

# GEPF *today*

## *New Year's Edition*



Newsletter for active members of the Government Employees Pension Fund

JANUARY 2011

## MESSAGE FROM THE CHAIRPERSON

The Festive Season has come and gone once again. Everyone is taking down their Christmas decorations and cleaning up after holidays spent with family and friends as business is starting to pick up again for the New Year. At this time it is only important to look forward into 2011, it is also important for everyone to look back on the year that has passed and contemplate achievements and setbacks. 2010 has been a great year both for our country and for us at the Government Employees Pension Fund (GEPF).

During 2010 two considerable changes took place within the GEPF. The first of these was, notably, the ending of the term of the first Board of Trustees and the election and induction of a new Board. The new Board of Trustees has expressed sincere appreciation to the first Board for their management of the Fund and the strides taken in their four-year term. Their hard work has firmly placed the GEPF on a path towards becoming a role model for pension funds worldwide.

The second of the notable changes for 2010 is that the GEPF officially separated into two separate entities: the administration and the Fund. In March this year, the President signed a Proclamation officially creating the Government Pensions Administration Agency (GPAA). This proclamation was very important to the GEPF because it formally introduced the new way that the GEPF will conduct its business – with the Fund (GEPF) being separate from its administration (GPAA). This separation is something that the GEPF has been working towards for quite some time and will be in the best interests of all members.

As we move into the New Year, I would like to assure you all of two important things. Firstly, that we – as the GEPF and GPAA – are working together to make sure that we are improving our levels of service delivery to all



members, pensioners and beneficiaries, and secondly, that the financial position of the GEPF is sound.

It is also important to make you aware that the Board is committed to act in the best interest of members, pensioners and beneficiaries in everything that we do now and into the future. Our aim is to serve quickly, efficiently and accurately at all times, as well as to make sure that the pension savings of South Africa's public servants are well-managed.

We hope that you had a very happy Festive Season and wish you and your family a prosperous New Year!

# THE GEPF'S PERFORMANCE AND HIGHLIGHTS FOR 2010

The GEPF has completed its Annual Report and Financial Statements for the 2009/2010 financial year. We would like to present to you the highlights for this period.

## Financial Performance

It was a good year for the GEPF on the whole, even though the markets were still not stable at the end of the global economic crisis. In this regard, we are happy to report that there was a 19, 72% return on investments, with the GEPF's investments totaling R798, 3 billion for the financial year ended 31 March 2010 – as compared to R641, 8 billion in the 2008/2009 financial year.

Along with the above returns, we would also like to highlight that the GEPF is one of the largest investors in the South African economy, with more than R790 billion invested in different types of investment throughout the country. Along with this investment, the GEPF has dedicated US\$250 million towards investment in the Pan African Infrastructure Development Fund (PAIDF), a fund that is aimed at contributing towards the improvement of Africa's infrastructure (such as development of the Main One Cable and other important developments for Africa). In this way, the GEPF works towards building South Africa and the African continent by providing funding where it is needed, while at the same time receiving good returns on its investments.

Although performance of our investments is satisfactory, there are some investments which did not perform well. The notable underperforming investment is with the unlisted investments where the values of the investment were reduced because of the reduction in the amount, quality or value of some of the investment's assets and this is known in finance as an impairment. This type of issue is not unusual and is, in fact, dealt with under the Generally Accepted Accounting Principles (GAAP) that the GEPF uses when putting together its accounts and financial statements. This type of "down" has been outweighed by the "ups" of other investments and so it is still clear that the GEPF's investments grew during the 2009/2010 financial year.

## Operational Achievements

The GEPF's administration strives to constantly improve the quality of the services provided to clients by paying exit benefits correctly and on time. The GEPF has therefore put a great deal of effort into increasing administrative capacity that will promote the payments of benefits with speed and ease. During the period under review 61 615

exit benefits were paid compared to 54 386 in 2008/2009. Reducing backlogs in benefit payments remains a focus area, the GEPF reduced backlogs by 37% against a target of 30 %. During 2008/09 the GEPF's accessibility was increased with Regional Offices in all provinces.

In order to improve service delivery, the GEPF has formed mutually beneficial relationships with Employer Departments. This strategic partnership educates Employer Departments on how to submit duly completed exit documents on time. Departments also receive timely feedback on cases and are coached on potential administrative pitfalls that may lead to delays in paying benefits. Through the deployment of the Client Liaison Officers' (CLO) programme, the GEPF has contributed greatly to ensuring that the officials responsible for pension affairs are well-versed with the Government Employees Pension (GEP) Law.

The GEPF has commenced with the administration modernisation project in partnership with SARS to enhance the administrative capacity and serve its members well.

## SARS CAN DELAY YOUR EXIT PAYOUT

*Members who are in the process of terminating their services from employment are urged to ensure that their tax affairs are in order.*

All GEPF members whose tax affairs are not in order will not be able to receive their benefits as SARS will decline the tax directive application. The GEPF will not be able to assist in resolving a declined tax directive as this is a personal matter between the member and SARS.

