



PSSPF Members presentation

Jaco Wasserfall

Agenda



Why long-term savings work



Implications of withdrawing when you are closer to retirement



2-pot track and why you should think carefully before withdrawing

Why long-term savings work?

We have 2 friends who choose to save slightly different Thami and Angie

- Thami is investing R500 per month.
- From 30 – 40
- Then he stops and leaves to money to 65
- Total investment R60 000

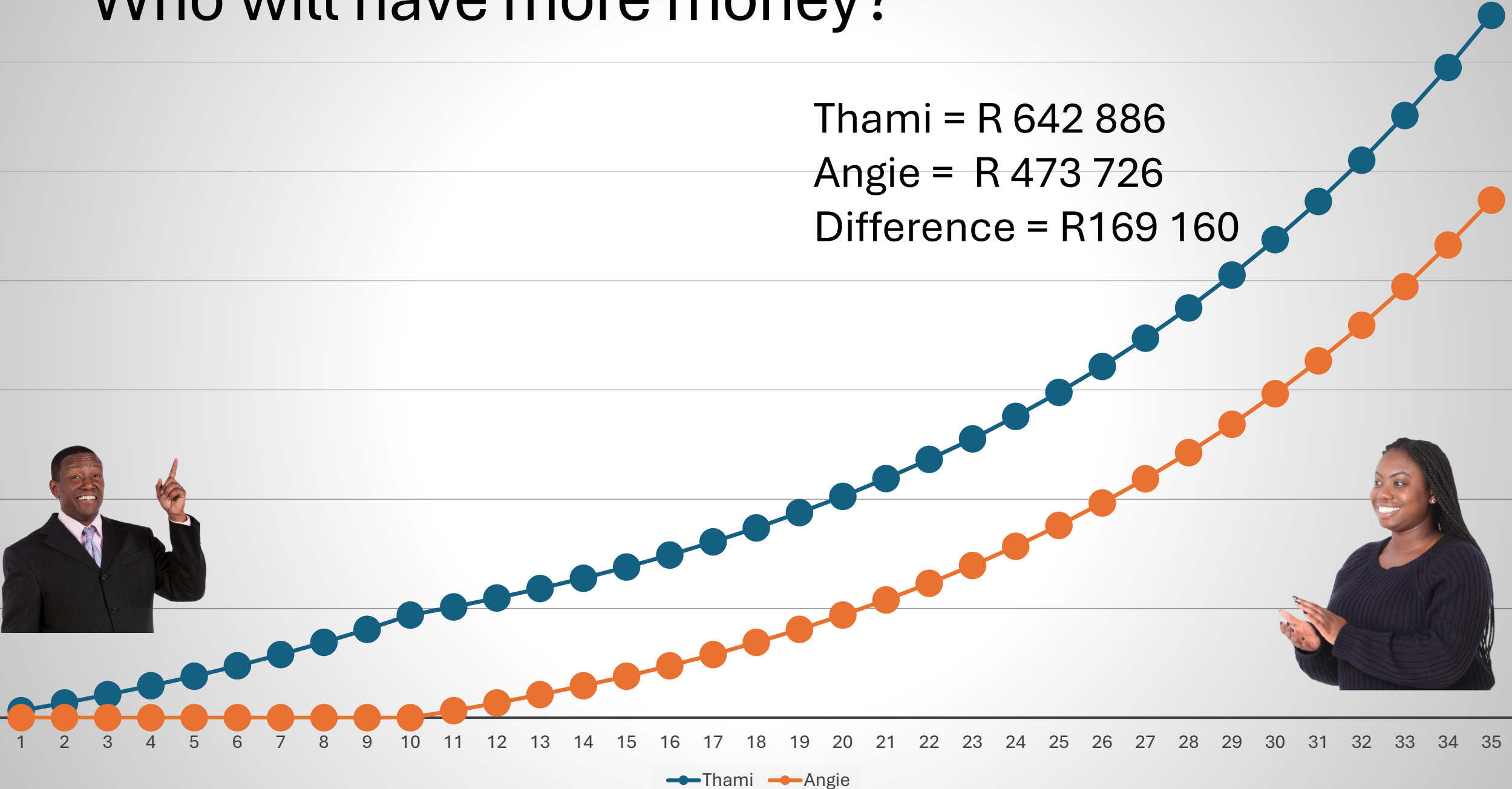
- Angie is investing R500 per month.
- From 40 to 65
- Then she retires
- Total investment R150 000

Who will have more money at retirement?



Who will have more money?

Thami = R 642 886
Angie = R 473 726
Difference = R169 160



—●— Thami —●— Angie

When it comes to savings

To have a lot of money at retirement, be like Thami and save as much as possible as early as possible.



Agenda



Why long-term savings work



Implications of withdrawing when you are closer to retirement



2-pot track and why you should think carefully before withdrawing

Implications of withdrawing when you are closer to retirement....

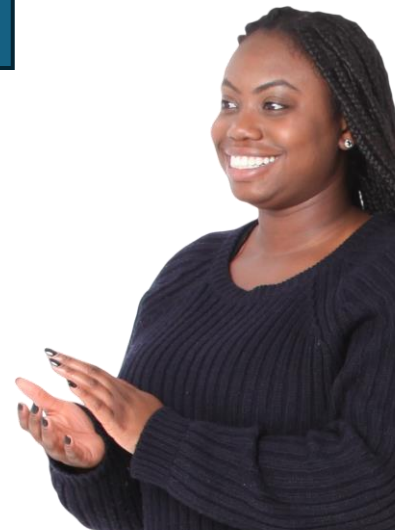
Savings pot
R20 000

Want to withdraw
now

Savings pot
R20 000

Wait for
retirement

TAX??



How much **tax** will Thami and Angie pay?

Savings pot
R20 000

Monthly salary
R12 358

Tax
R 3 600

Savings pot
R20 000

Monthly salary
R12 358

Tax
R0



When you are close to retirement...

Be like Angie, don't withdraw your 2-pot savings balances and save a lot of money on tax.



Agenda



Why long-term savings work



Implications of withdrawing when you are closer to retirement



2-pot track and why you should think carefully before withdrawing

Are you still with
me?

Ready for a
2 – pot
adventure?



What should Thami and Angie do with their 2-pot savings?

- Thami is 50
- He earns R12 358 per month
- He wants to take his 2 pots savings every year.

- Angie is also 50
- She earns R12 358 per month
- She will not take her 2-pot savings and wait for retirement.



What will happen in the 2-pot track?



Thami withdraws his 2 pots saving and Angie does not...



R633,749

This is your estimated retirement balance if you opt **not to withdraw** from your savings pot.

R411,926

This is your estimated retirement balance if you decide to **annually withdraw** from your savings pot.



