

MEDIA RELEASE	PSA cautiously welcomes Treasury's exploration of retirement-pot access: Calls for tax exemption to protect struggling workers
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The Public Servants Association (PSA) noted with cautious optimism National Treasury's intention to explore allowing workers in severe financial distress to access funds from the retirement component of the two-pot system.

This follows Treasury's indication that discussions would begin later this year on possible conditional access for persons who had exhausted their savings pot and had no income or UIF support. The PSA recognises the increasing financial pressure faced by workers amidst rising living costs, debt, and job insecurity. Treasury confirmed that between September 2024 and February 2026, R79.3 billion was withdrawn from the savings component alone, generating R21.4 billion in tax liabilities for financially distressed members, an alarming burden on those already struggling.

Whilst the PSA appreciates Treasury's acknowledgement that workers who have no alternative income should be able to "get by" through limited access to the retirement pot under *strict conditions*, the Union stresses that any such access must not come with punitive tax obligations. Taxing emergency withdrawals effectively penalises the poorest workers at their most vulnerable moment. Many have applied for relief because they are choosing between survival and long-term retirement security.

The PSA noted concerns raised by the retirement industry, which fears erosion of long-term preservation. Whilst preservation is important, it cannot outweigh the immediate hardships faced by workers who have no income and no access to credit. The PSA believes that responsible, conditional access, paired with tax exemption, can strike a fair balance between short-term survival and long-term financial stability. Treasury must ensure transparent and timely consultation process with labour unions, retirement funds, and worker representatives.

The PSA therefore calls for full tax exemption on retirement-pot withdrawals made under conditions of proven financial hardship. Distressed workers must be protected against high administrative fee that could diminish relief. The PSA is committed to supporting reforms that offer real and immediate relief to workers, but stresses that such relief must not worsen their future financial vulnerability through avoidable taxation.

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