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Human Resources News Update

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Dear Human Resources Officers

Take Action: Update Your Exit Counselling Processes:

Effective **1 March 2026**, statutory changes altered the payment options available to members when leaving the Fund. Please ensure your exit counselling documentation and conversations reflect these two critical updates.

Increase in the Annuitisation Limit (Retirement Component)

- **The Core Rule:**
  The **Retirement Component** must strictly be used to purchase an annuity (monthly pension) at retirement.
- **The 2026 Change:**
  The minimum threshold required to force an annuity purchase has officially increased.
- **The New Threshold:**
  The limit changed from **R165,000 to R240,000**.
- **The Practical Impact:**
  If a member's retirement component value is **under R240,000**, they can now take the full amount as a cash lump sum.

Enhanced Access to the Savings Component on Termination

- **The Old Rule:**
  Members could not take cash from their Savings Component upon exit if they already made a withdrawal in that same tax year (Two Pot Withdrawal).
- **The 2026 Change:**
  Legislative amendments now allow members to withdraw **any remaining balance** in their Savings Component when terminating Fund membership.
- **The Tax Year Exception:**

This termination withdrawal is permitted **even if** they already made a savings withdrawal earlier in the same tax year.

Critical Distinction: Termination of Employment vs Membership

- **Membership Must Cease:**
  These flexible cash rules **only apply** if the member leaves the Fund entirely.
- **No Transfers Allowed:**
  The member cannot make use of the withdrawal option when remaining a member of the fund when transferring to a different employer.
- **No Balances Left Behind:**
  Leaving any money behind means they are still legally considered an active member of the Fund.
- **The Consequence:**
  If employment ends but Fund membership continues, standard rules apply. Only one Two Pot withdrawal is allowed in a tax year.

Once the claim forms are updated, they will be made available on the CRF website. In the interim you can use this guide to navigate member queries during exit interviews.

Q1: Can an employee take their Retirement Component as cash when they retire?

- **Yes, but only if it is under the new limit.**
- As of 1 March 2026, the cash threshold is **R240,000** (up from R165,000).
- If the value is **R240,000 or more**, it *must* be used to buy a monthly annuity/pension.

Q2: What happens to the Savings Component if they already made a withdrawal this tax year?

- **They can still withdraw the remaining balance.**
- The 2026 rule change removes the old restriction.
- Employees leaving the Fund completely can cash out their remaining savings balance, even if they already made an annual withdrawal.

Q3: What if the employee resigns but keeps their money inside the CRF?

- **They cannot access the cash.**
- Access to these funds requires full **termination of membership**, not just termination of employment.
- If they leave money in the Fund, or transfer it to another employer within the CRF, they are still considered a member.

Q4: What should HR verify before processing an exit withdrawal?

- **Check the Fund status.**
- Ensure the employee is exiting the Fund completely and not preserving or transferring their benefit within the CRF.

Warm Regards
Your Consolidated Retirement Fund Communication Team

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