



fundnews

The quarterly newsletter for pensioners of the Government Employees Pension Fund



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Do all regional offices offer the same service?



The GEPF has nine (09) regional and seven (07) satellite offices across the country. All these offices offer the same quality of service as the one in Pretoria which is considered the main Walk-In Centre.

We encourage all our members and pensioners to use offices close to them instead of travelling all the way to Pretoria.

CLIENT SERVICE CENTRES

Gauteng: Trevenna Campus, Building 2A, corner of Meintjes and Francis Baard streets, Sunnyside, Pretoria.

Eastern Cape: No. 12 Global Life Centre, Circular Drive, Bhisho.
FreeState: Brandwag Centre, 20 Stapelberg Street, Brandwag, Bloemfontein. **KwaZulu-Natal:** 3rd Floor, Brasfort House, 262 Langalibalele Street, Pietermaritzburg. **Limpopo:** 87 (a) BokStreet, Polokwane.
Mpumalanga: Shop No. 5 Imbizo Place, Samora Machel Street, Mbombela. **North West:** Mega City, Office No. 4/17, Ground Floor, Entrance 4, Mmabatho, 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, UCB House, 78-74 Marshall Street, Marshalltown. **Port Elizabeth:** Ground Floor, Kwantu Towers, Sivuyile Mini-Square, next to City Hall. **Mthatha:** Ground floor, Madeira Plaza, Cnr Sutherland & Madeira Street. **Durban:** 12th Floor, Salmon Grove Chambers, 407 Anton Lembede Street. **Phuthaditjhaba:** 712 Public Road, Mandela Park Shopping Centre. **Tohoyandou:** 2010 Centre, next to Phalaphala FM (SABC). **Rustenburg:** 149 Leyds Street, Rustenburg

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Members are not taxed twice



Some of GEPF members experience difficulties of owing SARS money when they submit their annual tax

returns. These members then assume that they are being taxed twice. As such, some members have even suggested that it is wrong to be taxed when receiving a Spouse's Pension. According to members, Spouse's Pension must not be taxed as it was taxed when their partners were still alive and working.

It is important to note that GEPF beneficiaries who receive monthly Spouse's Pension are not taxed twice.

This means that as a member or beneficiary you will not have to pay more when your tax is reconciled each year. However, if you are receiving income from more

than one source and each pays money to SARS on your behalf for tax, you might be paying less than you need to because the combined income may put you into a higher tax bracket. This means that you will have to pay in more at the end of the tax year when you submit your tax returns and this could prove to be a burden to you.

If you receive more than one source of income, you are advised to approach the nearest branch of SARS to obtain your actual monthly tax deductions. Once you have the information from SARS, you can write a letter to the GEPF advising on the correct monthly tax deduction.

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How and where to check if you have Unclaimed Benefit?



The Fund is concerned about the number of untraceable members and potential beneficiaries who never come forth to claim their pension benefits.

Most unclaimed benefits are the result of rejections of incorrect documentation, issues identifying beneficiaries, member tax matters, incorrect banking details, family disputes with death claims, employee abscondment and pending disciplinary actions.

The GEPF has a variety of platforms for members to use in order to enquire about pension-related matters. The following officials can be contacted during office hours (Monday – Friday) from 07:00 -16:00: Elizabeth Diale 012 399 2464, Patience Sejane 012 319 1286,

Rachel Breytenbach 012 319 1472, Thandeka Mhlongo 012 319 1378, Kgaogelo Lekau 012 399 2561 and Maggie Monaheng 012 399 2519.

Alternatively, you can visit or use the following social media handles to get in touch:

- GEPF Call Centre - 0800 117 669
- Regional Offices/Walk-in Centres in every province.
- Satellite Offices in some provinces
- GEPF enquiries email address and website - email: enquiries@gepf.co.za | website: www.gepf.co.za
- GEPF social media platforms (twitter and Facebook) Twitter: @gepf_SA Facebook: @GovtEmployeesPensionFund

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GEPF investments portfolio registers a positive 2.6% growth despite weak SA economy



The Government Employees Pension Fund (GEPF) is pleased to announce its financial results for the year ended 31 March 2019.

Despite the tough economic conditions and low economic growth rate in South Africa, the GEPF had a return on investments of 2.6%, equating to R 47 billion during the 2018/9 financial year.

The Fund's market value of assets was R 1.82 trillion in the year under review, increasing by R 17 billion compared to the previous year.

The growth of the fund's assets is pleasing as it is in contrast to the collective performance of the top 300 pension funds in the world whose

assets under management (AUM) decreased by 0,4% in 2018.

The GEPF has also continued to generate healthy long-term returns in line with its long-term investment strategy. The accumulated funds and reserves grew an average of 11.2 % during the period 2009 – 2019. This performance is in line with our approach of long-term growth in pursuit of sustainable risk-adjusted returns.

Despite the prevailing economic headwinds, the Fund's annual return exceeded its benchmark return of 2.3%. This was due to improved performance from commodity prices, which favoured the Fund's tactical overweight position in resources shares relative to its benchmark. The long-term returns were largely driven by the performance of the local equity and bond markets, which was favourable over the long term.

