

Government Employees Pension Fund

MEMBERS' GUIDE

INSIDE

IMPORTANT INFORMATION

INTRODUCTION TO GEPF

YOUR MEMBERSHIP

YOUR BENEFITS

MORE USEFUL INFORMATION



Important

We need the following information about you

To serve you quickly, efficiently and accurately, there are 11 critical pieces of information that GEPF must know about you as a member:

- Full name
- Pension/member number
- ID number
- Date of birth
- Gender
- Tax number
- Telephone number
- Cellphone number
- Postal address
- Details of spouse
- Details of children
- Service date

My Important Information
N (Nomcebo) Gumede

Member Number: 9383720
ID Number: 8609240987084
Date of Birth: 24 September 1986
Gender: Female
Tax number: 839374643
Telephone number: (012) 756 8902
Cellphone number: 082 123 0000
Postal Address: PO Box 5689, Hatfield, 0169



CALL CENTRE 0800 117 669



If any of these details should change, please let us know by filling in an **Updating of Personal Particulars form** and handing it in to your employer's human resources department. It is vital that we have the right information. Call us on **0800 117 669** if you need help, or visit your branch (addresses on p.50).

Notes:

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Using your Member Guide: Important icons



Difficult terms explained



Important information



Please note



Example



How do i



Forms

Introduction

This booklet tells you the most important things that you, as a member of the Government Employees Pension Fund (GEPF), need to know about your membership and benefits. It explains what benefits GEPF provides if you resign, retire, pass away or are discharged. This booklet also tells you how and when you can claim your benefits, and explains some of the rules that apply to you as a member and to GEPF as your pension fund.

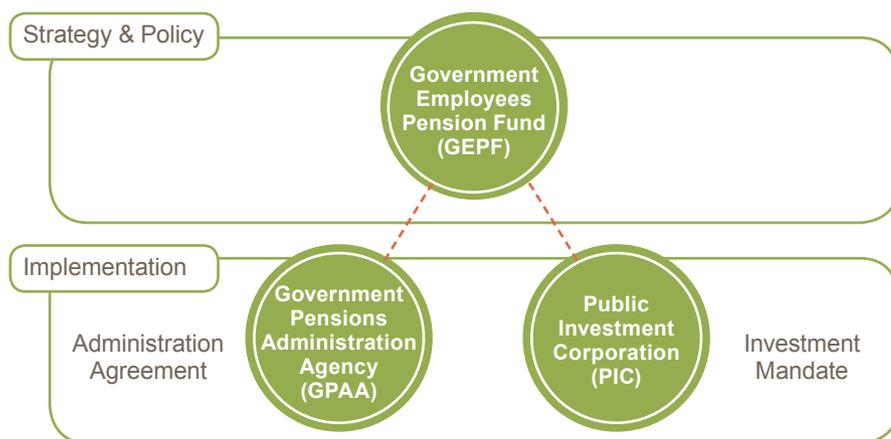
All of this information is important to you today - even if your retirement is still a long way away. The better you prepare today, the more secure the future you are creating for yourself and your loved ones.

Please take the time to read through this booklet and, if you still have any questions, feel free to phone GEPF's toll free Call Centre on 0800 117 669.

Who we are

The Government Employees' Pension Fund is a defined benefit fund with over 1.2 million active members and more than 375 000 pensioners and beneficiaries.

Our core business, governed by the Government Employees Pension Law (1996), is to manage and administer pensions and other benefits for government employees in South Africa. We work to give members and pensioners peace of mind about their financial security after retirement and during situations of need by ensuring that all funds in our safekeeping are responsibly invested and accounted for and that benefits are paid out efficiently, accurately and on time.



the gpaa

Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

How we administer the Fund



the gpaa

Government Pensions Administration Agency
REPUBLIC OF SOUTH AFRICA

Like the majority of private sector pension funds, GEPF does not carry out its own administration activities. Rather, it is administered by the Government Pensions Administration Agency (the GPAA).

The GPAA is a government component that reports to the Minister of Finance. Its job is to administer funds and benefits on behalf of GEPF and National Treasury. This relationship is managed by service level agreements that allow GEPF to make sure that the level of service offered to you is of the highest standard.

How we look after investments



PUBLIC INVESTMENT
CORPORATION

When it comes to investing funds, the Board of Trustees uses the investment services of the Public Investment Corporation (PIC).

The PIC is owned by the South African government and takes care of the investment needs of about 35 public sector clients. GEPF's Board of Trustees keeps a close eye on how the PIC invests GEPF funds and makes sure that all investments are in the best interests of our members and pensioners.

Want to know more? Come and talk to us



GEPF welcomes the opportunity to help you understand as much as possible about your membership and benefits. If you have any questions about the Fund or your membership, please phone GEPF's toll free Call Centre or visit your nearest regional GEPF client Walk-in Centre. The Call Centre number and the addresses of all our Walk-in Centres countrywide are on the back page of this booklet.



Please remember to provide your full names, member/pension number, identity number and contact details when visiting a Regional Office or contacting the Call Centre.

The law and rules that protect you

You will be glad to know that **there are very strict rules about the kind of benefits we must pay and how we must invest and safeguard your money.** These rules are contained in the Government Employees Pension Law, Proclamation 21 of 1996, and rules issued thereunder.

For instance:

- **Your benefits are guaranteed.** All GEPF benefits are defined in the GEP Law and rules, which is why GEPF is called a defined benefit fund. The advantage of belonging to a defined benefit fund is that your benefits are guaranteed.
- **Benefits are protected against inflation.** We have a solid track record in safeguarding the value of members' retirement wealth and in protecting our pensioners against inflation. According to the Fund rules, the annual pension increase paid to our pensioners must be at least 75% of the average increase in consumer inflation during 1 December - 30 November of the previous year. Where pensions fall behind inflation, we also pay catch-up pension increases.

You will never receive less than the benefits you qualify for



Difficult terms explained



Defined benefit pension fund: In this type of pension fund, the benefits are defined in the rules of the fund. The benefits are guaranteed and do not depend on how much the member and employer have contributed. The GEPF is a defined benefit fund.

Your money is in safe hands

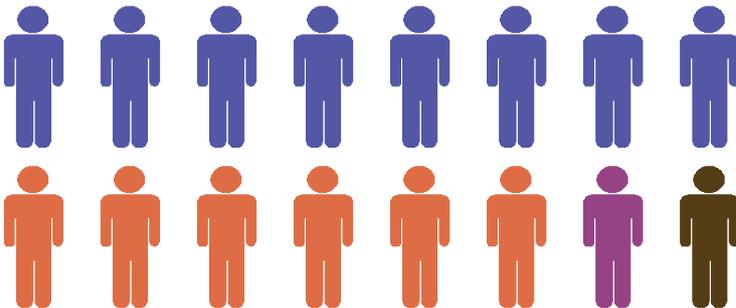
The money you place in GEPF's care is **managed by the Board of Trustees**, who make sure that it is wisely invested and properly looked after.

The Board of Trustees of the GEPF has 16 members. Half of the Trustees represent government as the employer and the other half represent members and pensioners.

The eight Trustees who represent members and pensioners are:

- One Trustee who is elected by pensioners in a postal vote;
- One Trustee who is elected by members of the South African National Defence Force, the National Intelligence Agency and the South African Secret Service; and
- Six Trustees who are elected by labour representatives in the Public Service Coordinating Bargaining Council.

Employer Trustees



YOUR MEMBERSHIP

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Overview of your membership

Who are GEPF's members?



In South Africa, **most government employees are members of GEPF**. If you are unsure about any aspect of your membership, please speak to your human resources representative.

Employees from other government institutions can belong to GEPF if the Board of Trustees approves their employers as participating employers. Your membership of GEPF ends when you leave your employer, whether due to resignation, retirement, discharge or death.

You need to inform US when your status changes - merely informing your employer is not sufficient. Changes include new/different beneficiaries, spouses and children.

When you join the GEPF, there are a few things that you need to do:



Complete a Nomination of Beneficiaries form

- Register your spouse or life partner
- Register your children today

Let's take a closer look at each of these.

Tell us when your details change

When we receive a claim for the payment of benefits (due to resignation, retirement, death of a member or so on), we process and pay it **as quickly and accurately as possible**.



You can help us do that by making sure that we always have the most up-to-date details about you and your beneficiaries.

Wrong or old information is the main cause of delays and errors in making payments



It is very important to let us know immediately if you marry or get divorced, have or lose a child, move to a new address, change your telephone numbers or close or open a post box.

When any of these details change, please take the time to complete the Change of Personal Particulars form (Z864), which is available from:

- Your employer's human resources department;
- Your GEPF Regional Office
(addresses can be found at the back of this guide);
- GEPF's website at www.gepf.co.za ;
- GEPF's toll free Call Centre at  **0800 117 669**.

Let us know the moment your personal circumstances change.



After completing the form, hand it in at your human resources department, which will send it on to GEPF without delay. When you give in your form, please remember to attach a certified copy of your bar-coded identity document and any other documents requested.

Remember to nominate your beneficiaries

Do you ever worry about how your loved ones would cope financially if you passed away? If you pass away in service or within five years of retiring, certain benefits will be payable to you dependants.

