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2017 PENSION INCREASE

The Board reaffirms that the well-being of all of its pensioners remains a priority, which is why the increase has kept pace with inflation.

The Board of Trustees has granted a 6.6% increase to monthly pensions with effect from 1 April 2017. Pensioners whose pension started after 1 April 2016 will receive a proportionate increase based on the number of months they will have been in receipt of a pension by 31 March 2017.

The Board reaffirms that the well-being of all of its pensioners remains a priority, which is why the increase has kept pace with inflation.

Pension Policy

GEPF's annual pension increase is made up of four elements as defined in the approved pension increase policy. The Board does not always grant all four elements each year but chooses which elements will be awarded based on affordability.

The four elements are:

- **Basic increase:** 75% of the year-on-year change in the Consumer Price Index (CPI) for all pensioners who retired on or before 1 April of the previous year. Pensioners who retired after this date receive a proportional share of the increase, based on the number of months they have been retired.

- **Further inflation-related increase:** An inflation-related increase of more than 75% of the change in the CPI that is applicable to pensioners who retired on or before 1 April of the previous year. Similarly, pensioners who retired after this date receive a proportional share of the increase based on the number of months they have been retired.
- **Catch-up increase:** For pensioners who retired before 1 April of the previous year and whose pensions have fallen below the amount paid at retirement. An amount is thus paid to compensate for the effect of inflation. This amount is added after the basic increase and the further inflation-related increase. The catch-up increase could be 100% of the change in the CPI from the date of retirement to 30 November of the previous year, or a lower amount that the Fund can afford. As a result of the pension increases granted during the past number of years, calculations by the actuary indicate that few, if any, pensioners would qualify for this increase.
- **Supplementary increase:** Refers to any increase that the Board chooses to make that is not related to inflation.



Why do pensioners not get a bonus in their birthday month?



Different pension funds have different pension payment and increase policies. For example, GEPF has four levels of increases that the Board can declare: the basic increase, a further inflation-related increase, a catch-up increase and a supplementary increase. Other pension funds may choose to pay a bonus in the pensioner's birthday month, together with a lower general pension increase or even a lower monthly pension.

Whatever the approach taken, the different methods of paying pensions must be affordable for the specific pension fund. Each pension fund will have its own set of rules and policies that govern benefit payments.

GEPF does not offer bonuses but has granted pension increases that have fully compensated for inflation in most of the recent years.

WHAT YOU NEED TO KNOW ABOUT YOUR PENSION FUND



The Government Employees Pension Fund (GEPF) is Africa's largest pension fund, with more than 1.2 million active members, over 400 000 pensioners and beneficiaries, and assets worth more than R1.6 trillion.

GEPF has very strict rules about the benefits it must pay to its members, pensioners and beneficiaries. These rules are set out in a law called the Government Employees Pension (GEP) Law.

This law and its rules explain how GEPF must collect money from contributing members and employers, how

this money must be invested and how it must be paid out to those who are eligible.

It is important to note that GEPF is a defined benefit fund and therefore has to adhere to strict regulations governing its financial liability to members and pensioners.

GEPF, as a defined benefit fund, is different from most of the pension funds offered in the private sector as they are normally defined contribution funds.

WHAT IS A DEFINED BENEFIT FUND?



A defined benefit fund is a fund where the benefits are defined in terms of the fund's rules. In this type of fund, benefits are generally guaranteed and are not dependent on the fund's investment returns or on the level of employer and member contributions.

GEPF calculates benefits based on the Fund's rules and thus the amount you receive is determined based on the number of years of service you have and your final average salary over the last two years of your employment.

It is important to note that defined benefit funds pay out a secure income to pensioners and their qualifying spouses or life partners for life. This benefit increases each year. GEPF has paid pension increases that are inflation related over the last decade and reaffirms that the well-being of all of its pensioners and beneficiaries remains a priority, which is why the increase has kept pace with inflation.

GEPF is in good standing and the Fund will pay your monthly pension until you die, it does not matter how old you live to be.

CAN A GEPF PENSIONER APPLY FOR AN OLD AGE GRANT FROM SASSA?

GEPF regularly receives enquiries from pensioners regarding whether or not they qualify or should apply for social grants from the South African Social Security Agency (SASSA). There is nothing that prevents any GEPF pensioner from applying for a SASSA grant if they have reason to believe that their household income does not help them to make ends meet.

However, it is important for pensioners to understand that it remains SASSA's responsibility to determine if a pensioner meets their standards and requirements for the old age grant.

