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1 | Your retirement pension is safe and guaranteed

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In these times of uncertainty we want to reassure all members, pensioners and beneficiaries that the GEPF is financially sound despite the decline in the global equity markets.

Do not be tempted to withdraw your benefits through resignation fearing investment losses that the fund might incur. Your retirement pension is safe and guaranteed.

The GEPF is a Defined Benefit Fund. The benefits provided by the GEPF are not dependent on the performance of the fund's investments. Your benefit is determined by the number of pensionable service years and your average salary in the last 24 months of your pensionable salary.

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 pensionable service, you will receive a once-off lump sum called a gratuity. However, if you retire with more than 10 years your benefits will consist of a once-off lump and a monthly pension until you die based on the value accrued to you in the Fund.

In addition, when you retire with the GEPF you will be entitled to the following;

- A funeral benefit for the main member and his / her spouse is R15 000 and for dependent children is R6 000

- A spousal benefit, in a case of death of a main member, equal to 50% or 75% of the main member's pension
- A Child Pension for the deceased member's children under the age of 22 years

Too stress again, do not be tempted to withdraw your benefits through resignation fearing investment losses that the fund might incur. Your retirement pension is safe.



2 | Know the estimation of your benefit



Each year the GEPF sends its active members an Estimation of Benefits statement with the purpose of ensuring that they are informed of the status of their pensions. The statement is sent out through emails or post offices once in a year, but it can also be issued on request. If you have not received your statement, please don't hesitate to call the GEPF Toll free number at 0800 117 669. Members can also visit GEPF offices nationwide to request the statement.

The Estimation of Benefits statement reflects the summary of estimated pension benefit earned at a certain date during employment. It contains information such as personal details, employment details and pension benefits in case of exit that are reflected in terms of:

- Normal retirement
- Resignation
- Ill health retirement and discharge
- Death in service

Please note that these are estimates calculations based on the information at GEPF's disposal and all the information will be verified during a member's actual exit date.

GEPF issues these benefit statements as it strives to always align with the best practices and service standards to members. The best practices require the issuing of the estimation of benefit statement in order to:

- improve and sustain communication between the Fund and the members;
- empower members with quality information;
- enhance education about GEPF benefits to members; and
- encourage members to approach their Human Resource department in the event that the information on their estimated benefit statement is incorrect.

Divorce settlements no longer treated as debt

We have replaced the debt approach with the service reduction approach with effect from 1 August 2019.

Following the amendment to the GEP Law, 1996, the GEPF has changed its rules regarding divorce claims.

We have replaced the debt approach with the service reduction approach with effect from 1 August 2019.

Members who had their divorce settlements dealt with in terms of the debt approach and who were divorced prior to 1 August 2019, had until 22 May 2020 to exercise their choice should they wished to remain on the debt approach. Such members were sent communication to indicate their choice. More information is available on our website and from our call centre on 0800 117 669 or visit the nearest GEPF Offices.

Note:

The new service reduction model means that, rather than creating a debt against the member, there will be an adjustment to the member's pensionable service years following the payment of a divorce settlement by the GEPF. This means that the benefit that will be paid to the member when they exit the GEPF will now be decreased by reducing the members' years of pensionable service to take into account the pension amount that was paid to the spouse upon divorce.

Post-Retirement Medical Benefit



When government employees retire, they may qualify for a medical benefit to help to cover their medical aid contributions during retirement.

The amount of the medical benefit depends on their length of service:

If you have fifteen or more years (10 years in case of discharge due to ill health) of service, the Government will pay a portion of your monthly medical aid membership for the rest of your life, as long as you remain a principal member of a medical scheme.

If you have less than fifteen years of service, you will receive a once-off medical benefit. The amount payable depends on whether you have more or less than 10 years of service.

Please note that to qualify for the medical benefit, you must have been a main member of a recognised medical aid for the last 12 months (without a break) before you retire.

It is also important to note that this benefit is taxable and is a non-contributory benefit, which means that pensioners are not contributing any money for it.

If a pensioner passes away and his or her spouse was a dependant on the medical aid at the date of death, and then becomes the main member, the spouse will qualify for the same subsidy percentage that the pensioner received.

5 Blow the whistle On fraud



The term fraud can be defined as a wrongful act or criminal deception intended to result in unmerited financial or personal gain. It refers to an illegal act or series of acts that are committed by non-physical means through concealment (hiding of information) or forgery (changing of information) in order to obtain a particular gain or benefit, which is more often than not money.

This means that fraud is fundamentally a non-violent financial crime that can be committed against a business, government or even against other individuals.

What are the types of fraud that may occur?

The following are some of the fraudulent activities taking place within the GEPF environment; they are however not the only fraudulent activities taking place:

- (a) **Fraudulent exits (using form Z102):** exiting of employees whilst the employees are still in service

- (b) **Fraudulent Z894 form submissions:** interception of the Z894 form (banking particulars form) and changing the banking details on the form to incorrect accounts
- (c) **Fraudulent Beneficiaries:** diversion of pension fund pay-outs to unauthorised beneficiaries; and
- (d) **Fraudulent Payments:** Unclaimed Benefits payments and Death Claim payments.