All you need to do is complete a **Nomination of Beneficiaries form (WP1002)**, listing the details of **all your financial dependants** and anyone else you want to nominate to share in your benefit and in what percentage. You then hand the form in at your human resources department (along with supporting documentation such as certified ID copies and birth certificates) to give to GEPF. Both the human resources department and GEPF are bound by strict rules of confidentiality and may not tell anyone who your nominees are.



Please note you also need to state clearly whether any of your nominees have disabilities.

It is very important to make sure that we receive your Nomination form.

You may amend your Nomination form if you feel that it is necessary, and you should do this every time your dependants change, due to birth, death, divorce, etc. A newly completed Nomination form cancels out the old one. However, if you do not include all relevant beneficiaries, the GEPF has the right to overrule a Nomination form, or to include excluded beneficiaries if they meet the requirements of a dependant as determined by the rules. This includes children born out of wedlock. So make sure you list all your dependants first, and only then any other nominees to whom you would like to leave a share of your benefits.



Please note that a will is not a Nomination form and cannot be used to choose your beneficiaries.

Difficult terms explained



Beneficiary: The dependant or nominee of a member or pensioner, as the case may be.

Look ahead: Register your spouse or life partner today

Over and above the lump sum (gratuity) paid to your beneficiaries when you die, your spouse or life partner may qualify for a monthly pension (annuity). To avoid any delay in paying this pension after your death, **you need to register your spouse or life partner with GEPF as soon as possible.**

To register your **spouse**, you need to give your human resources department a certified copy of one of these documents:



- Your marriage certificate from the Department of Home Affairs;
- Your customary union certificate;
 - Lobola letter/agreement;
 - Your civil union certificate; or
 - A certificate confirming your Asiatic (e.g. Hindu or Muslim) marriage, or marriage in terms of any other religion.

It is also preferable for **customary marriages to be registered**: this can be done at any office of the Department of Home Affairs.

GEPF is not allowed to consider a person as a life partner automatically, even if you have lived with the person for many years. The status of life partner will need to be confirmed should you pass away. This will be done by means of a life partner application.

To register your **life partner** provisionally, you can fill in the Life Partner Application form. You can request this form from the GPAA, and submit the completed document to the GPAA as well.

The status of your life partner will need to be confirmed should you pass away. This will be done by means of a life partner application.

Difficult terms explained



Annuity: This is the income your spouse or life partner will receive every month from the GEPF after you pass away. It is paid in equal monthly instalments on or before the last or first day of each month.

Your spouse and children also qualify for a funeral benefit. Read more on page 50.

Make sure your children are provided for

If you have children, it is important to register them with GEPF. That way, if anything happens to you and their other parent, your children will receive any benefit due to them.



To register a child, please give your human resources department a certified copy of his or her birth certificate. This copy must have been certified within the last six months.

If your child is 18 or older but is still financially dependent on you, you must also:



- Supply a copy of his or her identity document or passport; and
- Provide proof that the child is financially dependent on you. This could be an affidavit stating that your child is unemployed and living with you, or proof that he or she is still studying, or similar.



When does your pensionable service start?

Your pensionable service starts from the day you start paying your monthly pension contributions and continues until the day you stop working for your employer. In other words, your pensionable service is the period in which you are an active, contributing member of GEPF.

Sometimes, there is a difference between the date on which you started working for your employer (employment date) and the date on which you joined GEPF (service date). This can happen, for instance, if you started out working on a contract (during which time you did not qualify for GEPF membership and therefore were not contributing) and later became a permanent employee, making monthly pension contributions.

The easiest way to keep track of your GEPF service date is to keep your first pay slip showing contributions to GEPF, which has the service date printed on it. Check the membership certificate you receive and query anything that does not agree with the information at your disposal. If you are unsure, speak to your human resources representative.



Example (note: this shows only one scenario)

Sipho is thinking about retiring on 31 December 2015 and would like to calculate his years of pensionable service. He joined the GEPF on 1 May 1996. He will therefore have contributed nineteen years and 245 days to the Fund on date of exit. His years of pensionable service will therefore be:

Years in the GEPF

=19 years + 245 / 365 days (in a year)

=19,6712

Transferring to new employer

When you transfer to a new employer you need to submit the following details on the Z102 form, which your current employer will complete and give to you, and also attach certain additional documents:



- Personal information
- Service date from the original employer and the transfer date to the new employer
- Employer code
- Reasons for leaving the former employer
- Submit your certified ID copy (not older than 6 months)
- Submit your salary information along with the Z102.

Want to know more? Come and talk to us

GEPF welcomes the opportunity to help our members understand as much as possible about their membership and benefits. If you have any questions about the Fund or your membership, please phone GEPF's toll free Call Centre on  **0800 117 669**, or visit your nearest GEPF Regional Office Walk-in Centre. The addresses of all our Walk-in Centres countrywide are on the back page of this booklet.

Please remember to provide your full names, member/pension number, identity number and contact details when visiting a Regional Office or contacting the Call Centre.

Your contributions

As a member of GEPF, you pay a percentage of your salary every month towards securing pension benefits. Government, as your employer, also makes a contribution on your behalf every month.

How much is your contribution?

All GEPF members pay **7.5% of their pensionable salary** towards the Fund.

What does your employer pay?

Your employer's contribution is **13% of your pensionable salary**. However, the rate is higher if you are employed by the South African National Defence Force or a government department in the intelligence community. These employers pay 16% of the member's pensionable salary.



Example (note: this shows only one scenario)

You are a **government employee** and you earn R4 500 a month, of which R3 500 is pensionable. Therefore, your contribution to GEPF is R262.50. This is 7.5% of your monthly salary of R3 500. Over and above this amount, your employer then pays R455 a month towards your pension. This is 13% of your monthly salary.

SALARY R3 500

YOUR CONTRIBUTION
R262.50 (7.5% x R3 500)

EMPLOYER CONTRIBUTION
(not fixed)
R455 (13% x R3 500)

If you are a **services employee** and you earn R3 500 a month, your contribution to the GEPF is R262.50. This is 7.5% of your monthly salary of R3 500. Over and above this amount, your employer (the Department of Defence or a government department in the intelligence community) then pays R560 a month towards your pension. This is 16% of your monthly salary.

SALARY R3 500

YOUR CONTRIBUTION
R262.50 (7.5% x R3 500)

EMPLOYER CONTRIBUTION
(not fixed)
R560 (16% x R3 500)

Difficult terms explained



Pensionable salary: The member's basic annual salary plus any allowances that are recognised as pensionable. An example of a pensionable allowance is your annual service bonus.

INCREASE YOUR RETIREMENT BENEFITS -

Purchase of service



The older you are when you start planning for your retirement, the less time there is to make sure you have enough for your old age. You could be facing this problem if you started working for the government late in your working life and did not belong to a pension fund before. It can also be a problem if you have taken long periods of leave without pay during your career with government, and thereby missed making your pension contributions.

Fortunately, GEPF offers you a way to increase your pensionable service (that means a better retirement benefit).

If you purchase service, you end up with a longer period of pensionable service, which means you end up with a larger pension when you retire. This is called “purchasing additional service”.

There are three different periods that can be considered for purchase of service. These are:

You can do this by paying an extra amount (that both you and GEPF agree on) towards buying additional years of pensionable service



- 1. Leave without pay** – this is a period when a member was not able to contribute to GEPF for a time because the member was on leave without pay (for more than 120 days), suspended from employment or seconded under certain specific circumstances. Please note that the employer should continue to pay both employee and employer contributions to the GPAA for the first 120 days of the leave without pay period. After 120 days, the employee and employer stop contributing and the member must arrange with the human resources department to complete the application form (Z215) for the recognition of any period exceeding the 120 days. GPAA then issues the necessary quotation for the member's consideration and signature. Please note that the quotation consists of an amount payable by the employee. A letter is also sent to the employer indicating the amount that the employer must pay. Where the employer refuses to pay the employer contribution, the employee will have to pay the employer contribution as well to have the period of pensionable service recognised.
- 2. Previous service** – this is a period of pensionable service during which the member was a member of the GEPF or AIPF and received a benefit (other than a benefit for discharge and retirement). The member may purchase this period of pensionable service. However, certain conditions must be met before this period can be considered. Specifically, if you were a member of the GEPF previously, and you want to purchase service for that period, you must have been re-admitted to the GEPF within 36 months and an application form (Z215) must have been received by the GEPF within 12 months after you were re-admitted to the pension fund.
- 3. Other periods** – this is any time after the date on which a member turned 18 until the date the member started contributing to GEPF (in his or her current pensionable service period). You may use the calculator on the GEPF website to calculate provisionally the cost of purchase of service for other periods. Unfortunately, the calculator cannot

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ORPHAN'S PENSION

DEATH AFTER RETIREMENT

LIFE CERTIFICATES

ANNUAL PENSION INCREASES

FUNERAL BENEFITS

NON-CONTRIBUTORY BENEFITS

Overview of your benefits

There are very clear rules about what benefits members are entitled to, as well as when and how these benefits can be claimed, and who can claim them. These rules are important because they ensure that the right people receive the right payments at the right time.

Who decides which benefits you get?

Your benefits are defined in GEPF's rules, which are issued items of the Government Employees Pension (GEP) Law. The GEP Law may only be amended by Parliament. The rules regarding benefits may only be amended after negotiations in the Public Service Co-ordinating Bargaining Council (PSCBC) or other relevant bargaining structures.

