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## GOVERNMENT NOTICE

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### NATIONAL TREASURY: PENSION ADMINISTRATION

No. 423

31 March 2004

#### AMENDMENT OF THE RULES OF THE GOVERNMENT EMPLOYEES PENSION FUND

Under the powers vested in me under sections 29 and 6A of the Government Employees Pension Law, 1996 (Proclamation No.21 of 1996), I hereby amend the rules to the Government Employees Pension Law, as set out in the Schedule.



T.A. MANUEL  
Minister of Finance

#### SCHEDULE

##### *Amendment of the Rules made in terms of the Government Employees Pension Law, 1996*

##### 1. Amendment of rule 1 of the Rules

##### 1.1 Rule 1 is hereby amended by -

##### 1.1.1 The insertion of the definition of "certified personnel register" after the definition of "agreement".

**"certified personnel register"**, a register referred to in Section 16 (3) of the Transitional Executive Council Act, 1993 (Act 151 of 1993)

##### 1.1.2 The insertion of the definition of "NSF service" after the definition of "interest"

**"NSF Service"**, the period between the date on which a former member of a non-statutory force or service joined his or her respective former forces or services (as reflected on his or her service certificate) and the date of their taking up employment, or entering into an agreement with or their attestation into the employer, provided that such service will only be

recognised for the period after the former member of a non-statutory force or service attained the age of sixteen years, so that service prior to the age of sixteen years will not be regarded as NSF Service. In the case of a beneficiary of a former member of a non-statutory force or service, NSF Service means the period of NSF Service of the former member of a non-statutory force or service through whom the beneficiary is entitled to a benefit in terms of the rules of the Fund;

- 1.1.3 The insertion of the definition of "personnel list" after the definition of "pensionable service"

**"Personnel List"** means a list referred to in the proviso to section 224(2) of the Constitution of the Republic of South Africa, 1993 (Act 200 of 1993) as amended by item 3 of Annexure D of Schedule 6 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996);

- 1.1.4 The insertion of the definition of "service certificate" after the definition of "responsible Minister"

**"Service Certificate"** is the official document issued by the relevant non-statutory force or service which contains sufficient information, in the opinion of the Board, as proof of the member's period of service in such force or service;

## 2. Amendment of Rule 10 of the rules

- 2.1 Rule 10 is hereby amended by insertion of rule 10.6 after rule 10.5

10.6 a period of NSF Service, provided that a period of NSF Service may only be recognised on the following conditions:

- (a) the former member of a non-statutory force or service, or beneficiary of a former member of a non-statutory force or service where the former member of a non-statutory force or service is deceased, completes an application form as formulated by the Fund, and returns the completed form to the Fund within a period of eighteen months after the date of commencement of this rule, provided that the Board may, on good cause shown, consider an application submitted after the eighteen months period referred to in this paragraph; Provided further that when the application form, submitted by a beneficiary of a former member of a non-statutory force or service, is considered by the Board the Board may in the case of a dispute between beneficiaries regarding the application

- decide in its sole discretion whether to and to what extent to recognise the NSF service applied for;
- (b) the former member of a non-statutory force or service may not simultaneously receive in his or her own right a benefit under the Special Pensions Act, 69 of 1996 ("a Special Pension") and recognition of NSF Service;
  - (c) The former member of a non-statutory force or service in receipt of a Special Pension whose NSF Service is recognised will have his or her Special Pension terminated from the day on which such person's NSF Service is recognized which date will be stipulated by the Board in a notification to the former member of a non-statutory force or service or the beneficiary of a former member of a non-statutory force or service that the Fund has decided to recognise the NSF Service of the former member of a non-statutory force or service;
  - (d) any and all amounts payable or paid to a former member of a non-statutory force or service as a Special Pension or a Demobilisation Benefit, other than a dependant's benefit under the Special Pensions Act 69 of 1996 or the Demobilisation Act, 99 of 1996, at the date from which his or her NSF Service is recognised will be taken into account in the computation of additional pensionable service unless the member opts to pay to the Fund the value of such benefits in a once off lump sum or in installments as determined by the Board in which case interest shall be added to the outstanding amount of the debt;
  - (e) any and all amounts payable or paid to a beneficiary of a former member of a non-statutory force or service as a Special Pension or a Demobilisation Benefit at the date from which the NSF Service of the former member of a non-statutory force or service is recognised, other than such benefits payable or paid to such beneficiary in his or her own right, will be taken into account in the computation of additional NSF service of the former member of a non-statutory force or service unless the value of such benefits is paid back to the Fund in a once off lump sum or in installments as determined by the Board in which case interest shall be added to the outstanding amount of the debt;
  - (f) if a former member of a non-statutory force or service or beneficiary of a former member of a non-statutory force or service opts not to pay the member portion, or part thereof, of the contribution in respect of NSF Service which is recognised as pensionable service, such option will be taken into account in the computation of additional pensionable service;
  - (g) for purposes of computation of benefits under rule 14, and subject to the provisions of paragraphs (d), (e) and (f) above,