Calls to the GEPF Fraud Hotline

Members as well as the public are encouraged to use the GEPF independent fraud hotline (0800 203 900) to report such fraudulent activities. All calls are treated as strictly confidential and objective. Callers may remain anonymous if they chose. The hotline is run from a secure location and the hotline operators have been trained to ensure that the identity of callers is protected.

Steps to report fraud in GEPF:

- (a) Dial the 0800 203 900 toll free number from any Telkom telephone.
- (b) You may remain anonymous but please give the hotline operator full details of the fraudulent, corrupt or unethical practice that you are reporting. Details may include:
 - Who is involved and what they are doing;
 - What has happened;
 - How was it done and how often;
 - Where is it done;
 - When was the incident observed;
 - Values involved – monetary value;
 - Proof available; and
 - List of witnesses, if there are any.

The Protected Disclosures Act protects everyone who reports unlawful or corrupt conduct.

Enhanced Spouse Pension Rule Change

As part of the benefits afforded to GEPF members (Rule 14.2.2 of the GEP Law), a retiring member has the option to receive either a reduced gratuity or reduced annuity in favour of their surviving spouse(s) receiving an enhanced spouse's annuity, which is 75% of retiree's monthly annuity at time of death. Prior to 01 November 2019, the calculation of the retiree's pension benefit when choosing the enhanced option was calculated using a set reduction factor.

If member/retiree chooses such an option they are required to declare all spouses' information to whom they would like to elect an enhanced spouse pension upfront in order to receive the required quotation to reduce their retirement gratuity or annuity in favour of an enhanced spouse pension.

As of 01 November 2019, in line with Public Service Coordinating Bargaining Council Resolution 1 of 2017, the GEPF has changed the method of calculating the reduced gratuity or annuity for the retiring member if he chooses the enhanced spouse pension. The new calculation method now takes into consideration all the spouse(s)' age and gender as at date of retirement of the member to calculate the reduction in the gratuity or annuity.

The previous use of a set reduction factor led to disparity in that a member with a much younger spouse would secure a larger benefit that is payable for longer period for the young spouse or spouses, resulting in possible cross-subsidising by other members of the Fund.

It is important to note that those members that elect to have the enhanced spouse's pension benefit have to declare all spouses' information to whom they would like to elect an enhanced spouse pension prior to retiring in order to receive the required quotation.

For more information, visit any of our offices or log on to www.gepf.co.za

?FAQ

Frequently Asked Questions

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Q. Is the amount reflecting on my estimation of benefits statement a true reflection of my retirement benefit?

A. Yes it is a true estimation of your retirement benefit based on current available data/facts and your date of normal retirement. Aspects such as future salary increases, promotions, actuarial factors, may change the benefit statement amounts. Estimation of Benefits statements are annually updated and any changes will reflect accordingly. Members must note that fluctuations on the Estimation of Benefit statement do not mean that they have lost money. The estimation of benefits reflect the value of the member's benefit based on all available variables and future assumptions.

Q. What do I do if any of my employment details are incorrect?

A. You can go to your Human Resources department or nearest GEPF office to update your personal details such as postal/physical address, telephone/cellphone number, email address and beneficiaries. Members must also check if their start date of contribution to the GEPF matches our records.

Q. Does the new rule change in terms of divorce recognize divorce in cases of a customary marriage?

A. While the GEPF recognises all marriages, including customary marriages, it is not an authority on the legality or otherwise of marriages. The GEPF pay a claim against a member's benefit upon receiving a divorce decree ordering the Fund to pay an ex-spouse. The legality for spouses to claim against each other is presided by the courts of law. It is the courts that will decide if an ex-spouse has a right to claim.

Q. Is spouse pension transferable to beneficiaries when the recipient dies?

No, it is not transferrable. A spouse pension is only payable to a lawful spouse and no other beneficiaries.

Q. What happens to those members who were affected by the old divorce debt approach? Is it mandatory for them to change to the new approach?

A. All affected members were afforded an opportunity to choose between the option to change to the service reduction approach or to remain on the notional debt approach. Letters and reminders were sent to affected members in this regard. Those who did not respond by 22 May 2020 will automatically be converted to the service reduction approach. All

divorces from 1 August 2019 onwards will be treated using the service reduction approach.

Q. What happens when a member divorces and a spouse claims against their pension?

A. GEPF rules have been amended to allow for a service reduction approach with effect from 1 August 2019. The GEPF no longer treats divorce claims as a notional debt but instead uses the service reduction approach to offset the benefit paid to an ex-spouse. In terms of the service reduction approach, a member's pensionable service will be reduced to take into account the amount paid to the ex-spouse. The amount paid to the ex-spouse as per the divorce order, will be converted to the number of pensionable service years equivalent to it. The member's pensionable service years will be accordingly adjusted.

When the divorced member exits the Fund, his/her benefit will be calculated based on the reduced pensionable service years. It is however important to note that the Fund will still recognise the actual pensionable service years of the member (before the service reduction) and the member will remain entitled to the nature of the pension benefits based on their actual pensionable service years. This means if the member is entitled to a gratuity and an annuity based on actual service years, they will still be entitled to a gratuity and annuity but the value will be calculated based on the reduced pensionable service.