When are you entitled to benefits?

You are entitled to benefits on the occasion of your resignation, discharge or retirement. These sections are covered in detail on pages 27-40 of this member guide booklet.

When are your beneficiaries entitled to benefits?

Your beneficiaries are entitled to the payment of a lump sum if you die in service or within five years after retirement. A spouse's pension is also generally payable if you die in service or at any stage of retirement.

How are your benefits determined?

The value of your benefits is based on:

- **Your length of pensionable service;**
- **Your final salary; and**
- **Your exit age (used in downscaling for early retirement).**

Pensionable service:

This is the time you spent as an active member of GEPF, when both you and your employer paid monthly pension contributions. Pensionable service includes any additional service that you have purchased. It excludes any periods of leave without pay in excess of 120 days.

Final salary:

This is the average salary you were earning in the last 24 months of your pensionable service. (If you worked for less than 24 months, say for only 18 months, then your final salary would be the average salary you were earning over 18 months.)

Exit age:

This is your age when you leave (exit) GEPF, whether by resigning, retiring, dying or being discharged. In certain instances, if you retire before 60, your benefits may be downscaled.

These factors – **your pensionable service**, **final salary**, and in the case of adjustments due to early retirement, your **exit age** – are used to work out the value of your benefits. Your pensionable service and final salary are inserted into a formula to work out the value of your benefits.

Final salary calculation worksheet
(if you have been employed for more than 2 years)

Use this worksheet to help you with your calculations

Step 1: Complete this table

Capture your PENSIONABLE SALARY here	Number of days you earned that salary over the last two years
Example: R70 000	Example: 148 days
R <input type="checkbox"/>	days <input type="checkbox"/>
R <input type="checkbox"/>	days <input type="checkbox"/>
R <input type="checkbox"/>	days <input type="checkbox"/>
R <input type="checkbox"/>	days <input type="checkbox"/>



Step 2: Now capture the salaries and days in the table above, here

= Total salary calculated

= Salary R X $\frac{\text{(Days earned)} \text{ days }{\text{Divided by 365 days}}$ = R

PLUS

= Salary R X $\frac{\text{(Days earned)} \text{ days }{\text{Divided by 365 days}}$ = R

PLUS

= Salary R X $\frac{\text{(Days earned)} \text{ days }{\text{Divided by 365 days}}$ = R

PLUS

= Salary R X $\frac{\text{(Days earned)} \text{ days }{\text{Divided by 365 days}}$ = R

Step 3: Add the salaries together and divide the total by 2

= Total Salaries R = Final salary R

Divided by 2

We will take a closer look at these formulas in the sections to follow.

The value of your benefits: Who can help you with the calculations?

If you would like help in working out the value of your benefits, contact your human resources department. Alternatively, you can:

- use the benefits calculator on GEPF's website at www.gepf.co.za;
- phone GEPF's Call Centre  **0800 117 669**; or
- visit your nearest GEPF Regional Office.



Please remember to provide your full names, member/pension number, identity number and contact details when visiting a Regional Office or contacting the Call Centre. Submit a verified Tax Clearance Certificate and your correct banking details to ensure that the exit process goes smoothly.

When can your benefits be paid out?

GEPF only pays out benefits when you:



Resign



Retire



Pass away



Are discharged (due to ill health, dismissal, or retrenchment)



Qualify for a funeral benefit



Please Note: Your decision (either to take your resignation benefit in cash or to transfer it) is FINAL. Think carefully before you decide.

SORRY, NO LOANS ALLOWED

Please note that GEPF does not lend money to any member or pensioner. The rules of the Fund do not make provision for any loans.

How does divorce affect your benefits?

When a member divorces, his or her spouse may be entitled to a portion of the member's pension interest in terms of the divorce order granted by the court. GEFP is obliged to pay this divorce pension interest to the non-member former spouse.

What is pension interest?

Pension interest is the benefit that you, as a GEFP member, would have received had you resigned from your employer on the date of divorce. The term does not refer to any interest accumulation – **it simply means the value of the resignation benefit on the date of divorce.**

Pension interest just means the value of the resignation benefit on the date of divorce



A court may award a portion of the pension interest to your former spouse. The percentage that the non-member former spouse is entitled to is calculated based on the provisions of the divorce order, or the settlement agreement (made order of the court).

How does it work?

The non-member former spouse's right to a share of your pension interest is not automatic. Several things have to be in place:

- A divorce order that complies with the provisions of the Divorce Act (1979).
- The divorce order must be issued as a valid court order granting the non-member former spouse a share of the pension interest.
- The divorce order must have been granted on or after 1 August 1989.

If a divorce order grants a non-member former spouse a share of the pension interest, that individual has a choice: they can either receive their share in cash, or have it transferred to an approved retirement fund. If a divorce order complies with all the legal requirements, GEFP sends a Choice form to the former spouse to complete.

The former spouse must inform GEFP of his/her decision and provide the necessary documents in order for payment to occur.

How is the pension interest amount calculated?

The calculation of the pension interest is based on:

- The resignation benefit the member would have received had the member resigned at the date of divorce;
- The percentage of the pension interest that was awarded to the non-member spouse in the divorce order; and
- Specific conditions that may have been included in the divorce order.



Example: Pension award upon divorce

John (a GEPF member) and his non-member spouse (Sally) get divorced. The divorce order stipulates that 50% of the pension interest should be awarded to the Sally. Had John resigned on the date of the divorce, he would have received R800 000 as a resignation benefit. Sally must receive 50% of the R800 000, and she is therefore paid R400 000.

What about tax?

If the divorce occurred before 13 September 2007, the member pays the tax on the pension interest. For divorces on or after this date, the non-member spouse pays the tax on the pension interest. Once we have calculated the amounts based on GEPF rules, we ask the South African Revenue Service (SARS) for a tax directive. After we receive the directive, we deduct the tax amount, including any other tax debt owed to SARS. The final amount, after tax, is what the non-member ex-spouse can expect in cash or as a transfer to another approved pension fund. The member's pension benefit is also subject to tax, but only when they exit the Fund, as described below. If the non-member ex-spouse transfers the pension interest to an approved retirement fund, it will not be taxed before transfer.

Sharing of the pension interest is not automatic



A former spouse is not automatically entitled to 50% of the other person's pension interest, even if they were married in community of property.

It depends on the provisions of the divorce order. We evaluate each case on its own merits, considering the terms of the divorce order and our rules.

Thinking about the future

Although the non-member former spouse may be tempted to take his/her share of the pension interest in cash, he/she should think beyond the immediate reward and rather plan for the long term. Putting the money in another pension fund will help to ensure financial security in retirement.

How long will it take to pay?



GEPF must pay or transfer the money within **60 days of being informed of the non-member former spouse's choice.**

If the former spouse does not make a choice or identify an approved retirement fund for transfer within 120 days, and we have their bank details, we will pay the amount directly to the non-member former spouse within 30 days of the end of the 120-day period – in other words, within 150 days of the former spouse receiving the Choice form. Alternatively, we may keep the amount until we have sufficient details.

What happens to the member's pension?

On the date of accrual and payment of a divorce benefit, we create a debt against the member for the amount payable to the former spouse. This is called “divorce debt” and is directed by the GEP Law and rules. The divorce debt amount gathers interest until the member leaves the Fund. The member must repay this amount in a lump sum, or in instalments. Any remaining divorce debt will be deducted from the member's benefits on exit.

It is very important to understand that the member will now owe GEPF the amount paid to his/her former spouse, and that this amount will accrue interest. Therefore, we strongly recommend that the member pay off this debt immediately.



Example: How a divorce award affects a member's benefit

John, (a divorced GEPF member) resigns from public service and leaves the Fund. The benefit due is R1 945 044. The amount awarded to Sally (his non-member former spouse) was R747 202, which was paid out two years earlier.

According to the Government Employees Pension Law (GEP Law), the divorce debt gathered an interest amount of R115 294. This is added to the R747 202 awarded to the former spouse, so that the total divorce debt against John is R862 496.

We request a tax directive from SARS on the R1 945 044, minus R862 496 paid to the non-member former spouse, Sally. John's tax that is payable on his benefit is R166 000.

So John, the member leaving GEPF, will receive R916 548, calculated as follows:

R1 945 044 Total benefit due to member, LESS:
- 747 202 Divorce debt (award paid to Sally - non-member former spouse)
- 115 294 Interest on divorce debt
- 166 000 Tax as determined by SARS

R916 548 Amount paid to GEPF member, John.

However, this example is only to show a general approach. The benefits, interest amounts and taxes will vary for every individual case. To find out more about tax, please see page 57.

GEPF members should regularly review their retirement plans, including any other sources of funding they may have after they stop working. They must remember to take into account the divorce debt created by GEPF, as this means that they will receive a **reduced pension benefit on exit**.

What does the GEPF need to process a divorce pension interest claim?



Please notify us about a divorce as soon as possible. You need to contact your employer's human resources department and they will start the process on your behalf.

The table below shows the information you need to submit in order for us to process the former spouse's claim. **We need to receive the documents listed below.**

For the non-member former spouse:

Information/supporting document(s) needed
Certified copy of divorce order
Certified copy of settlement agreement (if one was reached)
Certified copy of marriage certificate
Cover letter providing contact details of the non-member former spouse: cell number, landline number, email address, and postal address.

