

- or valid SA passport of both the deceased member and the applicant;
- b) An originally certified copy of the relevant death certificate;
- c) Proof of marriage (if applicable);
- d) For deceased minor or major children, proof of their age in the form of an originally certified copy of their birth certificate or identity document;
- e) If the major deceased child was disabled, medical proof of disability;

- f) If the major deceased child was a student, proof of student registration;
- f) If the major child is claiming the funeral benefit, proof of relationship is required;
- g) If an estate is applicable, a certified copy of executorship(s) is needed; and/or
- h) When payment is made via Post Office, faxed or e-mailed copies of the original documents must be submitted to the Post Office.

New Purchase of Service (POS) formula

With effect from 1 July 2011 rule 11.4 of the Government Employees Pension Law was substituted to introduce a new Purchase of Service (POS) formula for type D 'Other Service'. The old F(X) formula was replaced with the formula A–B.

Extract from the GEP Law amendment:

Rule 11.4 is hereby substituted by the following rule

- "11.4 In respect of service recognised as pensionable service in terms of Rule 10.4, the member shall pay an amount calculated in accordance with the following formula:
- A-B
- Where-
- A is the member's actuarial interest in the Fund after the recognition of additional service; and
- B is the member's actuarial interest in the Fund before recognition of additional service."

What is Other Service?

Type D Purchase of Service 'Other Service' is explained in rule 10.4 of the GEP Law and refers to a period:

1. Which is not current pensionable service to an active member,
2. Which follows after the 18th birthday of the active member,
3. Of a period of previous pensionable service that falls outside the rules of Rule 10.2 where a member is re-admitted to the fund and who received a benefit from the Fund.

Who can apply for type D Other Service?

Any GEPF member who is currently contributing to the fund.

How do you apply for Other Service?

The member together with his/her employer can complete the GEPF Z215 Purchase of Service application form item C (4) with the period to be purchased.

How will the cost of the purchase of service period be calculated?

The application date completed on the Z215 determines the formula that will be used for the calculation of the cost.

The cost is based on:

1. Member's average salary over two years prior to the application date or
2. Member's salary for the full service period if less than 2 years.

The average salary and member's service will be used to calculate:

1. The Actuarial Interest in the Fund including the period to be purchased
2. The Actuarial Interest in the Fund excluding the period to be purchased

The cost of the purchase of service will be equal to the value of the result in point 1 minus the result in point 2.

Where can I request a Purchase of Service cost calculation?

1. The Benefit Calculations icon on the Government Employees Pension Fund website www.gepf.co.za includes a calculation for the Other Service.

If the user selects the Exit reason "Purchase of service for other periods" and supply the required information, the calculator will supply the user with a preliminary cost for the purchase of service period.

2. Alternatively, the Government Pension Administration Agency (GPAA) Call Centre can be contacted at 0800 117 669 for assistance.
3. Visit the regional office in your province for assistance.

Report fraud!

The GEPF's Fraud Hotline is running at full steam and we encourage pensioners, members and the community to use it to report any corruption, fraud or unethical conduct relating to pensions and the GEPF. Calls to the Hotline are free and callers do not have to give their names when reporting a matter.

The Fraud Hotline number is **0800 43 43 73 (0800 43 GEPF)** and calls are answered 24 hours a day.



Update your details...

Please remember to send us your latest postal address and contact details, including your cell phone number, so that we can stay in touch with you. This will assist us in processing your benefits efficiently and effectively and will ensure that you receive your GEPF Today newsletter regularly.

Please keep in touch with us by: calling our toll free number on **0800 117 669**, by sending an e-mail to enquiries@gepf.co.za, or by visiting the GEPF Regional Office nearest you.



Find a GEPF office near you:

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Eastern Cape

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Free State

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Bloemfontein

Limpopo

Polokwane: 87(a) Bok Street

KwaZulu-Natal

3rd Floor, Brasfort House
262 Langalibalele Street
Pietermaritzburg

Mpumalanga

19 Hope Street, Ciliata Building
Block A, Ground Floor, Nelspruit

North West

Mmabatho Mega City
Office No. 4/17, Ground Floor
Entrance 4, Mafikeng

Northern Cape

11 Old Main Road, Kimberley

Western Cape

21st Floor, No. 1 Thibault Square
Long Street, Cape Town

Satellite Offices

Johannesburg

2nd Floor, Lunga House
124 Marshall Street
(Cnr Marshall & Eloff – Gandhi Square
Precinct), Marshalltown

Port Elizabeth

Ground Floor, Kwantu Towers
Sivuyile Mini-Square, next to City Hall

Mthatha

2nd Floor, PRD Building
Sutherland Street

Durban

8th Floor, Salmon Grove Chambers
407 Anton Lembede Street

GEPF Today



Newsletter for active members of the Government Employees Pension Fund

DECEMBER 2011

The Chairperson's Note

GEPF delivers solid results with assets exceeding R900bn



It gives me great pleasure to announce that the Government Employees Pension Fund (GEPF) has delivered yet another solid set of results for the 2010/11 financial year. The Fund's investment portfolio broke the R900bn mark for the first time during the 2010/11 financial year and I hope that our robust investment strategy will grow the assets to R1trillion in the not too distant future.

