

# GEPF today

OUTSTANDING PERFORMANCE IN THE BEST NEWSLETTER CATEGORY OF THE ANNUAL COMMUNICATION CHALLENGE BY INSTITUTE OF RETIREMENT FUNDS

Newsletter for active members of the Government Employees Pension Fund

November 2008

## Provision made for tough economic climate, says GEPF Chairperson

***The global economic slowdown has not taken the GEPF by surprise and steps have already been taken to protect the value of pensions in tough times.***

"The Board of Trustees is very mindful of the fact that continued market growth at the rate that we have seen is not likely going forward". This is an extract from my last year's report, following two consecutive years of impressive increases in the value of the Fund's assets (21% and 31% for the 2006/07 and 2005/06 financial years respectively). As anticipated, the charge of the proverbial bulls subsided, and in its place came an increase in market volatility, inflationary pressures and interest rates.

### Healthy reserves offer protection

Fortunately, during the period under review, the Trustees of the Fund were able to lock in some of the gains of the previous few years and consequently, set aside reserves for the inevitable market slowdown. Specifically, following the conclusion of a detailed asset liability study based on the 2006 actuarial valuation, the Fund has set aside a healthy solvency reserve of R42 billion to counter market volatility between valuations, as well as a pension increase reserve of R57 billion to allow the

Trustees greater discretion in targeting real pension increases each year.

This latter reserve will hopefully allow the Fund to maintain all pensions in payment at a level equal to the pension at

retirement of each pensioner, adjusted fully for the effect of inflation. This was a feat we first accomplished after the 2007 pension increase, and were able to maintain in 2008 by granting an annual increase of 7%, with additional adjustments where necessary to maintain real values.

As responsible investors and founder signatories to the United Nations Principles of Responsible Investment, the Investment Committee under the stewardship of the Board has compiled comprehensive, responsible investment policy and strategy discussion papers to drive forward initiatives in this regard. We expect to finalise our work in the new financial year and consult with our major stakeholders over the policy content.

### Service delivery improves

The period under review has seen remarkable strides forward toward operational efficiency of the GEPF administration. The CEO continued with the filling of key positions in the approved organisational structure, with a mindful eye on employment equity and improved representation. Also, many of the research initiatives on best practice administration that were started in the previous financial year, were brought to fruition.

Most importantly, the administration must be commended for the improvement in the turnaround time from the exit of a member to the payment of the first pension. Further service delivery and operational improvement is expected in the next

couple of years, based on the commitments contained in the operational strategy.

The Board also approved a change in the governance structure of the Fund during the financial year in line with private sector retirement fund structures. The new financial year will see the development of a fiduciary structure separate from the administration functions.

The Board will undertake a comprehensive review of our first three years in office in the early part of the new financial year; but all indications are that the Fund has taken large strides towards the ambitions that we set for the Fund, and that all parties involved can be very proud of the achievements made thus far.

**Mr Martin Kuscus**  
Chairperson of the GEPF Board of Trustees

For the benefit of stakeholders wanting to know how the GEPF performed in the 2007/08 financial year, here is a summary of the reviews of the Chairperson and CEO as published in our latest annual report.

The full annual report is available on the GEPF website [www.gepf.co.za](http://www.gepf.co.za) or on request at [communication@gepf.co.za](mailto:communication@gepf.co.za). You can also request a copy of the financial statements from the Communication Department.



# GEPF is ready to cope with future challenges

**Amidst the turbulence of an economic down-turn in global financial markets and a tightening of monetary policy within a sound fiscal framework at home, the GEPF has made robust progress in its trajectory towards improved performance and becoming the standard bearer for pension administration in Africa.**

During our 11th year as a consolidated pension fund, our total assets amounted to R707 billion, some 7% over the previous financial year. Contributions received amounted to R25,9 billion and benefits paid to R24,1 billion.

The GEPF Board, as authorised by the Government Employees Pension Law, approved a pension increase of 7% that came into effect on 1 April 2008. This followed a catch-up increase implemented in the previous financial year to protect pensioners against the full effect of inflation. These increases were made possible by the strong investment performance of the Fund, under the management of the Public Investment Corporation (PIC).

In response to the need to effectively attend to the business of our members, we redesigned the GEPF's operating model. The implementation of the revised model requires the alignment of internal processes and a review of our technological infrastructure. To this end, we embarked on a comparative study to find a pension benefit administration system appropriate for the size of the Fund. Once identified and implemented, this system will assist us to simplify and accelerate the processing of benefit payments.

## Keeping in touch with members

Communication with our members was given high priority during the past year, with a focus on conveying the importance of updating their personal records. This will assist us to improve our service delivery and member communication will remain a priority in the period ahead.

