

MEDIA RELEASE **PSA condemns Treasury proposal to delay “two-pot” retirement system**

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The Public Servants Association (PSA), which represents more than 240 000 public-sector employees, is disappointed to learn from media statements that Treasury is proposing a delay in the implementation of the "two-pot" retirement system.

According to media reports, Treasury is suggesting a one-year delay in the implementation of the system to 1 March 2025 to provide the investment industry time to implement necessary systems to administer the changes. The reasons put forward by Treasury for this proposed delay are the same old reasons provided by the industry last year and which led to the implementation date being postponed to 1 March 2024.

A further delay to March 2025 will be catastrophic and disastrous for workers. The proposed delay is entirely out of touch with reality and is inconsiderate of the dire financial challenges faced by the majority of workers. A further delay in the implementation of the “two-pot” retirement system will only benefit the investment industry, which has already benefited for many years from the pension savings of workers. Under current financial difficulties, workers may be forced to explore riskier options such as borrowing money from loan sharks that charge exorbitant interest. Workers may even out of desperation resign from their jobs to access their pension savings.

Treasury is proposing an increase in the amount that workers can access from their pension savings from R25 000 to R30 000. The PSA regards the proposed amount as completely inadequate as it is unlikely to alleviate the financial pressures faced by workers. Pensions are workers' hard-earned savings, and they should have access to a reasonable portion of their savings. Current limitations on what workers can access from their pension savings will not change the grim reality faced by many workers of losing their cars, houses, and possessions owing to being over-indebted.

The PSA therefore urges Treasury to reconsider its proposal in consideration of the plight of workers who are in desperate need of financial relief by not delaying the implementation date beyond 1 March 2024. The PSA is also eagerly anticipating the mid-term budget speech and hopes to hear confirmation from the Minister of Finance on the implementation of the “two-pot” system on 1 March 2024.

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