Once GEPF is satisfied that the order requires that it pay pension interest to the non-member former spouse, it will send a Choice form to the former spouse.



Benefits if you resign

You receive a resignation benefit when you resign from your employer or are discharged due to misconduct or illness occasioned by your own doing. Your employer is required to submit the relevant documents. The resignation benefit is a lump sum calculated according to a fixed formula using your final salary and years of service.

We offer you two options for the payment of your resignation benefit:

- **OPTION 1:** Have it paid into your bank account as a cash lump sum. (This decision is final - sorry, no going back.)
- **OPTION 2:** Transfer it to an approved retirement fund. (This decision is final - sorry, no going back.)

Option 1: Have the cash resignation benefit paid into your bank account

If you choose this option, a cash lump sum (gratuity) will be paid into your bank account. Please note that this money will be taxed before it is paid into your account.

How to apply for your cash resignation benefit

You need to give your human resources department the following documents:

- 
- A certified copy of your bar-coded ID or valid passport (the certification should not be older than six months)
 - A correctly completed Personal Details form (Z864)
 - A correctly completed Banking Details form (Z894)
 - A correctly completed Resignation Choice form
 - If you are married, a certified copy of your marriage certificate
 - If you are divorced, the divorce order and settlement agreement
 - If you have children, certified copies of their birth certificates

Next, your human resources department will complete a Withdrawal from Fund Application form (the Z102 form) and submit this to GEPP, along with all the other documents you have supplied.

Option 2: Transfer your resignation benefit to an approved retirement fund

One advantage of this option is that you do not pay tax on your resignation payout when it is transferred straight into an approved retirement fund. However, you will generally have to pay tax if and when you leave the new fund into which you transferred.

Once a member has chosen to transfer to an approved retirement fund, the transfer is irrevocable. This means that it cannot be reversed.

To qualify for the transfer option, you must choose an approved retirement fund. This means a pension fund, pension preservation fund or retirement annuity, but not a provident fund.

1 In a pension preservation fund you are usually forced to leave at least two-thirds of the money you transfer in the new fund until you retire. This means you are still making provision for your own pension, which is in your best interests.

2 You **may not** transfer to a provident fund, as the rules of GEPF prohibit this type of transfer.

If you have any questions about approved pension funds, or any other aspect of your pension, please come and talk to us. You can either phone GEPF's toll-free Call Centre on  **0800 117 669**, or visit your nearest GEPF Walk-in Centre (see the contact details at the back of this booklet).

How to transfer your payout to an approved retirement fund

You need to give your human resources department the following documents:



- Certified copy of your bar-coded ID or valid passport (the copy should not be older than six months)
- A correctly completed Transfer Application form (Z1525): you and a representative of your new pension fund must sign this form
- A correctly completed Personal Details form (Z864)
- A correctly completed Resignation Choice form
- If you are married, a certified copy of your marriage certificate
- If you are divorced, the divorce order and settlement agreement
- If you have children, certified copies of their birth certificates

Benefits if you are discharged

You can qualify for the benefits outlined in this section when you are discharged for the following reasons:

- Medical reasons (not of your own doing);
- When jobs are abolished, reduced, re-organised or restructured (i.e. due to operational requirements);
- To promote the efficiency of your department;
- When the President or a Premier appoints you to another position;
- When you are injured on duty; or
- Incapability (excluding medical reasons) not as a result of your own doing.

If you are discharged, your benefits will depend on whether you have less than 10 years of pensionable service or more than 10 years. If you have more than 10 years of pensionable service, the rules provide for an increase in your years of pensionable service due to the nature of your no-fault discharge.

Discharge after LESS THAN 10 YEARS of service: What are my benefits?	Discharge after MORE THAN 10 YEARS of service: What are my benefits?
You will receive a once-off lump sum (gratuity).	Your discharge benefits consist of two parts: <ul style="list-style-type: none"> • A once-off lump sum (gratuity), and • A monthly pension called an annuity.

Options for your discharge gratuity and annuity



If you are married or have a life partner, you can choose from two options when deciding on the amount of your gratuity and annuity. Your choice depends on the amount of the monthly pension you would like your spouse or life partner to receive after your death.

Usually, when a GEPF member dies, the spouse is entitled to receive 50% of the monthly pension that the member would have received. However, this monthly pension can be increased from 50% to 75% if the member wishes it. To increase the spouse's pension to 75%, the member must reduce his or her gratuity or annuity.

Thus, your options are as follows:

OPTION 1: You decide to keep your spouse's annuity at 50%.

Gratuity = **6,72%** x final salary x years of pensionable service

Annuity = (1/55 x final salary x years of pensionable service)+ R360

OPTION 2.1: You decide to increase your spouse's annuity to 75% by reducing your gratuity.

Gratuity = **5,85%** x final salary x years of pensionable service

Annuity = (1/55 x final salary x years of pensionable service)+ R360

OPTION 2.2: You decide to increase your spouse's gratuity to 75% by reducing your annuity.

Gratuity = **6,72%** x final salary x years of pensionable service

Annuity = (1/57 x final salary x years of pensionable service) + R360



Example to calculate discharge retirement benefit after 12 years of service

Themba retired from GEPF after 12 years of pensionable service at the age of 51 due to medical reasons. His final salary was R72 000. He opted to keep his spouse's annuity entitlement at 50%, i.e. Option 1.

His years of pensionable service will be increased by the lesser of:

- five years;
- one-third of his service which equals four years (12 x 1/3); or
- his unexpired period of service of nine years (60 – 51).

His years of pensionable service are thus increased by four. Therefore his adjusted total years of pensionable service are 16 years (12 + 4). Themba's retirement benefits are:

Step 1:

Gratuity = 6,72% x final salary x years of pensionable service
= 6,72% x R72 000 x 16
= R77 414,40

Step 2:

Annuity = (1/55 x final salary x years of pensionable service) + R360
= (1/55 x R72 000 x 16) + R360
= R21 305,45 per year (R1 775,45 per month)

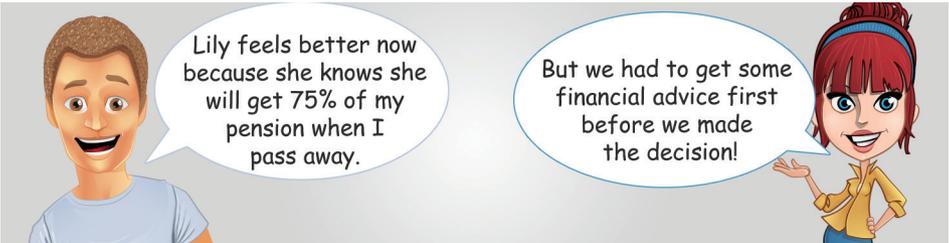
How do you change your spouse's annuity?

Please complete the **Spouse's Pension Choice form** and submit it to your human resources department. They will then take the necessary further steps.



Your decision is final: Consider your options carefully

Once you have chosen an option for your spouse's annuity, your decision is final – you cannot change it. Please think about your decision very carefully before you make it. We also recommend that you consult a financial advisor about this matter.



When making your decision, consider the following:

- For both options, we pay a lump sum and a monthly pension. The only difference will be the amounts of each.
- For members of the SANDF, SAPS, NIA, South African Secret Service and the Correctional Services, excluding members of these employers appointed under the Public Service Act and/or not the applicable employer legislation, we increase the years of pensionable service by 25% for years in excess of 10 years' pensionable service.
- The lump sum of uniformed members of the SANDF will be increased by 12% if they are discharged before the age of 53.

The discharge process: How it works

Remember, your human resources department must handle the discharge process. You will need to correctly complete some forms and get certain documents ready for them, as follows:



Banking Details form (Z894)

- If obtained, a letter of approval for your discharge, signed by your head of department
- If as a principal member you have contributed to a medical aid continuously for the last 12 months of service, a Medical Scheme Membership form (Z583)
- Choice form for spouse's pension
- A certified copy of your bar-coded ID or passport, not older than six months

Early retirement

You may retire **before** your 60th birthday if you choose to do so, with or without the approval of your employer.

If you retire early, your benefits will also depend on whether you have less than 10 years of pensionable service or more than 10 years.

Retiring with **LESS THAN 10 YEARS** of service: What are my benefits?

You receive a once-off lump sum called a gratuity, which you can invest. This lump sum is equal to your actuarial interest (the value of your benefits in the Fund, based on a formula).

Retiring with **MORE THAN 10 YEARS** of service: What are my benefits?

Your benefits consist of two parts:

- A once-off lump sum called a gratuity, which you can invest; and
- A monthly pension called an annuity.



We use the same formulae as for normal retirement to calculate your annuity and gratuity. The difference is that these will be reduced by one third of a percent for each month between your retirement date and your 60th birthday. Where the employer granted permission for your early retirement, your benefits will not be scaled down. However, your employer will pay an additional liability.



Choosing early retirement means reduced benefits

Before you make the decision to retire early, you need to ask yourself three critical questions:

- Can I afford to retire early, given the reduced benefits?
- Can I maintain my standard of living throughout my retirement?
- Will my surviving spouse be able to meet the financial obligations left behind if I die?

How do I apply for early retirement?

