

Who else can dip into your savings pot?



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SECTION 37A OF THE PENSION FUND ACT ALLOWS FOR CERTAIN WITHDRAWALS FROM YOUR RETIREMENT SAVINGS, INCLUDING DIVORCE SETTLEMENTS, MAINTENANCE ORDERS, PENSION-BACKED HOME LOANS AND EMPLOYER DEBT.

This is still the case under the two-pot system, with some adjustments that will affect your savings pot withdrawals.

Your retirement fund administrator can restrict withdrawals if they decide it will mean you do not have enough funds to meet any legal and financial claims against you.

Divorce orders

If your fund receives formal notification that divorce proceedings have started, with proof such as a summons or notice of motion, they may restrict withdrawals to make sure there are enough funds to meet the divorce settlement.

When the fund receives a final divorce order from the court, they will make proportional deductions for your savings, vested and retirement components to pay your ex-spouse.

Maintenance orders

Your fund can restrict withdrawals if there is a pending or final maintenance order against you to make sure there are enough funds to comply with the order.

Pension-backed home loans

If you have a loan backed by your pension, your fund can restrict withdrawals if they decide you will not have enough funds to settle it. This also means that it will be very difficult to secure a pensions-backed loan if you have been issued with a divorce order.

Employer debt

If your employer suffers a financial loss because of your involvement in fraud, theft, dishonesty or misconduct, your retirement savings can be used to compensate them.

You won't be able to withdraw from your savings pot if:

- The fund has received formal notification of a judgement against you.

- You have signed an admission of guilt.

Your fund administrator could also deny a withdrawal claim if they find out there is a pending judgment against you or that your employer has started legal proceedings. However, if your employer does not resolve their claim within 12 months, this restriction will fall away.