. Members are encouraged to make use of the available Retirement Benefits Counselling services and to contact the Fund for assistance.

FINAL THOUGHT

Bees don't consume all their honey at once - they store it for the future.

Your retirement savings work the same way. Protect your savings for when you need them most.

"A penny saved is a penny earned."
- Benjamin Franklin

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