If your conditions of service allow you to retire early, you need to correctly complete some forms and get certain documents ready for your human resources department, as follows:



- A letter of approval for your early retirement from your head of department if your employer approves your early retirement
- Banking Details form (Z894)
- Choice form for spouse's pension
- If as a principal member you have contributed to a medical aid continuously for the last 12 months of service, a Medical Scheme Membership form (Z583)
- A certified copy of your bar-coded ID or passport, the certification not older than six months

Z102 should be filled in by your employer.

Z894 should be filled in by you.

Letter of approval, if applicable, to be signed by HOD.

Certified ID copy.

Choice form for spouse's pension.



Example (note: this shows only one scenario)

Simon decided to take early retirement at age 56, after 16 years of pensionable service. His normal retirement age is 60. Simon also chose Option 1 (see page 31) i.e. to keep his spouse's annuity entitlement at 50%. At the time of his retirement, Simon's final salary was R78 000. His normal retirement gratuity would have been as follows:

$$\begin{aligned}\text{Gratuity} &= 6,72\% \times \text{final salary} \times \text{years of pensionable service} \\ &= 6,72\% \times \text{R78 000} \times 16 \text{ years} \\ &= \text{R83 865,60}\end{aligned}$$

However, since Simon retired four years (48 months) early, his gratuity was reduced by:

$$\begin{aligned}1/3\% \times 48 \text{ months} \\ = 16\%\end{aligned}$$

Therefore, the total reduction amounted to:

$$\begin{aligned}16\% \times \text{R83 865,60} \\ = \text{R13 418,50}\end{aligned}$$

Normal retirement

Your benefits when you retire



Retirement can refer to:

- Normal retirement;
- Early retirement in terms of service conditions (with or without permission from your employer - see page 34); or
- The expiry of your contract.

Decisions about retirement: Expert advice is vital!



*We recommend that you **consult a financial advisor at least 5 to 10 years before you want to retire** to ensure that your pension benefits will be enough to meet your needs. Read more about financial advice on page 56.*

When can I retire?

The normal retirement age for government employees in South Africa is **65** as per the provisions of the Public Service Act. However, **when you may retire varies** according to the legislation that applies to your situation, and the conditions to which you agreed in your terms of employment. You can retire from age 60 without being penalised. Consult your human resources department about your options for retirement.

When you retire, your benefits depend on whether you have less than 10 years of pensionable service or more than 10 years.

Retiring with **LESS THAN 10 YEARS** of service: What are my benefits?

You receive a once-off lump sum called a gratuity. This lump sum is equal to your actuarial interest (the value of your benefits in the Fund, based on a formula).

Retiring with **MORE THAN 10 YEARS** of service: What are my benefits?

Your benefits consist of two parts*:

- A once-off lump sum called a gratuity; and
- A monthly pension called an annuity.

* See below for how the gratuity and annuity are calculated

Difficult terms explained



Actuarial interest and factor: The actuarial interest represents the value of the member's "share" in the GEPF, based mainly on age, years of service and final salary. The actuarial interest is calculated using a formula with a factor determined by the actuary and approved by the GEPF's Board.

Options for your gratuity and annuity



If you are married or have a life partner, you can choose from two options when deciding on the amount of your gratuity and annuity. Your choice depends on the amount of the monthly pension you would like your spouse or life partner to receive after your death.

Usually, when a GEPF member dies, the spouse is entitled to receive 50% of the monthly pension that the member would have received. However, this monthly pension can be increased from 50% to 75% if the member wishes. The effect of increasing your spouse's pension to 75% is that you will either reduce the gratuity or annuity that you will get when you leave the Fund.

OPTION 1: You decide to keep your spouse's annuity entitlement at 50%.

Gratuity = **6,72%** x final salary x years of pensionable service

Annuity = (1/55 x final salary x years of pensionable service) + R360

OPTION 2.1: You decide to increase your spouse's annuity entitlement to 75% by reducing the gratuity.

Gratuity = **5,85%** x final salary x years of pensionable service

Annuity = (1/55 x final salary x years of pensionable service) + R360

OPTION 2.2: You decide to increase your spouse's gratuity entitlement to 75% by reducing the annuity.

Gratuity = **6,72%** x final salary x years of pensionable service

Annuity = (1/57 x final salary x years of pensionable service) + R360



Please note: Once you have made this decision it is irrevocable, meaning that you cannot change it.

How do I change my spouse's annuity to 75%?

Please complete the **Spouse's Pension Choice form** and send it to GEPF with your other exit documents when you retire. Before you make any decision, please remember that your decision will be final. Once you make the decision, you cannot change it.



Your decision is final: Consider it carefully

Once you have chosen an option for your spouse's annuity, your decision is final – you cannot change it. Please think about your decision very carefully before you make it. We also recommend that you consult a financial advisor about this matter (see page 56).

When making your decision, consider the following:

For both options, we pay a lump sum and a monthly pension. The only difference will be the amounts of each.



Example 1 to calculate a retirement benefit with a spouse's pension of 50%

50%

Siphiwe retired from the GEPF after 22 years of pensionable service, at the age of 60. At the time, his final salary was R80 000. Siphiwe decided to keep his spouse's annuity entitlement at 50%, i.e. he chose Option 1. On his retirement, the Fund paid out the following benefits:

Step 1:

Annuity

$$\begin{aligned} &= (1/55 \times \text{final salary} \times \text{years of pensionable service}) + R360 \\ &= (1/55 \times R80\,000 \times 22) + R360 \\ &= R32\,360 \text{ per year (R2\,696,67 per month)} \end{aligned}$$

Step 2:

Gratuity

$$\begin{aligned} &= 6,72\% \times \text{final salary per years of pensionable service} \\ &= 6,72\% \times R80\,000 \times 22 \\ &= R118\,272 \end{aligned}$$



Example 2.1 to calculate a retirement benefit with spouse's pension of 75%, by reducing the gratuity (lump sum payment)

Siphiwe retired from the GEPF after 22 years of pensionable service, at the age of 60. At the time, his final salary was R80 000. He decided to increase his spouse's annuity entitlement to 75% by reducing his gratuity, i.e. he chose Option 2.

Step 1:

Siphiwe received an annuity (monthly pension) equal to:

Annuity

$$\begin{aligned} &= (1/55 \times \text{final salary} \times \text{years of pensionable service}) + R360 \\ &= (1/55 \times R80\,000 \times 22) + R360 \\ &= R32\,360 \text{ per year (R2\,697 per month)} \end{aligned}$$

75%

Step 2:

Siphiwe received a gratuity (cash lump sum) equal to:

Gratuity

$$\begin{aligned} &= 5,85\% \times \text{final salary} \times \text{years of pensionable service} \\ &= 5,85\% \times R80\,000 \times 22 \\ &= R102\,960 \end{aligned}$$



Example 2.2 to calculate a retirement benefit with spouse's pension of 75%, by reducing annuity (monthly pension)

Siphiwe retired from the GEPF after 22 years of pensionable service, at the age of 60. At the time, his final salary was R80 000. Siphiwe decided to increase his spouse's annuity entitlement to 75% by reducing his annuity, i.e. he chose Option 3. On his retirement, the Fund paid out the following benefits:



Step 1:

Siphiwe received an annuity (monthly pension) equal to:

$$\begin{aligned} \text{Annuity} &= (1/57 \times \text{final salary} \times \text{years of pensionable service}) + \text{R360} \\ &= (1/57 \times \text{R80 000} \times 22) + \text{R360} \\ &= \text{R31 237 per year (R2 603 per month)} \end{aligned}$$

Step 2:

Siphiwe received a gratuity (cash lump sum) equal to:

$$\begin{aligned} \text{Gratuity} &= 6,72\% \times \text{final salary} \times \text{years of pensionable service} \\ &= 6,72\% \times \text{R80 000} \times 22 \\ &= \text{R118 272} \end{aligned}$$

Normal retirement: what to do

You need to correctly complete some forms and get certain documents ready for your human resources department, as follows:



Banking Details form (Z894)

- Retirement Choice form
- Medical Scheme Membership form (Z583): you must have been a main member of a medical aid for the last 12 months before retirement
- A certified copy of your bar-coded ID or passport, not older than six months



Death in service

We pay death benefits if you die while still working or if you die within five years of retiring (gratuity, spouse's pension, funeral benefit, as applicable). If a member passes away in service and his or her spouse was a dependant on the medical aid, the spouse is entitled to a medical benefit. If the deceased was younger than 50 and had more than 15 years' government service, the spouse qualifies for a monthly subsidy when continuing as a main member of the medical scheme, from the month following the date the deceased would have turned 50. If the deceased had less than 15 years' service, a gratuity is paid to the surviving spouse.



These benefits depend on whether you have less than 10 years' pensionable service or more than 10 years' service.

What happens when you die with LESS than 10 years' service?

We pay a once-off lump sum to your beneficiaries or, if you have no beneficiaries, to your estate. The amount of the gratuity will be equal to whichever of the following is greater:

- Your final salary; or
- Your actuarial interest in the Fund (this is the value of your accrued benefits in the Fund, based on a formula).

We **also** pay a monthly pension to your spouse if your pensionable service and unexpired period of service is at least 10 years.

What happens when you die with MORE than 10 years' service?

This benefit consists of two parts:

- **A once-off lump sum (death-in-service gratuity) that we pay to your beneficiaries or to your estate, if you have no beneficiaries.** The gratuity is distributed to your beneficiaries in terms of your Nomination form, or on the basis of dependency.
- A monthly pension that is paid to your spouse.