The GEPF notifies the affected members / beneficiaries via SMS (if a correct cell phone number was provided) and post to alert them of the declined SARS directive. All members are therefore urged to keep their tax affairs in order to prevent any delays in the processing of their pension benefits when terminating their services.

## THE SEPARATION – GEPF AND GPAA

In line with industry best practice the Board and the Minister of Finance have agreed to separate the administration component of GEPF from the Fund and create a government component which will be the administrator of the GEPF.

The implementation of this decision took place on 1 April 2010 where the administrator has been established in terms of the Public Service Act and will serve GEPF and National Treasury in respect of the post retirement medical subsidies and other programmes previously administered by the GEPF on an agency basis.

This new entity is known as the Government Pensions Administration Agency (GPAA) and the Fund will retain its original name of GEPF. The GEPF will be managed by the Board of Trustees as is currently being done while GPAA will fall under the Ministry of Finance

The offices where members and pensioners can access information and interact with the GEPF have not changed. The Head Office for services remains at 34 Hamilton Street in Pretoria – with the Regional Offices also staying the same. Postal addresses and telephone numbers will also stay the same. The GPAA will continue to provide all pension administration services on behalf of the GEPF, using the familiar channels already in place for that purpose.

The changes that have taken place and that will take place into the future will not affect pension benefits but will improve the service delivery of the pension fund. The change is for the better.

## ALWAYS COMPLETE AND UPDATE YOUR NOMINATION FORM

The importance of providing the GEPF with a Nomination of Beneficiaries form (WP1002) cannot be over-emphasised. This nomination form is completed by a member in order for him/her to nominate his/her beneficiaries, guiding the GEPF in how to distribute pension benefits to beneficiaries in the case of his/her death. It is through this form that the GEPF ensures that all potential beneficiaries are taken into consideration when benefits are distributed following the death of a member.

It is also important to update the nomination form at least every second year, or following any major event that will influence the nomination or allocation of benefits i.e. a divorce or the birth of a child. A member can also attach a note to the nomination form that can clarify any exclusions or particular allocations that can be challenged by potential beneficiaries following the member's death. A will is not the same as a nomination form and cannot be used by the GEPF for the distribution of benefits following the death of a member.

The completion of the Updating of Personal Particulars form (Z864) is also very important as it updates a member's record with additional information. This form is used to inform the GEPF of the member's personal particulars and those of his or her dependants. The originally completed Z864 form and attachments can be posted to the GEPF or handed in at any Regional Office. WP1002 Nomination forms are available on the website, from Regional Offices and most employer departments. Our toll free Call Centre (0800 117 669) can also fax or mail you a form.

## MAKE USE OF GEPF'S REGIONAL OFFICES

The roll out of the GEPF's Regional Offices in all nine provinces has increased the Fund's accessibility to its members and pensioners. These offices serve as a one-stop service centre for all GEPF services and provide members with the same quality of pension services as that offered by the Head Office in Pretoria.

The Regional Offices offer the following services:

- Life Certificates;
- Case assessment and validation;
- Customer relationship management;
- Query resolution;
- Employer education and training;
- Community building / Outreach;
- Member education;
- Solicitation of client feedback; and
- Member tracing and investigation.

**The Regional Offices are equipped with the following staff complement:**

- A Branch Manager;
- Client Liaison Officers; and
- Customer Service Agents.

## REDRESS FOR PUBLIC SERVICE EMPLOYEES WHO SUFFERED DISCRIMINATION BY GOVERNMENT PENSION FUNDS UNDER APARTHEID

As part of its contribution to the government's broad objectives on restitution and transformation, the Public Service Co-ordinating Bargaining Council (PSCBC), has embarked on the implementation of the final phase of the process to provide redress to public service employees who suffered various types of discrimination related to admission to pensions funds under apartheid.

The redress takes the form of compensation by recognising the non-contributory service as pensionable service for employees who were subjected to discrimination based, *inter alia*, on race, gender, marital status, employment status, including medical and physical status.

The redress will also recognise breaks in pensionable service for qualifying employees who were dismissed for participating in strikes in the former Transvaal and Natal Provincial Administrations for identified periods between 1987 and 1993. The abovementioned resolutions made provision for the establishment of a special fund by the Government Employees Pension Fund (GEPF) to finance the programme. To qualify for redress eligible employees should have been in service on 2 September 1998, the date on which the first resolution was adopted.

Members are urged to consult with either their Human Resources Department or the relevant provincial PSCBC task team to check if they qualify.