How did the GEPF perform?

During this financial year, the value of the GEPF's assets under management grew 14,2% to a staggering R911,5bn from the R798,3bn recorded in the 2009/10 financial year. Member contributions rose 12,8% to R40bn from R36bn in the previous year, due to a growing GEPF membership and an incremental increase in members' salaries. In turn, the Fund paid out R30bn in benefits during the same reporting period.

A statutory actuarial valuation shows that the level of funding stands at 100%, confirming that the Fund is in sound financial health. It is pleasing to note that the valuation also confirms that the GEPF's assets cover actuarial liabilities in full. I believe this result will be a source of comfort to our 1,2 million active members and 345,500 pensioners, that their retirement savings are well looked after. This actuarial valuation, performed every three years, assesses the current solvency and future funding of the value of the pension fund's assets and liabilities.

The huge size of the GEPF's portfolio makes it South Africa's premier investor and the single largest investor in different companies listed on the Johannesburg Stock Exchange (JSE). In addition to the local equities market, we continue to invest in government bonds, property and unlisted equities.

Having managed a return on investment of an impressive R105bn, or 12,2%, despite volatile world markets, the GEPF is clearly on

a solid trajectory. Over the last two years our investment portfolio has yielded positive returns, after briefly falling into the red in 2009 at the height of the global financial crisis.

This year's stellar set of results are a tribute to the management's unwavering commitment to serve and protect our members' and pensioners' interests.

How did we invest our members' money?

Through the Fund's Developmental Investment Policy, we have committed 5% of the investment portfolio to infrastructure projects and the green economy, amongst other development initiatives. A further 5% has been committed to pursue investment opportunities in other African countries. Currently, the GEPF's small, but strategic, investment exposure in key African markets holds a value of about R825m (or 0,1%) of its portfolio through the Pan-African Infrastructure Development Fund (PAIDF). For its part, the PAIDF has invested in transport, telecommunications and other infrastructure projects to accelerate Africa's growth.

The PAIDF seeks to play a critical role in helping African economies meet capital requirements in financing infrastructure investments to enable the continent to achieve sustainable growth. The GEPF has chosen to invest in the PAIDF because the growth and development of South Africa's economy is inextricably linked to development elsewhere in Africa. These are long-term investments but they are already yielding positive results in terms of financial returns and social impact.

GEPF also invests in socio-economic infrastructure

We use an Environmental, Social and Governance (ESG) framework to measure the impact of our investments and, by extension, encourage all our investee companies to integrate ESG factors in their business practices.

For example, the GEPF invests in the Isibaya Fund, which is mandated to contribute to South Africa's socio-economic transformation and development. Last year Isibaya approved R3bn worth of investments in education and low-cost housing which are expected to provide 150,000 units over the next five years and micro-finance for rural women-owned businesses.

Continues on page 2

This investment is structured to maintain a balance between social impact and financial returns.

The GEPF has also invested in the Housing Impact Fund of South Africa that focuses on affordable housing delivery, especially for individuals earning less than R15 000 per month.

Through our investments, we are able to help our members and the broader society access, among others, affordable housing, education and the infrastructure which will drive tomorrow's economy.

Festive message

I would like to wish our members and pensioners a peaceful and joyful Festive Season and a prosperous New Year. If you are planning to travel during this Christmas holiday, please drive safely!

Arthur Moloto
Chairperson of the Board of Trustees

Were you affected by discriminatory pension practices?

Public Service employees who were affected by discriminatory pension practices under apartheid should apply soon for compensation. According to the Public Service Co-ordinating Bargaining Council (PSCBC), the deadline for the application is end of March 2012.

As part of the pension redress campaign, the PSCBC has called on all Public Service employees who worked until the 2nd of September, 1998 to make claims for compensation.

The campaign was adopted as part of two resolutions on pension restructuring: Resolution 7 of 1998 and Resolution 12 of 2002, which recognise the work of non-pensionable service under apartheid with the intention of compensating those who were affected.

Employees who were affected by discriminatory pension practices were targeted based on their race, gender or status. These practices also affected those who were admitted to the temporary pension funds due to medical or physical status. Former municipal policemen incorporated into the South African Police Services during 1989, but still belonging to the Municipal Pension Fund were also affected.

The redress will also recognise breaks in pensionable service for employees who were dismissed for participating in strikes in the former Transvaal and Natal provincial administrations between 1987 and 1993.

The discriminatory pension practices were abolished in 1996 and the Employment Equity Act of 1998 introduced elimination of unfair discrimination in the workplace.

A special fund established by the GEPF to finance the programme will give compensation to workers who have left the Public Service on the basis of the re-calculated pension benefit.

Employees who are still in service will have their pension service adjusted in line with recognised periods. Members of



the families of former employees who have died may also apply, provided they have all the relevant documentation proving there was discrimination.

For more information, call the PSCBC at 012 644 8100, fax 086 619 7884 or SMS 43638.

Are you about to go on retirement?

All members that are nearing their retirement age (59 – 65) are urged to check with their HR Sections if their employment records are correct and up to date. For those who are in their retirement year, it is advisable to send exit documents at least 5 months prior their exit date.