NSF Service will be recognised as pensionable service to the extent set out below:

- (i) a former member of a non-statutory force or service with less than ten years NSF Service: 50% thereof; and
- (ii) a former member of a non-statutory force or service with ten or more years NSF Service: 100% thereof;
- (h) the obtaining of the necessary approval by the employer for funds to fund the portion payable by the employer, as contemplated in rule 11.9.2.2 in respect of the recognition of NSF Service of former members of non-statutory forces or services in its employ.
- (i) without detracting from the provisions in rule 11.9 regarding payment of or taking into account of the portion payable by or in respect of the former member of the non-statutory force or service, the employer shall pay the portion payable by it, as contemplated in rule 11.9.2.2, in respect of a former member of a non-statutory force or service whose NSF service is recognised.
- (j) NSF service of a former member of a non-statutory force or service that is recognised as pensionable service will be recognized as such as from the date stipulated by the Board in a notification to the former member of a non-statutory force or service or to his or her beneficiary. If the NSF Service, of a former member of a non-statutory force or service whose membership has terminated before commencement of this rule, is recognized such service will be recognized with effect from the date such member's membership of the Fund has terminated.

### **3. Amendment of Rule 11 of the rules**

#### **3.1 Rule 11.5 is hereby amended by –**

The insertion of the phrase “11.9” after the phrase “11.4”;

#### **3.2 Rule 11 is hereby amended by insertion of rule 11.9 after rule 11.8**

**11.9** In respect of NSF Service recognised as pensionable service in terms of rule 10.6(g)

**11.9.1** the total contribution required, as at date of recognition of the NSF service of a former member of a non-statutory force or service, in order to recognise the period of NSF Service referred to in rule 10.6(g) as pensionable service will be

calculated as follows:

- 11.9.1.1 For those members who were active members of the Fund on 31 May 2000 the difference between the values calculated in accordance with 11.9.1.1.1 and 11.9.1.1.2 below, increased from 31 May 2000 to the date of recognition, with interest as determined by the Board after consultation with the actuary:
- 11.9.1.1.1 the actuarial interest of the former member of a non-statutory force or service as defined in rule 11.9.1.1.3 where the member's pensionable service will include the additional NSF Service referred to in rule 10.6(g)
- 11.9.1.1.2 the actuarial interest of the former member of a non-statutory force or service as defined in rule 11.9.1.1.3, where the member's pensionable service shall not include any additional NSF Service.
- 11.9.1.1.3 the actuarial interest of the former member of a non-statutory force or service for the purposes of Rule 11.9 only, as at 31 May 2000, shall be calculated in accordance with the following formula:

$$PS \times Sal \times NSF(X)$$

Where:

PS: is the period of pensionable service as per Rule 11.9.1.1.1, Rule 11.9.1.1.2 or Rule 11.9.4 which ever is applicable, as at 31 May 2000 of the former member of a non-statutory force or service;

Sal is the pensionable emoluments as at 31 May 2000 of the former member of the non-statutory force or service;

NSF(X) is a factor determined by the Board after consultation with the actuary (Explanation: this will be factor that takes account of the actuarial liability of members as at 31 May 2000);

X is the former member's age as at

31 May 2000;

11.9.1.2 For members whose membership within the Fund had been terminated prior to 31 May 2000 the difference between the values calculated at their date of termination of membership of the Fund in accordance with 11.9.1.2.1 and 11.9.1.2.2 below, increased from their date of termination of membership of the Fund to the date of recognition of their NSF service, with interest as determined by the Board after consultation with the actuary:

11.9.1.2.1 the value of the benefit the former member of a non-statutory force or service would have been entitled to if the benefit included the additional NSF Service referred to in rule 10.6(g)

11.9.1.2.2 the value of the actual benefit, paid or payable to the former member of a non-statutory force or service.

11.9.2 The total contribution is divided into a portion to be paid by the employer and a portion to be paid by or in respect of the former member of a non-statutory force or service as follows:

11.9.2.1 the portion to be paid by or in respect of the former member of a non-statutory force or service shall be based on the formula:

Pensionable emoluments as at 31 May 2000 or date of earlier termination of membership of the Fund x 5% x NSF Service recognised as pensionable service in terms of rule 10.6(g) with interest as determined by the Board after consultation with the actuary, the interest to be the same interest as per Rule 11.9.1.