## FREQUENTLY ASKED QUESTIONS

**Q: Do I have the option to invest in a private pension fund when I retire?**

A: If your pensionable service is less than 10 years, your retirement benefit is a once-off lump sum cash payment. You may invest this money with a private organisation if you choose to do so. Generally, a private pension fund will not accept your money. One option is to purchase an annuity, which is similar to a monthly pension. A financial advisor will be able to advise you on the best financial product for your needs. If you have 10 years or more pensionable service, your retirement benefit from the Fund is both a monthly pension (an annuity) and a lump sum (gratuity). As above, you are free to do with your lump sum as you wish. The monthly pension, however, will be paid from the GEPF and will be paid to you until you die. This pension cannot be transferred to a private pension fund and cannot be commuted.

**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 of a retirement annuity. A financial advisor can advise you on your options.

**Q: Will I also get my UIF contributions when I retire?**

A: Unfortunately not. The Unemployment Insurance Fund (UIF) is completely different from the pension fund (GEPF). The UIF provides for some sort of income if you are unemployed and is similar to an insurance policy.

**Q: My pay slip does not indicate a pension number like that of one of my colleagues. It only indicates 999999999. Does this mean that I am not a member of the Fund?**

A: No, not at all. All employees of government, with the exception of political office-bearers, should be members of the Government Employees Pension Fund (GEPF). Check your Salary Advice slip for contribution deductions. The 999999999 number indicates that some of your personal details are outstanding with the GEPF. Please contact your Human Resources (HR) department to rectify this problem.

**Q: Can a child who was staying with his/her single parent be declared an orphan after the death of the single parent?**

A: An orphan is a child of whom both parents (natural or adopted) are deceased.

## REPORT FRAUD

The GEPF's Fraud Hotline is up and running 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.

**CORRUPTION**  
Your **NO** counts



## KNOW YOUR TERMINOLOGY

- 1. Annuity** – This is the annual income that may be received from the Fund after retirement or discharge. It is also referred to as a monthly pension because it will be paid in equal monthly instalments on or before the last or first day of each month.
- 2. Gratuity** – A lump sum payable when service is terminated
- 3. Defined benefit pension fund** – A defined benefit pension fund is a fund where the benefits are defined in terms of the rules. Benefits are generally guaranteed and are not dependent on the investment returns of the fund or on the level of employer contributions. In such funds the employer generally takes a risk of poor investment returns. The Government Employees Pension Fund is defined benefit fund.
- 4. Defined contribution pension fund** – A defined contribution pension fund is a fund where the benefits are mainly based on the sum of contributions plus investment returns. Benefits are dependent on the level of member and employer contributions as well as on the level of investment return. The member generally bears the risk of poor investment returns.

This section will be continued in the next edition of the *GEPF Today* newsletter.

## 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 pension 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](mailto:enquiries@gepf.co.za), or by visiting the GEPF Regional Office nearest you.

(b) Other periods of Bought Service:

|      | C | C | Y | Y | M | M | D | D |
|------|---|---|---|---|---|---|---|---|
| From |   |   |   |   |   |   |   |   |
| From |   |   |   |   |   |   |   |   |
| From |   |   |   |   |   |   |   |   |

15. Attached documents (i).....  
(iii).....

**E. PARTICULARS OF DEPENDANTS**

16: (a) Particulars of dependants (only in cases of

| Surname    | Initials |
|------------|----------|
| SHUMANT    |          |
| NETHONONDA | S.       |
| MDINI      | A        |

# Find a GEPF office near you:

## Gauteng

**Pretoria (Head Office):**  
34 Hamilton Street, Arcadia

**Johannesburg:** 2<sup>nd</sup> Floor, Lunga House,  
124 Marshall Street (Cnr Marshall & Eloff – Gandhi  
Square Precinct), Marshalltown

## Limpopo

**Polokwane:** 87(a) Bok Street

## Mpumalanga

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

## KwaZulu-Natal

**Durban:** 8<sup>th</sup> Floor, Salmon Grove Chambers,  
407 Anton Lembede Street

**Pietermaritzburg:** 3<sup>rd</sup> Floor, Brasfort House,  
262 Langalibalele Street

## North West

**Mmabatho:** Office 4/17, Ground Floor  
Mega City Shopping Complex

## Eastern Cape

**Bisho:** No. 12, Global Life Building,  
Circular Drive

**Port Elizabeth:** Ground Floor, Kwantu Towers, Sivuyile  
Mini-Square, next to City Hall

**Mthatha:** Office 53, 2<sup>nd</sup> Floor, PRD Building, Sutherland  
Street

## Western Cape

**Cape Town:** 21<sup>st</sup> floor, No 1 Thibault Square,  
Long Street

## Northern Cape

**Kimberley:** 11 Old Main Street

## Free State

**Bloemfontein:** No. 2 President Brand Street

**Web address:** [www.gepf.co.za](http://www.gepf.co.za)

**Postal address:** GEPF Private Bag X63,  
Pretoria, 0001

**Toll free no:** **0800 117 669**