GEPF does not have a say in the matter and is not allowed to assess pensioners to determine if they qualify. The two entities (SASSA and GEPF) are separate and are responsible for different functions. Pensioners are therefore advised to contact SASSA to enquire about the application processes and the qualifying criteria.



IS IT POSSIBLE FOR GEPF TO INCREASE THE FUNERAL BENEFIT?



Unpredictable tragedies such as the loss of a loved one do not only cause emotional trauma, but place unexpected financial demands and pressure on affected families. In an environment where food costs, fuel prices and electricity tariffs continuously increase, many families generally battle with any unexpected significant costs or unavoidable pressure on their general household expenditure. Sad as it may be, this has even affected funeral costs.

The Fund has taken note of the rise in requests from pensioners about the possibility of increasing the funeral benefit to assist them to give their departed loved ones a decent funeral. It has obviously become more costly for families to afford a decent funeral for departed members in the current economic conditions. Taking into consideration this unfavourable and unpredictable economic climate, the Fund is mindful of all the financial challenges with which pensioners are presented.



As a caring pension fund that is always putting its members and pensioners' interests first, GEPF always endeavours to make sure that it offers benefits that will enhance the wellbeing of members, pensioners and their beneficiaries. The Fund has therefore taken notice of these valid requests and the issue is receiving the necessary attention.



Please understand that the Fund must go through the necessary consultation processes with relevant stakeholders before any matter can be finalised. As soon as that process has been concluded, we will communicate any changes to our members and pensioners.



WHY IS THERE NO HOUSING SUBSIDY FOR PENSIONERS?



Perhaps the best way to explain this matter is to look into why employers, particularly government departments, create pension schemes or funds for their employees.

Ordinarily, pension benefits are meant to be withdrawn or accessed only when employees retire. The objective of all pension schemes is to assist employees invest or save the money that they will need in their retirement years after many years of hard work. Pension benefits or savings assist pensioners look after themselves and access necessities such as healthcare. Pension benefits also ensure that pensioners don't become dependent on social security.

Government Employees Pension Fund (GEPF) membership is constituted of people who currently work for various government departments and entities as well as those who have retired. This means that current and past employees are or were not employees of GEPF.

They are or were employed by different government departments. During their working years, all government employees qualify for benefits such as annual leave, sick leave, housing allowances, bonuses (13th cheques) and many others.

These benefits are paid by their various employers (departments), not GEPF, and they are paid in line with public service regulations. Public service regulations further state that employees must contribute 7.5% of their pensionable salaries to pension savings and that all departments must contribute 13% of each employee's pensionable salary towards their pension with GEPF. Thus contributions are legally collected for the purpose of employees' well-being when they retire.

Employees need to use the housing subsidy that government offers while they are still employed. To this end, GEPF has entered into a partnership with SA Home Loans to assist those government employees who may face difficulties accessing bank loans to buy houses. There is no housing subsidy when one is a pensioner.

PLEASE NOTIFY GEPF WHEN CHANGING ADDRESSES



Please notify GEPF of your physical or email address change and make sure that this change has been captured correctly on our systems. If you are relocating overseas, note that we will send your Life Certificate to your overseas address. You must then complete the form and return the original to us. You may also fax a copy of the completed Life Certificate to us before mailing it for your peace of mind.

Contact us on 0800 117 669!

DO YOU KNOW WHERE TO FIND US?

CLIENT SERVICE CENTRES

Gauteng: Trevenna Campus Building 2A, Cnr Meintjes and Francis Baard Streets, Sunnyside, Pretoria

Eastern Cape: No. 12 Global Life Centre, Circular Drive, Bhisho

Free State: No. 2 President Brand Street, Mangaung

KwaZulu-Natal: 3rd Floor, Brasfort House, 262 Langalibalele Street, Pietermaritzburg

Limpopo: 87 (a) Bok Street, Polokwane

Mpumalanga: Shop No. 5, Imbizo Place, Samora Machel Street, Mbombela

North West: Mmabatho Mega City, Office No. 4/17, Ground Floor, Entrance 4, Mahikeng

Northern Cape: 11 Old Main Road, Kimberley

Western Cape: 21st Floor, No. 1 Thibault Square, Standard Bank Building, 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

Phuthaditjhaba: 712 Public Road, Mandela Park Shopping Complex

Thohoyandou: 2010 Centre, Next to Phalafala FM (SABC)

Rustenburg: Tlhabane House, Unit A2221, Tlhabane Unit 1

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