Improved employer liaison and education is another key challenge that we believe will accelerate the reduction in the

backlog of pension benefit payments. Increasing the GEPF's access points in the provinces will also improve our interaction with employers, members and pensioners throughout the country. In this regard we will be appointing client liaison officers as the link between regional offices and districts, and in the medium term, we plan to increase the number of regional offices. This will help to reduce the number of error documents submitted to the GEPF and result in the timely payment of benefits.

## Key achievements

- Our turnaround times for benefit claims improved during the period under discussion. Almost two-thirds (63%) of benefit claims were paid within 60 days. The Audit Report sample indicated an improvement in the average number of days between receipt of completed notification form (Z102) and the payment of benefits to 98 days (2007: 122 days). Funeral benefits were paid within 72 hours.
- The Board's approval of a new organisational model and structure has significantly enhanced our capability to meet the increasing service delivery challenges.
- Good progress was made with filling the critical positions identified by the Board as well as other staff vacancies and these efforts will be vigorously carried forward in the forthcoming period.
- Our Employment Equity Policy is in place and implementation will be a priority going forward. This will address any imbalances in employment practices within the GEPF and we remain committed to persistently pursue our objectives in this regard.

The GEPF will continue to invest its assets in a responsible and well-governed manner to ensure a sustained investment performance, thereby protecting the retirement wealth of our members and purchasing power of our pensioners.

**Mr Phenias Tjie**  
Chief Executive Officer



## How GEPF funds are invested

The Public Investment Corporation (PIC), is the asset management company for GEPF and invests funds on its behalf.

As at 31 March 2008, GEPF entrusted assets worth R707 billion to the PIC. This makes up about 92% of the total assets under management at PIC.

When making investments for the GEPF, PIC invests in four main asset classes, namely:

- Equities;
- Fixed income;
- Properties; and
- Isibaya Fund.

Equities are shares of companies listed on the Johannesburg Securities Exchange (JSE). This is the largest asset class within PIC.

Fixed income means investments in the domestic capital (bond) and money markets. In the money markets, PIC only invests with domestic banks that

have credit ratings of A2 and above. PIC also deals only in bonds traded through the Bond Exchange of South Africa or issued by Government, parastatals and companies listed on the JSE Limited.

PIC Properties invests in retail, corporate, industrial, specialised and residential properties across South Africa. It also has strategic investments such as the 20% share in the Airports Company of South Africa.

The Isibaya Fund invests in black economic empowerment and infrastructure development projects that help to create jobs, relieve poverty and transform the economy.

**For more information on the topics discussed in this article, please send an email to [penny.motsamai@pic.gov.za](mailto:penny.motsamai@pic.gov.za)**

To learn more about the PIC, please visit [www.pic.gov.za](http://www.pic.gov.za)

# Did you know?

- The GEPF's assets were worth **R707 billion** as at 31 March 2008, **7%** higher than in the previous year.
- In 2007/08, the GEPF again received an **unqualified audit report**. This is good news for stakeholders because it means that our financial statements have been compiled fairly, properly reflect our performance and are in line with accounting practice.
- Good progress has been made in overcoming staff shortages at the GEPF and **70%** of vacancies in critical management positions have been filled.
- The GEPF received **R25,9 billion** in contributions during 2007/08 and paid out **R24,1 billion** in benefits.

## Death benefit nomination: it's your choice

### Please take note

As a member, you may nominate any person, charity, trust or your estate to be the recipient of your pension lump sum payment (gratuity benefit) in the event of your death.

No minor may be excluded from the nomination form. Should you exclude a minor, the GEPF Legal Business Unit has the right to override the nomination form. Please note that the GEPF does not allocate benefits according to the last Will and testament. The nomination form will be used as a Will.

### Your nomination form

It really helps us to know who you want your money to go to in the event of your death. All that is required of you is to fill in your nomination form with your correct details and proper identification of relevant beneficiaries. Please make sure that the nomination form is returned to us as required.

Do you know that you have the freedom to change your beneficiaries on the nomination form? Please speak to our call centre agent on **0800 117 669**.

## Frequently asked questions

**Question:** What documents are required from the beneficiary when claiming for the funeral benefit?

**Answer:** The following compulsory documentation must accompany the Funeral Benefit Claim Form, also known as the Z300:

- Original certified copy of the death certificate issued by the Department of Home Affairs.
- A copy of the bar-coded ID, passport or birth certificate (in the case of a minor child) of the deceased.
- Originally certified copy of the applicant's ID or passport.
- Original, duly completed ACB Banking Particulars Form (Z894), indicating whether payments are to be made to a bank account rather than via the Post Office.

**Question:** What happens if the potential beneficiary does not have a bank account?

**Answer:** In the absence of an ACB Bank Particulars Form (Z894), the payments will be directed via the Post Office.

**Question:** I need to resign, but I first want to know how much my resignation benefit will be. Could you please provide me with the preliminary calculation?