GEPF FUNERAL BENEFIT

GEPF provides a funeral benefit for the funeral of an active member or a pensioner, as well as for the funeral of a spouse or eligible child of a member or pensioner.

The funeral benefit payable upon death of such a member or pensioner is R15 000, spouse R15 000 and eligible child R6 000.



GEPF investments portfolio registers a positive 2.6% growth despite weak SA economy

The financial results once again highlights that the performance of the fund is not isolated from the country economic and development constraints. If the GEPF is to address this dependence, it has to consider further diversification including increasing its off-shore investments.

It is important to note that the GEPF invests in line with international best practice, diversifying its portfolio of investments through the PIC and other asset managers, to reduce its exposure to any one market risk, and thereby maximizing its return on investments. These decisions are guided and made in accordance with GEPF's strategic asset allocation policy and risk management systems.

The fund also experienced an increase in member contributions by 7.1% during the reporting period, representing an

R 5 billion increase from R 70 billion in 2018 to R 75 billion in 2019. Benefits to members upon resignation, retirement, death and funeral benefit also increased.

The total benefits paid during the year under review increased by R 8 billion, mainly due to the increase in pension payments, which accounted for 45,8% of the total increase. The increase in the pension payments were driven by the 5.5% monthly increase granted to pensioners from 1 April 2018 and a 3% increase in the number of pensioners. Whilst the number of pensioners increased, the fund experienced a slight decrease in active members by 0.6% to 1 265 421 members (2018: 1 273 125)

The funding level is the Fund's financial gauge. The higher the funding level, the better the financial situation. The results of the March 2018 actuarial valuation

show that the Fund is 108.3% funded, i.e. there are sufficient assets to cover the actuarial liabilities in full.

The GEPF is keenly aware of the important role it plays in the South African economy, and that its members, pensioners and beneficiaries are impacted by economic, social and environmental challenges, in recognition of which the GEPF directed 5% of its total portfolio towards domestic development inclusive of infrastructure, transformation, sustainability priority sectors and small –medium enterprises.

The GEPF appreciates to its implementing agencies, the Public Investment Corporation (PIC) and Government Pension Administration Agency (GPAA) for the work they do to ensure that the GEPF fulfils its mandate.

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Importance of a Nomination Form

Members are strongly encouraged to nominate their beneficiaries while still alive. You can nominate as many beneficiaries as you prefer, as long as the percentage adds up to one hundred (100) percent.

Members sometimes make a wrong decision because they had included the distribution of their pension in case of their death on their Will. It is important for members to know that the GEPF only accepts a Nomination Form and not a Will. Therefore, make

sure that you submit a Nomination Form together with certified identity documents or birth certificates of the nominated beneficiaries.

A Nomination Form, also called WP1002 is available from the GEPF website, www.gepf.co.za. After you have filled in the form, please submit it to your Human Resources unit. Members are allowed to update the Nomination Form as circumstances changes.

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GEPF SUMMARISED RESULTS FOR THE YEAR ENDED 31 MARCH 2019

The Government Employees Pension Fund manages pensions and related benefits on behalf of eligible government employees in South Africa

UNDERSTANDING THE GEPF

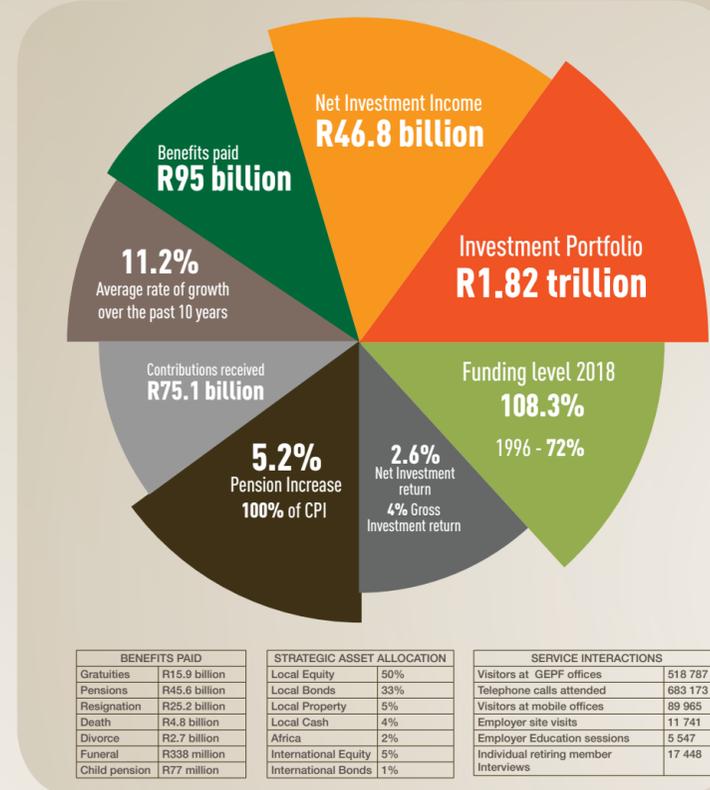
GEPF is Africa's largest pension fund. GEPF is a defined benefit pension fund established in May 1996, when various public sector funds consolidated after the election of South Africa's first democratic government. The fund currently has over 1.2 million active members and approximately 464 000 pensioners and beneficiaries.

