

Gordhan moves to calm workers over new pension laws



Author: Jenni Evans (Fin24).

Controversial new pension laws only apply to money saved from 1 April this year, Finance Minister Pravin Gordhan said on Thursday.

“Anything you saved up to March this year is not touched. The old rules still apply,” Gordhan said at a post-Cabinet briefing broadcast from Pretoria.

Panic and anger set in among workers when President Jacob Zuma signed the new tax laws such as the 2015 Tax Laws Amendment Act and the Tax Administration Laws Amendment Act into force.

They include a limit on how much may be withdrawn when a worker resigns or is retrenched as part of efforts to force workers to save for their retirement and not withdraw savings for other reasons.

The Congress of SA Trade Unions (Cosatu) was outraged at the news of the laws being signed, believing no government had the right to decide how workers spent their retirement money.

“These savings are part of workers’ hard-earned salaries and should be accessible to the workers, as and when they need them, especially in the absence of comprehensive social security,” said Cosatu.

But Gordhan said perhaps government needed to explain to workers that it did not apply to savings they had up to March this year.

He added that most workers would have to work between five to 15 years to reach the threshold amount.

“Essentially, the pension provisions are about the welfare of workers. It is about encouraging savings, and creating a culture of savings, with ideally not too much reliance on the state.”

He appreciated the anger on display and appealed to workers to discuss the issue. “The point is to make sure all of us have saved enough for a proper and dignified retirement,” he said.

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