**Answer:** If you send a fax or e-mail to our call centre, giving details of your average salary in the past two years, we will be able to give you the preliminary calculation. (You can also use the web calculator on our website [www.gepf.gov.za](http://www.gepf.gov.za) to do the preliminary calculation.)

**Question:** When can I go on early retirement?

**Answer:** You may retire at any date after your 55th birthday and before your 60th birthday if:

- Your employer agrees that you may retire early from the Fund.
- Your service conditions allow you to retire between the ages of 55 and 60.
- Your contract expires.

**Question:** How do I apply for early retirement?

**Answer:** This depends on the reason for early retirement, and this should be discussed and agreed on between you and your employer.

**Next, the following forms and documents must be completed or prepared, and then submitted to GEPF by the employer:**

- The Z102 form should be filled in.
- The Z894 should also be filled in.
- Letter of approval for early retirement signed by the head of department.
- A certified copy of the applicant's ID must be made.
- The choice form for retirement should be completed.
- Proof of termination of service or Perusal printouts must be provided.
- If the person applying has more than 10 years of service and was a member of a medical aid scheme, the Z583 form must be provided at retirement.

**Always submit the Z583 form and also take note that members with less than 15 years' service qualify for a once-off medical benefit payment.**

**It is important to provide all the documents and forms needed because incomplete information will delay the process.**

For further queries on the frequently asked questions, please send an email to [enquiries@gepf.co.za](mailto:enquiries@gepf.co.za) or contact our call centre on **0800 117 669**.

## GEPF newsletter wins merit award

The GEPF newsletter has won a Certificate of Merit for outstanding performance in the best newsletter category of the annual communication challenge run by the Institute of Retirement Funds.

Various funds competed in the challenge, which promotes member communication in the retirement fund industry. It is also used as a tool to guide funds in establishing and implementing effective communication strategies.

"Our readers helped make the award possible by giving us their feedback on this newsletter. Thank you for your inputs and we will continue listening to your comments and inputs to improve," says Pearl Seopela, Senior Manager: Communications.

# New, improved resignation and retirement choice forms available

Acting on feedback from our members, the GEPF has introduced new, better Resignation Choice forms, the Z1525 and Retirement Choice forms.

The critical change relates to information needed when members transfer their resignation benefit to a preservation fund and retirement annuity fund (but not to a provident fund). The Z1525 must now be completed by the transferring fund to ensure that the broker explains the new fund's benefits and procedures before the money is transferred. There is space on the Z1525 for both the member and broker to sign.

The amendment was made after members complained that the transferring fund was not properly explaining the benefits payable.

The revised forms are available at all Government departments, GEPF regional offices and GEPF head office. They can also be downloaded from the GEPF website at [www.gepf.co.za](http://www.gepf.co.za) or requested via our call centre.

Members are urged to use the new forms for prompt processing of their claims.

## NEW REGIONAL OFFICES OPEN

To make it easier for our members to visit the GEPF, we will be opening new offices in Bloemfontein, Cape Town, Nelspruit and Pietermaritzburg.

Here are the physical addresses of the new offices, which will be opened before the end of the calendar year and can be contacted on the toll-free number **0800 117 669**:

### Western Cape – Cape Town

- No 1 Thibault Square, (21st floor) Cape Town

### Free State – Bloemfontein

- No 2 President Brand Street, Bloemfontein

### KwaZulu-Natal – Pietermaritzburg

- Brasfort House (3rd floor) 191 Chief Albert Luthuli Street Pietermaritzburg

### Mpumalanga – Nelspruit

- 32 Bell Street, Ground Floor, Nelspruit

### Existing offices

#### Limpopo – Polokwane

- 87(a) Bok Street, Polokwane

#### North West – Mafikeng

- 2nd Floor, West Gallery Mega City Complex Mmabatho, Mafikeng

#### Eastern Cape – Bisho

- 12 Global Life House Circular Drive, Bisho

## GEPF CALL CENTRE NUMBER

Please take note that our call centre number **0800 117 669** applies to all our offices.

### HEAD OFFICE

#### Pretoria

34 Hamilton Street  
Arcadia, Pretoria

## UPDATE YOUR DETAILS

Please remember to send us your latest details, postal address, contact details including your cell phone number so that we can stay in touch with you. This will assist us to process your pension efficiently and effectively. Keep in touch with us by calling **0800 117 669** or send an email to [enquiries@gepf.co.za](mailto:enquiries@gepf.co.za)

### 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 opinion and inputs are important to us, so please send your suggestions to:

The Editor  
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Pretoria  
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Or email: [communication@gepf.co.za](mailto:communication@gepf.co.za)

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