

Unclaimed benefits

Unclaimed benefits are benefits that are paid over to the GEPF's unclaimed benefit account as they have become legally due and payable but have not been paid by the Fund in respect of a member or beneficiary. This can take place in the following cases, amongst others:

- If a member has died in service and the banking details of any beneficiaries or estate(s) are unknown;
- If a member fails to sign the necessary documents upon termination of employment or where the employer fails to trace the employee after a dismissal, abscondment, or etc;
- If a member's tax affairs are outstanding, for example the member has not submitted income tax returns to SARS, resulting in the inability to obtain tax clearance from SARS when applying for a tax directive; and/or
- Benefits have been paid and processed for payment but are not transferrable (payments are rejected or returned by the Automatic Clearing Bureau (ACB) via the Magnetic Tape Service (MTS) or the banks) due to incorrect or outstanding banking details or inactive bank account due to the account becoming obsolete.

The GEPF's benefit payment turnaround time is two months upon receipt of correct withdrawal documents, either for

resignation or retirement. However the Fund has hundreds of thousands of Rands in unclaimed benefits because some of the beneficiaries could not be traced due to the circumstances mentioned above. If you know of someone whose parents or family members used to work for Government and may not have received the benefits due to them, please ask them to approach their nearest GEPF Regional Office for assistance.



Make sure you have a tax number

All GEPF members are required to be registered with the South African Revenue Service (SARS) irrespective of the current tax threshold. All unregistered members of the GEPF are urged to visit any SARS branch to register and to provide the GEPF with their tax number.

In order to register, you will be required to produce your green bar-coded identity document (ID) or passport, proof of your banking details (either a cancelled cheque, a certified/original copy of your bank account statement or an original letter from the bank confirming your bank details) and proof of residence.

Fund matters:

Who is an orphan?

It has come to the GEPF's attention that what constitutes an "orphan" in terms of the Government Employees Pension Law (GEP Law) is causing confusion and unhappiness amongst its stakeholders. At the latest roadshow held in Mpumalanga, members repeatedly raised this issue, appealing to the Board to review the definition of an orphan in terms of the GEP Law in order for it to be more suitable for female-headed households.

Currently the GEP Law defines an orphan as -

An eligible child who has been orphaned as a result of the death of:

- A member;
- The spouse of a deceased member;
- A pensioner who retired on or after 1 December 2002;
- The spouse of a pensioner who retired on or after 1 December 2002; and/or
- An eligible child who is either the natural or legally adopted child of a member or pensioner or a deceased member or pensioner who is either:
 - 1) Under the age of 18,
 - 2) Under the age of 22 and a full-time student, or
 - 3) A child over the age of 18 and disabled and factually dependent.

The GEPF will communicate with you immediately if there are changes regarding the definition of an orphan according to the GEP Law.

Report fraud!

The GEPF's Fraud Hotline is running at full steam and we encourage members, pensioners and the community at large 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 News 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.

Share your views with us

Please help us to make this newsletter even better by sending us your comments and suggestions for improvements. Thank you to all the members who take the time to provide us with comments. Your opinions and inputs are important to us, so please send your suggestions to:

**The Editor, GEPF Communication,
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Or email: communication@gepf.co.za**

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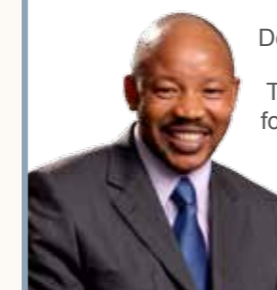
GEPF Today



Newsletter for active members of the Government Employees Pension Fund

AUGUST 2011

The Chairperson's Note



Dear Members,

The first half of 2011 has been very busy for the GEPF. Over and above the daily operations of the Fund in ensuring that our members have access to quality service delivery, we also spent some time looking at potential investments in line with our investment strategy.

To this end I take great pleasure in announcing that the members, pensioners and beneficiaries of the Government Employees Pension Fund (GEPF) are now the new owners of the landmark V&A Waterfront in Cape Town. This was finalised through a R9.7 billion joint venture with property group, Growthpoint, after the Competition Commission recently approved the transaction.

The finer details...

As the GEPF, we paid R4.5 billion for our 50% shareholding of the V&A Waterfront. This is indeed exciting news for us in that this acquisition has effectively ensured that the ownership of one of the most prestigious properties in South Africa is again held by South Africans, in the form of approximately 1.2 million active members and 300 000 pensioners and beneficiaries of the GEPF. In addition, the purchase of the V&A Waterfront meets our objectives of a sound investment, while effectively contributing to the sustainable economic development of South Africa.

