

Two-pot system

Fast fact 6

Tax and Processing fees | Savings pot withdrawal

Thandi's scenario

- Thandi earns a taxable income of R250 000 per year.
- Her marginal tax rate is 26%.
- She has R5 000 in her savings pot.
- She decides to withdraw R3 000.
- Her processing fee is R100*.

*This processing fee is for illustrative purposes only.

Marginal tax rates for tax year ending 28 February 2025

18% for taxable income below R237 100

26% for taxable income above R237 100

31% for taxable income above R370 500

36% for taxable income above R512 800

39% for taxable income above R673 000

41% for taxable income above R857 900

45% for taxable income above R1 817 000



Calculating Thandi's estimated tax:
R2 900 x 26% = R754 tax*

* SARS will instruct the amount of tax to be deducted. The amount to be deducted could include arrears taxes too.



- Processing fees are between R100 to a maximum of R600 depending on how much you withdraw.
- Processing fees will apply to members withdrawing money from their savings pot and may be adjusted with annual inflationary-related increases.

In summary, these are the fees and taxes Thandi may be charged:

- Initial claim amount **R3 000**
- Less tax **- R754**
- Less processing fee **- R100**
- Less outstanding tax owing to SARS (IT88) **if applicable**
- Thandi will receive after deductions **R2 146**

As you can see, it can be expensive to withdraw money from your savings pot. These withdrawals reduce the amount of cash available when you retire. You may need to have cash available at retirement for emergencies and planned expenses. Your savings pot may also be needed to increase your retirement income. You can get up to R550 000 tax free in cash you take when you retire. This is subject to previous amounts withdrawn before September 2024 or from your vested pot.

Register for AF Connect



All savings pot withdrawal claims must be submitted on AF Connect. Register for AF Connect [here](#).

>>> Save your savings pot for your future self!

If you have a query or need assistance with any of the information here, contact our Call Centre on 0860 896 768 or email twopotqueries@alexforbes.com.

Please speak to a financial adviser before you make any financial decisions.



Scan this QR code to read more about the two-pot system.

<https://mymoneymatters.alexforbes.com/twopot.html>

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