



# Withdrawal options on resignation, dismissal, and retrenchment

Legal update 3/2026

This legal update replaces legal update 1 of 2024

From 1 September 2024, FundsAtWork divides a member's retirement savings into three components:

**Vested component** is the component in which FundsAtWork keeps a member's accumulated retirement savings up to 31 August 2024.

**Savings component** is the component into which FundsAtWork made a once-off transfer of 10% of the member's vested component on 31 August 2024, or R30 000, whichever was lower; and from 1 September 2024 is paying 1/3rd of a member's monthly contribution after deducting the insurance premiums and fees, into.

**Retirement component** is the component into which FundsAtWork from 1 September 2024 is paying 2/3rds of a member's monthly contribution after deducting the insurance premiums and fees.

## Cash lump sum options on withdrawal

### **Vested component**

Members can take a portion of or their full vested component in cash. They will pay tax at the withdrawal lump sum tax table, meaning they could potentially get a tax-free amount of R27 500. If a member withdraws from FundsAtWork because their employer retrenched them, they will pay tax on the cash amount they take from their vested component at the retirement lump sum tax table, meaning they can potentially get a tax-free amount of R550 000.

### Savings component

Members can take a portion of or their full savings component in cash and they will pay tax at their marginal tax rate. A member that has already taken an amount from their savings component during the same tax year of their withdrawal, may again access their savings component on withdrawal but only if:

- Before 1 March 2026, the balance in the member's saving component on their withdrawal date was **less than R2 000**. From 1 March 2026, members can now take a second withdrawal from their savings component in the same tax year **irrespective of the amount in their savings component**, meaning they can take a second withdrawal from their savings component in the same tax year as their withdrawal date, even if it is more than R2 000,
- The member is withdrawing the **full** remaining balance in their savings component, meaning a member cannot withdraw only a portion and leave the remaining balance in FundsAtWork, and

## Paid-up benefit options on withdrawal

Members can't split their retirement benefit when they choose to become a paid-up member in FundsAtWork. This means that if a member chooses to leave their retirement component in FundsAtWork as a paid-up benefit, they must also leave their savings and vested components (if not taken in cash) as a paid-up benefit and cannot transfer them to another fund. Or if a member chooses to leave their vested component in FundsAtWork as a paid-up benefit, they must also leave their savings component (if not taken in cash) and retirement component as a paid-up benefit and cannot transfer them to another fund.

Members can choose that only a **portion** of their withdrawal benefit becomes paid-up in FundsAtWork. For example, they can take a portion of their savings component as cash and leave their remaining benefit as a paid-up benefit in FundsAtWork. Or they can take their total savings component and vested component in cash and leave their retirement component as a paid-up benefit in FundsAtWork.

- The member is fully terminating membership of FundsAtWork, meaning if a member wants to become a paid-up member in FundsAtWork for their vested and/or retirement component, they will not be able to take the remaining balance in their savings component in cash.

### Retirement component

Members cannot take any portion of their retirement component in cash and must preserve their full benefit in this component until retirement. This means the only options available for their retirement component are for them to become paid-up in FundsAtWork or to transfer it to their retirement component in another fund. If a member's withdrawal is because they are emigrating (ie ceasing to be a tax resident for 3 years) or their work visa expiring or cancelled, they will be able to also take their retirement component in cash.

If a member chooses for their vested component to become paid-up, they must leave their **total** vested component as a paid-up benefit in FundsAtWork and cannot choose to take a portion in cash and leave the rest as a paid-up benefit.

As a paid-up member in FundsAtWork:

- The member will be able to take their **total** paid-up vested component in cash at any time before retirement.
- The member will not be able to take their paid-up retirement component in cash any time before they retire, and it will have to remain as a paid-up benefit in FundsAtWork until they retire or transfer it to their retirement component in another fund.
- The member can take the total remaining balance or any portion of their paid-up savings component in cash in tax year(s) following their withdrawal, meaning a member is not forced to leave their savings component as a paid-up benefit in FundsAtWork until they retire.

# Transfer options on withdrawal

A member will not be able to split their benefit on transfer, and they must transfer **all three** of their components in FundsAtWork to the **same** new fund if they did not choose to take their savings and/or vested components in cash. For example, a member cannot choose to transfer their vested component to their new employer's fund and their savings and retirement components to a preservation fund.

Also, a member may only transfer their:

- Savings component in FundsAtWork to their savings component or retirement component in their new fund,
- Vested component in FundsAtWork to their vested component or retirement component in their new fund, and
- Retirement component in FundsAtWork to their new retirement component in their new fund.

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