We thank the HR sections that are sending the retirees exit documents in advance We have witnessed

an increase in the percentage of retirees who receive pension benefits in the first month of their retirement.

We count on the employer and member cooperation to ensure that we uphold our mission of timeous and accurate benefit payments.



Frequently asked questions

Q: Can I add more money to the pension fund?

A: Unfortunately not. The GEPF does not accept additional voluntary contributions. You may however make other arrangements such as the purchasing a retirement annuity. A financial advisor can advise you on your options.

Q: Does the employer contribution of 13% include my contribution of 7, 5% of my salary?

A: No, the employer contributes 13% in addition to your 7, 5%. This means that the total contribution into the GEPF is 20, 5% of your pensionable income.

Q: If I were to be medically boarded how would I go about claiming my benefits?

A: You would need to contact your employer before contacting the GEPF. They will advise you about whether or not you qualify and will forward the necessary documentation to the GEPF if you do.

Q: I previously left the service of the Government and have now returned; can I buy back pensionable service?

A: Yes, if it is less than 36 months since you left the GEPF, you can repay the benefit that was paid to you with interest.



Overview of the Fund's Benefits

The GEPF provides benefits to 1 242 258 active members and 345 492 pensioners and beneficiaries. The Fund's 320 participating employers include all National and Provincial Government Departments, the South African National Defence Force and the Intelligence Services. The benefits are described below, along with examples of how they work in practice.

Retirement benefits

The Fund provides benefits for normal, early and late retirement, as well as retirement for medical reasons. Members whose jobs have been affected by restructuring or reorganisation may receive severance benefits.

• *Normal retirement:* According to Fund rules, the normal retirement age for members is 60. The benefits paid depend on whether a member has less than 10 years of pensionable service, or 10 or more years of pensionable service. Members with less than 10 years of service receive a gratuity (a once-off lump sum cash payment) equal to their actuarial interest in the Fund.

Members with 10 or more years of service receive a gratuity and a monthly pension (or annuity). Members who retire with more than 10 years of service can also increase their spouse's annuity entitlement from 50 percent to 75 percent by reducing either the gratuity or the annuity.

• *Early retirement:* Under certain circumstances, members may retire before reaching the normal retirement age of 60. The years of pensionable service also determine the benefits payable.

Members with 10 or more years of service receive annuities and gratuities, calculated in the same way as for normal retirement but with a reduction of a third of 1 percent for each month between the dates of early retirement and normal retirement.

• *Ill-health retirement:* Enhanced benefits are paid when members retire for medical reasons, are injured on duty, or when their posts are done away with through organisational restructuring. In these circumstances, members are eligible to receive both annuities and gratuities.

For members with less than 10 years of pensionable service, the benefits are based on an increased period of service and calculated as a percentage of the member's final salary. If a member has at least 10 years of pensionable service and is discharged on account of ill health, which is not the member's own fault, an annual supplementary amount is paid to him or her.

• *Late retirement:* Members are eligible to receive annuities and gratuities if they retire after the age of 60, provided they have their employer's approval.

Resignation benefits

These benefits apply to members who resign or are discharged due to misconduct or an illness or injury caused by the member's own doing. These members can either be paid a gratuity (a once-off cash lump sum) or have their benefits transferred into an approved retirement fund. If the benefits are being transferred, the GEPF pays the member's actuarial interest to the new approved fund.

Death benefits

Death benefits are paid when a member dies while in service, or within five years of becoming a pensioner. The GEPF also pays annuities to the surviving spouse(s) or orphans of members who die while in service or after retiring.

• *Death while in service:* The benefit paid is based on the member's period of pensionable service. It is payable to the surviving spouse(s) or beneficiaries or, if there are no beneficiaries, to the member's estate.

• *Death after becoming a pensioner:* Retirement or discharge annuities are guaranteed for five years after a member goes on pension. If the member dies within this period, his or her beneficiaries receive the balance of the five-year annuity payments (excluding the annual supplement) in a once-off cash lump sum.

• *Spouses' annuity:* A spouse or eligible life partner is entitled to a percentage of the annuity paid to the member at date of death. The same applies if the member dies while in service and had a full potential service period of at least 10 years (meaning pensionable service years plus unexpired years for normal retirement). In the case of members who retired before 1 December 2002, the spouse's annuity is 50 percent of the annuity the pensioner was receiving at the date of death. Members who retired on or after 1 December 2002 have the option of increasing the spouses' annuity benefit from 50 percent to 75 percent (by decreasing the gratuity they receive on retirement).

• *Orphans' annuity:* The GEPF pays annuities to the orphans of members who became pensioners on or after 1 December 2002. Orphans' annuities are also payable when a member dies in service with a potential service period of 10 years or more. These annuities are paid when a member's spouse dies, leaving eligible orphans.

Funeral benefits

The Fund provides for funeral benefits on the death of members and pensioners whose pension commenced on or after 1 December 2002, and on the death of spouses and eligible children of members and pensioners whose pension commenced after 1 December 2002.

a) A certified copy of the green bar-coded identity document