Furthermore, the V&A Waterfront is South Africa's most popular tourist destination and is widely recognised as one of the finest waterfront developments in the world. Located around the historic Victoria and Alfred Basins which formed Cape Town's original harbour, the V&A Waterfront is a mixed use property development. As the GEPF, we are proud to own 50% of this showpiece in the South African property market. We, as the GEPF's Board, are satisfied that our decision to invest in the V&A Waterfront has met most of our investment requirements.

What does this mean for members and beneficiaries?

Our members and pensioners alike can take pride in the fact that they now own one of the most popular tourist destinations in South Africa. Importantly, the purchase of the V&A Waterfront is in line with GEPF's investment strategy and necessary care has been taken to ensure that it will not jeopardise our future liabilities as a fund.

V&A purchase versus pension increases

We would like both our pensioners and our active members to take note of the fact that pension increases represent an outflow of money from the Fund. For example, the 4.5% pension increase of April 2011 cost the Fund R12.938 billion with no expected return. On the other hand, the Waterfront asset cost the Fund R4.5 billion with an expected return in the form of dividends and profit-sharing, which will benefit our members and pensioners in the long term.

GEPF increases its investments in the Western Cape

Our investment in the V&A Waterfront follows a decision to enhance the GEPF's property portfolio mix by adding premium office space, retail and development opportunities to grow this portfolio segment over the medium term. Also, the purchase extends the GEPF's investment in the Western Cape from 12% to almost 30%. It also makes us a major player in the retail sector as well as improving our office holdings.



V&A Waterfront at sunset

R500 million for redevelopment

As part of the ongoing development plans, we will spend R500 million on redeveloping the landmark Clock Tower precinct over the next four years - one of the biggest business developments since the inception of the V&A Waterfront almost 22 years ago. This redevelopment project will proceed immediately and we are hoping that hundreds of jobs will be created during the construction phase and beyond.

Arthur Moloto
-Chairperson-

GEPF on a branding drive

The GEPF has embarked on a branding exercise with the aim of appropriately positioning itself as a leader in the pension fund industry in South Africa and globally. John Oliphant, Head of Investments and Actuarial and the Acting Principal Officer of the GEPF said, "The branding issue is one of the top priorities of the Board and we request our active members in the employer Departments and pensioners alike, to fully participate in the brand research project which started its work last month."

"Over the next few months, our brand research team will contact our members and pensioners with the aim of ascertaining their current experiences at the various delivery channels and their feelings, attitudes and perceptions about the GEPF brand" said Phenias Tjie, the Chief Executive Officer of the Government

Pensions Administration Agency (GPAA) which administers pensions on behalf of the GEPF. "It is important that those members who will be selected to participate in the brand research interviews do so with all honesty and integrity so as to make the process as credible as possible. As administrators, it is critically important to know how our customers are experiencing our service," he added

To participate in the brand research project, please send your name and contact details to: Khaya.buthlezi@gepf.co.za or Nkinki.mutchinya@gepf.co.za



Know more about the GEPF's funeral benefit

The funeral benefit was introduced with effect from 1 December 2002 and is therefore not applicable to those who passed away before this date, as the law does not allow the benefit to be applied retrospectively. This benefit was introduced as a value-added service and not as a death benefit – it is therefore a non-contributory benefit.

This is how it works -

A cash lump sum of R7 500 is payable for the funeral of:

- A member;
- A pensioner;
- The spouse of a member (or a deceased member); and
- The spouse of a pensioner (or a deceased member).

A cash lump sum of R3 000 is payable for the funeral of:

- A child of a member (or a deceased member); and
- A child of a pensioner (or deceased pensioner).



The benefits are payable irrespective of the order in which the death occurs.

The funeral benefit for the spouse and eligible children will be paid even after the death of the contributing member or pensioner. The turnaround time for paying funeral claims is 72 hours upon receipt of duly completed documents and a tax clearance from SARS. Hundreds of payments are delayed due to declined tax directives. Members and beneficiaries are urged to ensure that all of the necessary forms are completed correctly and that all requisite attachments are properly certified.

How can you claim?

- Complete original Z300 and Z894 forms (available on www.gepf.co.za or from our Call Centre on 0800 117 669).
- Post or hand deliver these forms to the GEPF if payments must be made via an accredited bank; fax or e-mail the documents if payment must be made to the Post Office.
- Include the following attachments:

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

Transferring to an approved fund

A member of the GEPF who voluntarily resigns from an employer's service, or is discharged due to misconduct or ill health caused by his or her own doing, or any reason not specifically catered for elsewhere in the GEPF's rules, may choose to transfer his or her benefit to an approved pension fund.

