



TWO-POT RETIREMENT SYSTEM



**Vested
Component**



**Savings
Component**



**Retirement
Component**

You may have up to **3 pots** (known as components) in total from 1 September 2024.

On 31 August 2024 the RA fund value is R1 million. "Seed Capital" of R30,000 is deducted and transferred to the Savings Component. The member immediately withdraws the seed capital from the Savings Component on 1 September 2024. The balance of R970,000 is transferred to the Vested Component. No further withdrawals are made from the Vested Component.

After 1 September 2024, the member contributes R3 000 a month to the RA until the age of 60 (ten years). R1 000 of the member's monthly contributions are allocated to the Savings Component and R2 000 of the member's monthly contributions allocated to the Retirement Component. The member does not take any further Savings Withdrawal Benefits from the Savings Component prior to retirement.

The benefits in each of the three components grow at an effective rate of 10% per annum, monthly compounded.



Vested Component

One-third can be taken as a cash lump sum at retirement (R833,333)
Two-thirds must be used to purchase annuity income (R1,666,666)

**R2.5
million**



Savings Component

Can take the full amount as a cash lump sum at retirement

R200,000



Retirement Component

Full amount must be used to purchase annuity income at retirement

R400,000

Retirement Annuity

**member at the age of 50 on
1 September 2024, retiring at the
age of 60 under the new Two-Pot
Retirement System**

*This example is provided for illustrative purposes only and no amounts are guaranteed by Liberty. Amounts have been rounded up or down where necessary. Care should be taken when making investment decisions based on projections.