Difficult terms explained



Beneficiary: The dependant or nominee of a member or pensioner, as the case may be.

Spouse's annuity

Who may receive a spouse's annuity?

This monthly pension or annuity is only paid to the spouse or life partner of the member or pensioner who has died. It is not paid to other dependants or beneficiaries who may have been named on the Nomination of Beneficiaries form. If the member dies in service, the spouse will receive 50% of the annuity the member would have received had the member retired on date of death.

This is a lifelong pension and does not stop if the spouse remarries. If you die with more than one surviving customary spouse, then the spouse's pension will be divided equally among the surviving spouses.

How is the annuity calculated?

If you die in service, the spouse's annuity is half of the annuity that you would have received had you retired on the date of death.

The calculation is as follows:

$$50\% \times [(1/55 \times \text{final salary} \times \text{pensionable service period}) + \text{R360}]$$



Example to calculate a spouses' annuity (death in service)

Anna died in service. Anna had more than 10 years of pensionable service. Therefore her husband, apart from the gratuity, will also receive a spouse's annuity for the remainder of his life.

$$\text{Spouse's annuity} = 50\% \times [(1/55 \times \text{final salary} \times \text{pensionable service}) + \text{R360}]$$

Anna died at the age of 54 so her prospective service was six years (60 - 54). Therefore her full potential service was:

$$\begin{aligned} & \text{actual pensionable service years} + \text{unexpired period of service} \\ &= 21 + 6 \\ &= 27 \text{ years} \end{aligned}$$

$$\begin{aligned} \text{Spouse's annuity} &= 50\% \times (1/55 \times \text{R67 000} \times 27 \text{ years} + \text{R360}) \\ &= 50\% \times \text{R33 250,91} \\ &= \text{R16 625,45 per year} \\ & \quad (\text{R1 385,45 per month}) \end{aligned}$$

Orphan's pension



This benefit is calculated taking into account your actual years of service, and your unexpired years of service up to the age of 60. A monthly pension only becomes payable if the actual service and unexpired service comes to more than 10 years of service. We pay an orphan's monthly pension (or annuity) when you, as the member, die and there is no surviving parent (natural or adoptive) to take care of your eligible child or children.

Who qualifies for the annuity?

To qualify, the children you leave behind must be your natural or legally adopted children:

- Under the age of 18;
- Under the age of 22 and full-time students; and/or
- Disabled children, irrespective of age, and factually dependent.

How can your orphaned child access the annuity?

The GEPF needs the following documents to process an orphan's application:

- An order from a competent court awarding guardianship to the guardian.
- If the orphan is a full-time student, proof of this from the educational institution he or she attends. (Proof is needed for each year from the date the child was orphaned to the date of application.) Proof of full time study is required from age 18 to age 22.
- Birth certificates of all orphans.
- If an orphan is over the age of 18, a certified copy of his/her bar-coded ID document must be submitted and a Z894 bank form.
- If children are using different surnames, we need their unabridged birth certificates or two affidavits stating the relationship from both families, along with the death certificate of the other parent.
- If the child is disabled, we need proof of the disability from two different specialist doctors.

How is the orphan's pension calculated?

An orphan's pension, calculated as ten percent of the member's annuity will be payable to any eligible children, orphaned by the death of the member, his or her spouse or the other parent, natural or adopted, subject to a minimum orphan's pension as determined by the Board of Trustees. The formula used to calculate the benefit will differ based on when the member passed away, but for all current active members the minimum benefit will be R200 per month.

Death after retirement

What happens if you die within five years of after retirement?



If a member dies within five years after the date of retirement, the beneficiaries will receive the balance of the annuity payment up to the end of the five-year period as a cash lump sum. The balance of your pension for the five years will be paid to your nominees and/or dependants.



Example

If you retired two years ago and were receiving a monthly pension of R5 000 when you died, we would then pay the remaining pension payments (i.e. for 36 months) to your beneficiaries.

This would work out to:

$$\begin{aligned} & \text{R5000} - \text{R30 (supplementary amount)} \\ & = \text{R4970} \end{aligned}$$

$$\begin{aligned} & \text{R4970} \times 36 \text{ months} \\ & = \text{R178 920} \end{aligned}$$

Likewise, if you were to die 26 months after retiring, we would pay 34 months' worth of benefits, and so on.

Deceased 12 months after retirement	Deceased 24 months after retirement	Deceased 36 months after retirement	Deceased 48 months after retirement
Pension payments for 48 months paid as lump sum	Pension payments for 36 months paid as lump sum	Pension payments for 24 months paid as lump sum	Pension payments for 12 months paid as lump sum

Over and above this, your spouse will also receive a monthly spouse's pension (spouse's annuity) from the first month after your death.

The amount of the spouse's pension would be 50% or 75% of the pension you were receiving when you died. The percentage will depend on the option you chose when you retired. (Also see the section entitled "Options for your discharge gratuity and annuity" on page 30 of this member guide booklet.)



Your monthly pension is for life

Please note that your monthly pension does not suddenly stop five years after you retire. You receive your pension from the day you retire until your death, no matter how many years there are in between. If you are receiving a pension as a retired member, and you remarry, your spouse will receive a spouse's annuity. If we are paying a spouse's annuity, you will still receive that annuity when you remarry - but your new spouse cannot receive an annuity if you, as recipient of a spouse's pension, pass away.

Don't forget!

- To nominate your beneficiaries; and
- To keep the Nomination of Beneficiaries form (WP1002) up to date.

What happens when you die five or more years after retirement?

We will pay your spouse a monthly pension worth either 50% or 75% of the pension you were receiving at the time of your death. The percentage will depend on which option you chose when you retired. If you are not married at the time of your death, no spouse's pension is payable. (Also see the section entitled "Options for your discharge gratuity and annuity" on page 30 of this member guide booklet.)

How can your spouse access the annuity after your death?

If you die while on pension, your spouse needs to fill in the Application for Spouse's Pension form (form Z143) and submit it to the GEPF with the following documents:



- A certified copy of his or her ID document (certified within the last six months)
- A Banking Details form (Z894)
- A certified copy of the death certificate
- A certified copy of your ID document or passport and confirmation of death by the Department of Home Affairs
- A certified copy of the marriage certificate OR your customary union certificate/lobola letter/civil union certificate; OR a certificate confirming your Hindu or Muslim marriage, or marriage in terms of any other religion.

Life Certificates: keep pension payments going

Once a year, GEPF sends overseas pensioners, as well as those whose life status could not be verified using the Department of Home Affairs, a Life Certificate to complete and send back. This certificate confirms that the pensioner is still alive and should continue receiving a pension from GEPF.

The Life Certificate process is very important because it protects GEPF and our members from fraud. It does this by giving us proof that we are paying pensions to the right people. The Life Certificates help us to keep track of our pensioners and ensure that we only pay pensions to living people.

To complete the annual Life Certificate process, you need to do the following:



- Fill in the certificate and make sure that all your personal details are correct.
- Have the certificate signed and stamped by a Commissioner of Oaths. A Commissioner of Oaths can be a magistrate, a post master, a bank manager, a lawyer, a police officer, a priest or a social worker, if they are so recognised. Usually the most convenient Commissioner of Oaths is at your nearest police station, which will always have such a person on duty.
- Attach a certified copy of your identity document to the form. This certification must not be more than six months old.
- Post/fax/email the documents to the number/address on the certificate, or hand them in at your nearest GEPF Regional Office.

If you have provided us with your cell phone number, an SMS will be sent to you to confirm that we have received and processed the certificate.

How to reinstate an expired Life Certificate

If your Life Certificate needs to be reinstated because it has expired, you will need to submit the originally completed Life Certificate and originally certified ID copy. This can be done via email, fax or post, or by delivering the completed Life Certificate and documents to the Regional Office nearest to you. We will then reactivate your pension on the system. If you have provided us with your cell phone number, an SMS will be sent to you to confirm the successful reinstatement of the certificate.

If your certificate has been suspended for more than six months, however, it can only be reactivated by a supervisor in the Life Certificate Unit at GEPF's Head Office in Pretoria for security purposes. We therefore suggest that if you live far from Pretoria, you send the document through the post to the Pretoria Head Office.

Funeral benefits

The purpose of funeral benefits is to help pay the funeral costs when a member or pensioner (or his/her spouse/child) dies. Funeral benefits are also paid on the death of the spouse, life partner or eligible child of a member or pensioner.



This benefit consists of R7 500 for the funeral of a member or pensioner. The same amount is also payable for the funeral of a member or pensioner's spouse or life partner. For the funeral of an eligible child of a member or pensioner, the benefit is R3000.



Example to calculate a funeral benefit

John and his son Mark both died in the same motor vehicle accident while John was still a member of the Fund. A cash lump sum payment of R10 500 will be paid to their beneficiaries. This amount consists of R7 500 for John's funeral benefit and R3 000 for Mark's.

An eligible child is one of the following:

- A natural or legally adopted child under the age of 18 years.
- A natural or legally adopted child between the ages of 18 and 22 years who is a full-time student.
- A natural or legally adopted child who is disabled and dependant on the parents.
- A still-born child. This is a child born after 26 weeks of pregnancy who shows no signs of life. If the child was aborted, a funeral benefit is not payable.

