VERSO®

EMPLOYEE BENEFITS CONSULTING (PTY) LTD

UNDERSTANDING THE VESTED POT

The Vested Pot contains the retirement assets accumulated before 1 September 2024, together with investment returns. The rules that applied before 1 September 2024 continue to apply to the Vested Pot. To ensure that members did not lose any rights that existed before the implementation of the Two-Pot Retirement System, the benefit was placed in a separate Vested Pot. This means that members retain the rights and benefits that existed under the retirement fund legislation and fund rules before the introduction of the Two-Pot Retirement System. The Vested Pot may therefore be treated differently from the Savings Pot and Retirement Pot when a member leaves employment or retires.

WHY IS 1 MARCH 2021 IMPORTANT?

On 1 March 2021, changes were made to the retirement fund legislation affecting provident funds. Members who were 55 years or older on that date and remained members of the same provident fund retained certain retirement rights that existed before the legislative changes. These are known as vested rights and may affect how retirement benefits are paid at retirement.

MEMBERS OLDER THAN 55 ON 1 MARCH 2021

For members of provident funds who were 55 years or older on 1 March 2021 and remained members of the same fund and did not opt into the Two-Pot Retirement System, additional vested rights may apply. At retirement, part or all the Vested Pot may be taken as a cash lump sum, depending on the member's vested rights and the applicable retirement fund rules. Any amount that is not taken in cash may be used to provide a retirement income.

MEMBERS YOUNGER THAN 55 ON 1 MARCH 2021

At retirement, part or all of the Vested Pot may be taken as a cash lump sum, depending on the member's vested rights and the applicable retirement fund rules.

Any amount in the Vested Pot that is not taken in cash may be used to provide a retirement income.

WHAT HAPPENS AT RETIREMENT?

The Vested Pot remains subject to the retirement rules that applied before 1 September 2024.