In this case, the member becomes entitled to the cash resignation benefit PLUS the difference, if any, between the cash benefit and the actuarial interest (known as the transfer benefit).

The actuarial interest is the amount that represents a member's accrued benefits in the Fund and is calculated according to the formulas stipulated in rule 14.4.2. The actuarial value will, however, never be less than the resignation benefit.

An approved retirement fund is defined as a pension fund organisation that has been registered at the Financial Services Board in terms of the Pension Funds Act, 1956 (Act 24 of 1956) and which has been approved as a pension fund, retirement annuity fund or provident fund in terms of the Income Tax Act, 1962 (Act 58 of 1962).

Though preservation funds do qualify as approved funds according to this definition, the GEPF cannot transfer to preservation funds since the rules of a preservation fund require that the full benefit be transferred, which is impossible since the GEPF has to deduct allowable deductions, such as Departmental debts, outstanding purchase of service debts and tax according to SARS directives, from a benefit before transfer.

The entire actuarial interest amount (after deductions) is then transferred into the account of the approved fund. After the benefit has been transferred to the approved fund, a maximum of one third of the transferred benefit may be paid to the member if the rules of the chosen fund allow for that to be done. The balance of the benefit should be used to buy an annuity. The invested portion of the benefit will be payable when the member reaches the approved funds' normal retirement age.

The GEPF will not pay the one third to the member directly and then transfer the rest of the benefit, nor will the GEPF issue any instructions to the external fund in this regard. Any agreements around this portion of the pension benefit are between the member and the new fund.

Frequently asked questions

Q: I recently joined Government after working in the private sector. My previous employer did not have a pension scheme. Now that I belong to the GEPF, is there any way in which I can buy back service for the years that I have worked?

A: The GEPF allows members to buy back service dating from their eighteenth birthday. You need to apply to do this through your Human Resources department. They will submit a written request, after completing a Z215 form (Application to Purchase Service), to the GEPF. A quotation of the cost will be sent to you for you to decide whether you would like to accept it or not. If you accept the quotation, you will pay in and be credited with the amount of service you have chosen to purchase.



Q: I have worked for a private company and belonged to a provident fund there. Now that I have joined Government, is my credit in the previous fund transferable to the GEPF?

A: The rules of the GEPF do allow for a person who was a member of an approved retirement fund to transfer into the GEPF.

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: Is my contribution linked to inflation?

A: Your contribution is a percentage of your pensionable salary. If your salary increases, so will your contribution. It is only in this way that the contribution is – if only distantly – linked to inflation.



National Treasury To Amend The Government Employees Pension Law

National Treasury has published a notice in the Government Gazette indicating its intention to table the Government Employees Pension Law Amendment Bill in Parliament. On its website, Treasury has published a memorandum on the objectives of the proposed legislation.

The memorandum points out that the GEPF was established to provide "pensions and certain other related benefits to members, pensioners and their beneficiaries". The memorandum further goes on to say that the proposed Bill aims to amend the Government Employees Pension Law (GEP Law) in order to introduce what is called the "clean-break principle".

Presently, the GEP Law does not allow for a "former spouse of a member to claim a portion of a member's pension interest, in terms of a divorce order or an order for the dissolution of a customary marriage, soon after the divorce order or the order for the dissolution of a customary marriage is granted." Instead, a former spouse can only receive a portion of the member's interest after the member has withdrawn from the GEPF by means of resignation or retirement.

The clean-break principle was included in legislation governing pension funds by means of the Pension Funds Amendment Act of 2007. Clause three of the Government Employees Pension Law Amendment Bill will introduce the clean-break principle into the GEP Law.

The memorandum goes on to clarify that "the clean-break principle allows for the non-member spouse to claim and receive a portion of the member's interest that is assigned in terms of the divorce order or the order for the dissolution of a customary marriage, soon after the divorce order or the order for the dissolution of the customary marriage has been granted." This prevents the spouse from having to wait until the member resigns from the pension fund or retires to claim his or her share of the pension benefit. This will therefore bring the GEP Law in line with the Pension Funds Act.

The Bill will also allow for the implementation of the revised non-statutory forces (NSF) pension dispensation. The pensionable service of former members of non-statutory forces or services will be recognised should the Bill be promulgated.

This memorandum, and a copy of the proposed legislation, is available at www.treasury.gov.za

“The clean-break principle allows for the non-member spouse to claim and receive a portion of the member's interest... soon after the divorce order is granted.”

