



fundtalk

The quarterly newsletter for members of the Government Employees Pension Fund



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1 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.

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.

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Call Centre - 0800 117 669

7 Members are not 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.

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.

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

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.

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

Once you have the information from SARS, you can write a letter to the GEPF advising on the correct monthly tax deduction.

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.

8 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. This has made our Unclaimed Benefit purse to grow to billions unnecessarily and we aim to reduce this drastically in the next five years.

The GEPF has a variety of platforms for members to use in order to enquire about pension-related matters.

Alternatively, you can visit the :

The following officials can be contacted during office hours (Monday – Friday) from 07:00 -16:00 to assist with queries on Unclaimed Benefits:

- 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.

Unclaimed Benefit is a benefit that has not been paid to the eligible beneficiary for a period of 24 months (two years) of the benefit becoming legally due and payable. This is accumulated due to rejections of incorrect documentation, identity of beneficiaries, member tax matters, incorrect banking details, family disputes with death claims, employee abscondment and pending disciplinary actions.

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6 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

FROM DEBT APPROACH TO SERVICE REDUCTION APPROACH

Following the amendment to the GEP Law, 1996, on the 22nd May 2019, the GEPF has changed its rules regarding divorce settlements. The GEPF has replaced the debt approach with the service reduction approach. On divorce, a member's contributing years of service will be reduced by the number of years equal to the portion of benefit due to a spouse in terms of a divorce order.

The GEPF is currently in the process of writing letters to all GEPF members affected by this law change to provide them with the implications of their debt model when converted into service reduction model

In accordance with the law change, as of 1 August 2019, the GEPF will process divorce claims as per the new service reduction approach and the GEPF is current in the process of writing letters to members affected by this law change to provide them with options and implications of this law change.

Members who had their divorce settlements dealt with in terms of the debt approach and who were divorced prior to 1 August 2019, have until 22 May 2020 to exercise their choice should they wish to remain on the debt approach or move to the service reduction approach. Such members will receive communication to exercise a choice soon.



For more information contact us at: 0800 117 669

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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.

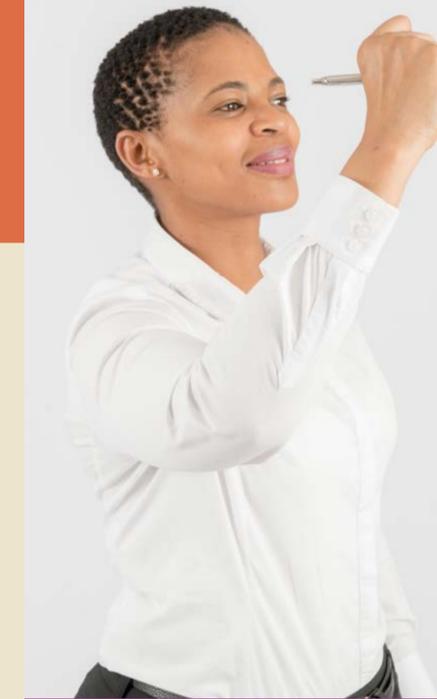
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FREQUENTLY ASKED QUESTIONS

Question	Answer
1 What is Self-Service?	It is a digital platform that displays benefit statements, payment advice and tax certificates on a web portal. This information is available to all GEPF members. It is designed to be viewable on computers, cellphones and tablets from anywhere and at any time. Any corrections to the information displayed can be sent back via email to an agent who will follow approved methods and procedures to update the information.
2 Why should I use Self-Service?	There is no need to go to a Walk-in centre or wait for a benefit statement or tax certificate to be sent to you by post. Members are able to make sure their personal details are correct as kept by the GEPF.
3 How secure is Self Service?	The data that is viewed is stored on the mainframe and the portal simply shows the data that is stored. The data is not stored by any external party. Access to the data is through the member's credentials and the member needs to keep his/her password safe. They can change the password at any time if they want to.
4 What can I do using Self-Service from GEPF?	You can view your Benefit Statements, Tax certificates and Payment Advice using Self-Service. Your personal details are visible as well as other communications that the Fund would like to share with you. At a later stage, it will be possible to view your cases and to enter a "chat" or initiate a "Please call me" to engage with an agent.
5 What are the benefits of using Self-Service?	No need to travel to a Walk-in centre or wait for the documents to arrive by post. You can check your personal details and send an email to request changes or updates to your information. You can view the information using different digital devices at any time from any place that has an Internet connection.
6 How do I create a Self-Service user account?	If you are either a contributor to the Fund or a pensioner receiving benefits, you will receive an email on the account that the Fund has for you on member records, inviting you to click on a link. This link will allow you to access your information.
7 Are there any special requirements I need before I start using Self Service from GEPF?	The solution is designed to work on any supported version of Internet browser. Old versions of Internet Browser (for example older than version 10) will not work. You need an Internet connection on a computer, cellphone or tablet to connect to Self-Service.
8 Can I access Self-Service from any device?	Yes, any digital device with access to the internet.
9 How do I change my password?	There is a "Change Password" option after you click the settings button which looks like a gear on the top left corner of the screen.
10 What if I forget my password?	You can call the GEPF Call Centre and ask for a password reset.
11 Who do I contact if I have any queries?	There is an email icon on the screen. You can click on that and type in your query; it will go to an agent who will assist.
12 I am registered for Self-Service and will be travelling abroad; will I be able to use Self Service from abroad?	Yes, Self-Service will be available to you from anywhere.

4

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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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.

2 Modernisation paying dividends



you may be asking yourself what this is all about. It is a portal which gives members and beneficiaries an opportunity to log on via internet and in real-time view and print their benefit statements, tax certificates etc. The greatest benefit of this portal is that clients no longer have to phone the Call Centre or go to a Walk-in Centre to obtain documents or perform basic transactions. These are some of the services already available to those who have registered:

- If you receive a monthly pension from the GEPF, you will now have access to view, print and download your Payment Advice (Proof of income letter), benefit statements as well as tax certificates.
- You can view your personal and contact details – with the email functionality which allows you to update the information when necessary.
- Clients can also view the list of the beneficiaries, and should they

wish to update it, they can do so by emailing the GEPF enquiries division via this portal.

- Furthermore, clients will also be able to view employment as well as banking details. Should any of the information on the portal change or differ from our system, you can email the GEPF Enquiries division to update it.

In the near future, the portal will offer the following:

- The reprint/download and viewing of the Tax Certificates issued yearly by GEPF.
- Clients will be able to request a Benefit Statement for a projected date i.e. issue a statement per your retirement date or resignation date etc.
- Clients will be able to calculate their benefits using the benefits calculator.