Stepchildren and children of other family members **are not covered** for this benefit unless the member or pensioner has legally adopted them. The funeral benefit is paid out as a cash lump sum and is taxable. It can be paid into a bank account or via the Post Office. If both spouses are members of GEFP, both can claim the funeral benefit for the same family member's funeral.



How to access the funeral benefit

The person submitting the claim to the GEFP must complete the following forms and make copies of certain documents, as follows:

- The Funeral Benefit Claim form (Z300).

- If the payment must be made into a bank account, the Banking Details form (Z894) (if payment must be made via the Post Office, faxed or emailed copies of all the original documents must be presented to the Post Office)
- A certified copy of the ID document or valid passport of the applicant and the person who died
- A certified copy of the death certificate
- Proof of marriage, where required
- Bank statements, if documents are faxed or emailed

Additional documents needed when a child dies



Please note that the following documents must also be submitted if the person who died was an eligible child:

- A certified copy of the birth certificate
- Medical proof of disability if the child was over 18 and disabled
- Proof of student registration if the child was over 18 and a full-time student at a recognised institution
- Medical proof from the hospital or doctor if the child died in a miscarriage after 26 weeks or more of pregnancy: this proof could be a letter from the hospital confirming the age and cause of death of the child, as well as the date and place of death

If the person claiming is a major child, he or she must provide proof of the relationship with the person who died.

Notes:

Non-contributory benefits

Apart from paying pension, death and resignation benefits, certain benefits, funded by the government, are paid to government employees. These benefits are called non-contributory benefits and include post-retirement medical benefits for government employees.

Injury on duty benefits

Injury on duty benefits are paid to government employees who are injured on duty or, in the case of a fatal injury, to their dependants. The benefits payable depend on how seriously disabled the member is. A gratuity (lump sum) is paid if the disability is determined to be between 1% and 30%. An annuity (monthly pension) is payable if the disability exceeds 30%.

How to claim for an injury on duty

The employer must complete an Employer Accident Report (the WCL2 form) and submit it to the Compensation Commissioner, together with the employee's first medical report and a copy of his or her identity document. These documents must be submitted within seven days of the accident in which the employee was injured.

As soon as the Compensation Commissioner has accepted the employee's injury, four award documents are printed. Of these, two originals are forwarded to the employer, one copy goes to the employee and the other goes to the GPAA.

Next, the employer must make sure that the reverse side of the original award is properly completed and forwarded to the Government Pensions Administration Agency (or the GPAA), who administer these benefits, along with the following documents, to process payment:

- Personal Particulars form (Z864)
- Banking Details form (Z894)
- A certified copy of the employee's identity document



How to claim for a death on duty

If the injury caused the employee's death, the employer must submit the following documents to the Compensation Commissioner:

- The Employer Accident Report (WCL2)
- A copy of the death certificate
- If there is a surviving spouse, a copy of the employee's marriage certificate or lobola letter
- If there are surviving orphans, copies of the children's birth certificates and an affidavit confirming that the orphans are dependants of the employee

Injury on duty Life Certificates are compulsory once a year

Once a year, the GPAA sends an injury on duty Life Certificate to every person receiving injury on duty payments who lives outside of South Africa or whose life status cannot be verified through the Department of Home Affairs. By completing and returning the certificate, the person concerned confirms that he or she is still living and should continue receiving injury on duty benefits.

The Life Certificate process is very important because it protects us from fraud. It does this by giving us proof that we are paying injury on duty benefits to the right people.

You will have four months from the date of receiving the certificate to return it to us. If we do not receive your completed certificate within the four months, we have no choice but to stop paying out your benefits until the certificate reaches us.

To complete the annual Life Certificate process, you need to do the following:

- Fill in the certificate and make sure that all your personal details are correct.
- Have the certificate signed and stamped by a Commissioner of Oaths. A Commissioner of Oaths can be a magistrate, a post master, a bank manager, a lawyer, a police officer, a priest or a social worker. Usually the most convenient Commissioner of Oaths is at your nearest police station, which will always have such a person on duty.
- Attach a certified copy of your identity document to the form. This copy should not be more than six months old.
- Post the certificate to the GPAA or hand it in at your nearest GPAA regional office. (We must receive the original document and cannot accept faxes or photocopies.)

Post-retirement medical benefit

When government employees retire, they may qualify for a medical benefit (this excludes members of Polmed and employees of SANDF). This helps to cover their medical aid contributions during retirement.

The amount of the medical benefit depends on your length of service:

If you have **15 OR MORE YEARS** (10 years in case of discharge due to ill health) of actual service, the government will pay a portion of your monthly medical aid membership for the rest of your life, as long as you remain a principal member of a medical scheme.

If you have **LESS THAN 15 YEARS** of actual service, you will receive a once-off medical benefit. The amount payable depends on whether you have less than 10 years' service, or less than 15 years' service.



Please note that to qualify for the medical benefit, you must have been a main member of a recognised medical aid for the last 12 months (without a break) before you retire.

It is also important to note that this benefit is taxable.

How to apply for post-retirement medical subsidy

You need to give your human resources department the following documents:

- A completed Medical Scheme Membership form
- A copy of your last salary advice (pay slip)
- A certified copy of your identity document (certified not longer than six months ago)
- If you have less than 15 years' service, a correctly completed Banking Details form
- Membership certificates of all medical schemes you belonged to in your last 12 months of service for the government
- ID copies for all the dependants on your medical scheme and proof of studies for students, or medical reports for disabled dependants

If a pensioner passes away and his or her spouse was a dependant on the medical aid at date of death and becomes the main member, the spouse will qualify for the same subsidy percentage that the pensioner received.

Medical Aid Life Certificates are compulsory once a year IF you don't qualify for Auto Life Verification

Once a year, the GPAA sends a Medical Aid Life Certificate to every pensioner receiving the medical benefit who lives outside of South Africa or whose life status cannot be verified through the Department of Home Affairs. By completing and returning the certificate, the person confirms that he or she is still living and should continue receiving the medical benefit.

The Medical Aid Life Certificate process is very important because it protects the GPAA against fraud. It does this by giving us proof that we are paying the medical benefit to the right people.

You will have four months from the date of receiving the certificate to return it to us. If we do not receive your completed certificate within the four months, we have no choice but to stop paying out your medical benefit until the certificate reaches us.

To complete the annual Medical Aid Life Certificate process, you need to do the following:



Fill in the certificate and make sure that all your personal details are correct.

- Have the certificate signed and stamped by a Commissioner of Oaths. A Commissioner of Oaths can be a magistrate, a post master, a bank manager, a lawyer, a police officer, a priest or a social worker. Usually the most convenient Commissioner of Oaths is at your nearest police station, which will always have such a person on duty.
- Attach a certified copy of your identity document to the form. This copy should not be more than six months old.
- Post the certificate to the GPAA or hand it in at your nearest GPAA regional office. (We must receive the original document and cannot accept faxes or photocopies.)

Notes:

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Taxation

It is important that you as a member understand the different tax implications when benefits are paid. As a member of GEPF, any benefits which you have accrued prior to 1 March 1998 will be tax free. Any benefits accrued since then will be taxed.

Let's take a look at the calculations for the following:

Gratuity (lump sum)
payments

Retirement Annuity
(monthly) payments

Gratuity (lump sum) payments

There are two steps to determine the tax payable on your gratuity (lump sum) when you leave GEPF.

Step 1: Determine how much of your benefit is taxable (i.e. accrued after 1 March 1998 - Formula C)

Step 2: Determine how much of this taxable portion can be taken tax free (according to the latest tax legislation)



Example

Step 1: How much of your benefit is taxable (i.e. accrued after 1 March 1998 - Formula C)

The following formula will be used to determine the taxable portion of the lump sum:

How much is taxable (A) = (Completed years after 1 March 1998 (B)
÷ Pensionable service years (C)
x Lump sum (gratuity) (D)

A =	The taxable portion of the lump sum to be determined, subject to further deductions in terms of the Income Tax Act.
B =	Your completed years of employment after 1 March 1998 or completed years of employment approved after 1 March 1998 during which you had been a member of the Fund, including previous or other periods of service approved as pensionable service in terms of the rules of the Fund after 1 March 1998.
C =	Total number of years taken into account for determining the benefits payable to you (pensionable service years), or, the number of completed years during which you had been a member of the Fund.
D =	The lump sum (gratuity) benefit payable to you.

Example

Step 2: Determine how this taxable portion calculated above will be taxed (according to the latest tax legislation)

Retirement fund lump sum benefits or severance benefits

The first R500 000 payable at retirement or retrenchment from a pension, provident or retirement annuity fund is tax free.

The balance is taxed according to the following fixed scale:

R0 – R500 000	0%
R500 001 – R700 000	18% of the amount exceeding R500 000
R700 001- R1 050 000	R36 000 plus 27% of the amount exceeding R700 000
R1 050 001 and above	R130 500 plus 36% of the amount exceeding R1 050 000

This amount applies to the aggregate of all retirement lump sums received. This means that you cannot get R500 000 from GEPF and R500 000 from a living annuity. The lump sums will be added together, and the first R500 000 will then be tax free. The balance will be taxed according to the scale above.