GEPF's core business, which is governed by the Government Employees Pension Law (Act 21 of 1996), is to manage and administer pensions and other benefits on behalf of government employees.

GEPF is managed by an independent Board of Trustees:

- 6 trustees from organised labour in the Public Service Coordinating Bargaining Council
- 1 trustee elected by pensioners
- 1 trustee elected by the South African National Defence Force and the intelligence services
- 8 representatives from the employer

GEPF's administration activities are carried out by the Government Pensions Administration Agency (GPAA). The Pension Fund uses the services of the Public Investment Corporation (PIC) to invest the majority of its funds.



Both these relationships are managed by mandates and service level agreements.

GEPF BENEFITS AT A GLANCE

GEPF is a defined benefit fund. The benefits are defined in the rules of the fund and not dependent on contributions and investments.

The benefits paid out don't depend on how much the members and employers contribute for a specific member. Rather, benefits are determined by the rules contained in the Government Employees Pension Law.

Retirement benefits are protected against inflation. Pension increases are paid annually and the 2019 increase was equal to 100% of Consumer Price Index (CPI) and higher than the 75% of Consumer Price Index (CPI) provided in terms of GEP Law and Rules.

GEPF granted a 5.2% inflation increase in April 2019 based on the 5.2% inflation rate for the 12 months ending November 2018.

GEPF's accumulated funds and reserves have grown at an average rate of 11.2% over the past 10 years.

GEPF's funding stands at 108.3% against a minimum funding requirement of 90% (1996: 72%). This means the GEPF has R1.08 for every R1 of benefits payable to its members and pensioners.

THE GEPF IS COMMITTED TO RESPONSIBLE INVESTING

GEPF is a founding signatory of the United Nations Principles for Responsible Investment (UNPRI). GEPF's Responsible Investing (RI) policy is also aligned to the Code for Responsible Investing in South Africa (CRISA).

GEPF reviews its investment policies regularly to ensure that it reflects global best practice standards for management of economic, social and governance (ESG) issues in the unique developmental context of South Africa.

FIND THE FULL RESULTS IN THIS YEAR'S ANNUAL REPORT AT WWW.GEPF.CO.ZA

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Understanding the GEPF as a Defined Benefit Fund

In order to understand the GEPF, it is better to understand what is meant by GEPF being a Defined Benefit Fund and the implications for its members. As a defined benefit type of a pension fund, the benefits of the GEPF are defined in the rules of the Fund. The advantage of belonging to a defined benefit like the GEPF is that all benefits that members are promised are guaranteed when a member retires, resigns and exit due to ill health or death in service.

When you retire, your benefits depend on whether you have less than 10 years of pensionable service or more than 10 years. If you retire with less than 10 years of service, you will receive a once-off lump sum called a gratuity. However, if you retire with more than 10 years of service, your benefits will consist of once-lump and a monthly pension until you die.

There are two options when a member opts to resigns. First option, a member can decide to have the once lump sum paid into a bank of choice. Secondly, a member can decide to transfer the once lump sum transferred into an approved retirement fund. If a member is discharged due to ill-health, your benefits will depend on whether you have less than 10 years of pensionable service or more than 10 years. Likewise, if you have more than 10 years of pensionable service, the rules provide for an increase in your years of pensionable service due to the nature of your no-default discharge.

Lastly, we pay death benefits in case you die while still working or if you die within five years of retiring. This includes spouse's pension, and funeral benefit. If you as a member passes

away in service and his or her spouse was a dependant on the medical aid, the surviving spouse is entitled to a medical benefit. It must be noted that if the deceased was younger than 50 years and had more than 15 years in government service, the spouse qualifies for a monthly subsidy when continuing as a main member of the medical scheme, from the month following the date the deceased would have turned 50.

Furthermore, all GEPF benefits are protected against inflation. This means, your benefits as a member are not impacted negatively by the performance of the economy. The GEPF has a solid track-record in safeguarding the value of members' retirement wealth and in protecting both the pensioners and members against inflation.

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Check with SASSA if you qualify



GEPF is not responsible for encouraging or discouraging pensioners from contacting SASSA to see if they qualify for the old-age social grant. However, it is the responsibility of the pensioners who wish to receive the old-age social grant from the South African Social Security Agency (SASSA) to contact the agency to request them to conduct an Affordability Means Test. The test will indicate if you qualify or not. In the event that you qualify, you will have to apply for the grant and you will receive both the GEPF monthly pension and the SASSA old-age pension.

Applicants must meet the following requirements:

- The applicant must be a South

African citizen, permanent resident or refugee.

- The applicant and child must be resident in South Africa.
- Must not be less than 60 years.
- The applicant must not be in receipt of another social grant for him or herself.
- The applicant and spouse must comply with the means test.
- The applicant must not be maintained or cared for in a State Institution.
- The applicant must submit a 13 digit bar coded identity document.

For more information visit SASSA offices near you or call SASSA Toll Free number: 0800 60 1011.