11.9.2.2 the portion to be paid by the employer is the balance of the total contribution calculated in 11.9.1 after subtracting the portion to be paid by or in respect of the former member of a non-statutory force or service.

11.9.3 The period of NSF Service recognised as pensionable service in terms of rule 10.6(g) shall be reduced as a result of a reduction in the total contribution, in respect of that service,

to make allowance for:

- 11.9.3.1 the value of any Special Pensions and / or Demobilisation Benefits already paid to the former member of a non-statutory force or service\_or beneficiary of a former member of a non-statutory force or service, where value refers to the sum of all benefits already paid in terms of the Special Pensions Act and /or the Demobilisation Act, and/or;
- 11.9.3.2 the reduction in the portion payable by or in respect of the former member of a non-statutory force or service\_by any amount that the former member of a non-statutory force or service or the beneficiary of a former member of a non-statutory force or service chooses not to contribute.

11.9.4 The period of NSF Service that shall be recognised ultimately shall be calculated as the period of service that together with the non-NSF Service of the former member of a non-statutory force or service-results:

- 11.9.4.1 For those members who were active members of the Fund on 31 May 2000, in an actuarial interest value, calculated in terms of rule 11.9.1.1.3, equal to the value calculated in 11.9.1 less any reduction in terms of 11.9.3.1 and less the value of any part of the member portion in 11.9.2.1 that the member or beneficiary, as the case may be, elects not to contribute .
- 11.9.4.2 For members whose membership within the Fund had been terminated prior to 31 May 2000, in a benefit equal to the value calculated in 11.9.1 less any reduction in terms of 11.9.3.1 and less the value of any part of the member portion in 11.9.2.1 that the member or beneficiary, as the case may be, elects not to contribute .

### 3. Amendment of Rule 14.5.7 of the rules

3.1 Rule 14.5.7 is hereby substituted by the following:

"The spouse's and orphan's pensions payable in terms of these rules shall be payable with effect from the first day of the month immediately



following the date on which the member or pensioner concerned dies and are payable in equal monthly installments on or before the last day of each month."

**4. Retrospective amendment of the Annexure to the rules in respect of pension benefits in terms severance package**

4.1 The Annexure is hereby amended retrospectively by –

4.1.1 substituting part A "PENSION BENEFITS IN TERMS OF PSCBC RESOLUTION 3 OF 1999" with

"A PENSION BENEFITS IN TERMS OF PSCBC RESOLUTION 3 OF 1999

The following pension benefits are payable:

- (i) Members of Government pension funds who have attained the age of 55 years and who have completed at least 10 years' pensionable service: A gratuity and an annuity determined in terms of the formula that applies at the member's pension age. The benefits will not be scaled down, nor will any additional period of pensionable service be added.
- (ii) All members who have not yet attained the age of 50 years, as well as those who have attained age 50 but have less than 10 years' pensionable service: A gratuity equal to the greater of:
  - o the gratuity benefit referred to in rule 14.4.1 (a); or
  - o the cash resignation benefit payable in terms of the formula set out below:

$$\text{GRATUITY} = [(R1 \times N1) + (8\% \times N3) + (R2 \times N2)] \times Z \times D \times \text{INTFAC} \times \text{SEVFAC},$$

where-

R1 = member's actual rate of contribution as at 30/04/1996 (6% for women and 8% for men)

N1 = member's actual (unadjusted) period of pensionable service as at 30/04/1996

R2 = the rate of 7,5 %

N2 = member's period of pensionable service rendered

from 1/05/1996 onwards

N3 = period of purchased service pre 1 May 1996

Z = average annual pensionable salary of member during his/her last 36 months of pensionable service. Should the member have less than 36 months' pensionable service, it will be the average annual pensionable salary during his/her full period of pensionable service

D = the factor defined in rule 1

INTFAC= 100%, plus 2,5 % for each full year of the member's pensionable service

SEVFAC= 100%, plus 10 % for each full year of pensionable service up to 20 years, 15 % for each full year of pensionable service between 20 and 30 years and 20 % for each full year of pensionable service in excess of 30 years.

[Para. (ii) amended by GN 499 of 11 April 1997.]

- (iii) Members who are between the ages of 50 and 55 years, and who have completed at least 10 years' pensionable service: A choice of either of the following benefits:
    - A gratuity and an annuity calculated as in par (i) above: Provided that these benefits are reduced by 0,3% for each month between the member's age and the age of 55 years; or
    - a gratuity calculated as in par. (ii) above.
  - (Note: Reference to 'pensionable service' above is also regarded as reference to a 'pensionable period'.)
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