Benefits on withdrawal

The first R25 000 of a cash withdrawal will be tax free with the balance taxed as follows:

R0 – R25 000	0%
R25 001 – R660 000	18% of the amount exceeding R25 000
R660 001- R990 000	R114 300 plus 27% of the amount exceeding R660 000
R990 001 and above	R203 400 plus 36% of the amount exceeding R990 000

This amount applies to the aggregate of all withdrawal lump sums received over your lifetime after 1 March 2009. This means that you cannot get R25 000 from GEPF and R25 000 from another fund in the future. Your fund values will be added together, and the first R25 000 will then be tax free. The balance will be taxed according to the scale above.

Death after retirement

According to GEP Law a member's pension is guaranteed for 5 years. If a member dies within a 5-year period after retirement, a lump sum benefit will be payable. If the date of death is after 1 March 1998, the lump sum benefit of 5 years payable will be taxed at the annual average rate of income.

Unclaimed benefits

If you do not claim your benefit from GEPF due to outstanding tax affairs, GEPF has to process your claim and pay across any tax payable. This means that the benefit will be taxed at 40% and the net will be paid to GEPF's unclaimed benefit account. Once you have rectified your affairs with SARS, another tax directive will be requested with the correct exit reason and the net amount will be paid to you. Another tax directive will be issued and should there be a tax amount refundable in terms of the latest directive, SARS will refund this to you when you submit your annual tax return.



Important

If your tax affairs are not in order, it will delay payment of your claim.

Should there be any reason why a tax directive cannot be issued by SARS, e.g. incomplete information, outstanding tax returns or amounts owing to SARS, the benefit payment by the Pensions Administration will be delayed. It is therefore in your best interests to ensure that you have provided the correct information to your human resources department at the time of your termination of service.

GEPF cannot be held liable for any delay in the payment of these claims. SARS will contact you, in writing, should a problem arise and will not disclose any personal information to GEPF. SARS will, however, advise GEPF that there is a problem delaying the issuing of a tax directive.

Retirement monthly annuity (pension) payments

GEPF Pensions are paid on a monthly basis and are taxable. The normal tax tables will apply and the income will be taxed at the annual average rate of income.

If you receive a GEPF pension and an income from an employer or from somewhere else, the money that is deducted monthly from each income source for tax might not be enough to cover all of the money that you need to pay to SARS for the year. This is because SARS calculates the amount of tax that someone must pay by adding together all of the person's income and then using the final amount to find out how much must be paid according to their tax tables. This means that the more a person earns, the higher their rate of tax will be and the more they will need to pay in.

How does the tax work?

If you are only receiving an income from GEPF or from another employer, the amount of tax paid will, most likely, be the same as that which you owe. This means that you will not have to pay any money in when your tax is reconciled each year. However, if you are receiving income from more than one source and each pays money to SARS on your behalf for tax, you might be paying less than you need to because the combined income may put you into a higher tax bracket. This will mean that you will have to pay in more at the end of the tax year when you submit your tax return and this can be a burden on you.

What can you do to resolve the problem?

To help you avoid this situation, you can make additional voluntary tax payments each month. This means that you can ask GEPF and/or an employer or other source of earnings to deduct more tax from your income each month. This will help you to reduce the amount of tax you will need to pay in at the end of the year when you submit your tax return.

How does it work?

The first step is to calculate the extra amount you will need to pay in each month in order to make sure that you cover all of the tax that you owe to SARS for the year. SARS will be able to assist you in this regard. You can then choose either to ask your employer and GEPF to deduct an amount from your income every month for tax, or you can ask one source of income, for example GEPF, to deduct the entire extra amount, with the other deducting the normal amount.

What does GEPF need from you?

In order for GEPF to pay more money to SARS on your behalf as a voluntary extra payment, a letter must be sent to GEPF's tax unit with all of your details, especially your pension or CP number. The letter should clearly state what extra amount (how much) you would like deducted from your pension each month to pay to SARS.

Once GEPF has received this letter, voluntary tax deductions will be made every month to SARS until you request that the deductions be stopped. This means that you will need to send GEPF another letter instructing them to stop the extra deduction when you want the extra payments to come to an end.



Please take note: This voluntary tax deduction does not reduce any debt already owed to SARS. It is only for current or future tax and not for past debt.

Notes:

Fraud alert: what to do if you suspect pension fraud

If you become aware of any incident of pension fraud, corruption or unethical behaviour, please do not keep quiet about it. Instead, we urge you to speak up against fraud by calling our free, confidential fraud hotline.

- The hotline number is  **0800 43 43 73 (0800 43 GEPPF)** and is run by an independent auditing firm, KPMG, from a secure location.
- Calls are free from any Telkom telephone and are answered 24 hours a day.
- All calls are treated as strictly confidential. You do not even need to give your name to the operator.
- When you phone the hotline, please be ready with full details of the incident you are reporting, including **what** has happened, **where** and **when** it took place, **who** was involved and **how** was it done.

You can also report an incident by sending an anonymous fax, email or letter. The contact details are:

- Fax – **0800 200 796**
- Email – ethicsline@kpmg.co.za
- Post – KPMG Hotpost, BNT371, PO Box 14671, Sinoville 0129

Difficult terms explained

Here are the meanings of some common terms that you will come across as a member of the GEPPF.

Actuarial interest and factor: The actuarial interest represents the value of the member's "share" in the GEPPF, based mainly on age, years of service and final salary. The actuarial interest is calculated using a formula with a factor determined by the actuary and approved by the GEPPF's Board.

Adopted child: This is a child who the member legally adopts in terms of the Child Care Act, 1983.

Annuity: This is the income you receive every month from the GEPPF when you retire. It is paid in equal monthly instalments on or before the last or first day of each month.

Approved retirement fund: This is important if you are planning to resign and want to transfer your resignation benefit to another fund. GEPF will only allow you to transfer your money to an approved fund, meaning a fund that has been registered in terms of the Pension Funds Act, 1956, and approved in terms of the Income Tax Act, 1962.

Beneficiary: The person or people entitled to a lump sum payment (gratuity) when a GEPF member or pensioner dies.

Defined benefit pension fund: In this type of pension fund, the benefits are defined in the rules of the fund. The benefits are guaranteed and do not depend on how much the member and employer have contributed. GEPF is a defined benefit fund.

Defined contribution pension fund: This is a fund where the benefits are based on how much the member and employer have contributed over the years. This is different from GEPF, which is a defined benefit fund.

Disabled child: This refers to a child who is financially dependent on the member because of a permanent physical or mental disability.

Eligible child: this is a child who is entitled to receive certain benefits when a GEPF member dies. An eligible child is the natural or legally adopted child of a member:

- Under the age of 18;
- Under the age of 22 and a full-time student; and/or
- Over the age of 18 and disabled and factually dependant.

Eligible orphan: This is a child who has been orphaned after the death of:

- A member;
- The spouse of a deceased member;
- A pensioner who retired as prescribed by GEPF rule amendments; or
- The spouse of a pensioner as prescribed by GEPF rule amendments

Final salary: Most of the benefits that GEPF pays take into account the final salary that the member earns. The final salary is the average salary paid over the last 24 months of your pensionable service. The final salary generally excludes any allowances received, e.g. housing or car allowances or annual service bonuses, unless they are deemed pensionable.

Funding level: This is the ratio between what GEPF owes (its liabilities) and what it owns (assets). If the funding level is 100%, it means the Fund has enough assets to cover all its liabilities in full.

Fund: This refers to the Government Employees Pension Fund.

GEPF: Government Employees Pension Fund.

Gratuity: A lump sum paid when the member exits employment.

Pension retirement date: The date on which a member becomes eligible to retire.

Pensionable salary: The member's basic annual salary plus any allowances that are recognised as pensionable. An example of a pensionable allowance is your annual service bonus.

Pensionable service: The number of years and parts of a year that the member has been contributing to GEPF. It includes any service that you purchase but excludes periods of leave taken without pay in excess of 120 days (unless you purchase these periods back).

Services members: Members employed by the National Intelligence Agency, the South African National Defence Force and the South African Police Service.

Service periods: This is the date on which you started contributing to GEPF. Please ask your department to confirm that your service date is correct because the correct date is of great importance when you resign, retire, are discharged or die. If your service date is not correct, request your department to forward an Admission to Fund form (Z125) to GEPF as soon as possible.

Spouse: Usually known as a husband or wife, this is the person a member is married to or has a life partnership with.

Stillborn child: As defined by the Births and Deaths Registration Act, 1992, this is a member or pensioner's natural child who is:

- Born after 26 weeks of pregnancy, and
- Shows no sign of life.

The definition excludes any termination of pregnancy as per the Choice on Termination of Pregnancy Act, 1996.

Unexpired period of service: This is the number of years between the member's age on leaving the Fund and the date he/she would reach 60 years of age, or 65, in limited and specific circumstances. For example: if you resign from government at the age of 35, there are still 25 years until you retire at the age of 60. Your unexpired service will be $60 - 35 = 25$ years.

Disclaimer

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How to contact us

The GEPF has a national toll free Call Centre number, **0800 117 669**.

Calls to this number are free from any Telkom line.

We also have regional Walk-in Centres in all nine provinces of South Africa.

GEPF Head Office

Toll free number: **0800 117 669**

Fax number: **012 326 2507**

Email: enquiries@gepf.co.za

Website: www.gepf.co.za

Postal address:

GEPF Private Bag X63

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Umtata

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Free State

Mangaung

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