



GEPF News

Why It's Important To Save For Retirement

Ever since Thabo began preparing for life after 45 years as a government employee, colleagues at work kept on asking him for advice as if he were now a guru on pension.

While Thabo was mindful of not wishing to dish out financial advice, he always did his best to lead those asking questions to the best answers.

Sydney, a young new employee who was sceptical of saving for the future because he wanted the good things in life now, saw Thabo in the canteen the other day and grilled him on whether he was sure that he was going to retire with the best financial package to see him through life.

“uBaba Thabo are you serious you not going to come back and ask for piece jobs here after retirement?,” asks Sydney.

“Young man,” says Thabo, pausing to take a deep breath. “You won’t find me at a robot, infact you won’t find me anywhere near this building when I am gone. I will be in the peaceful rolling hills of my homestead in beloved Dutywa far, far away in the Eastern Cape, outside eNgcobo,” he adds.

Sydney was confused. “Ow uBaba, are you going to get a farm with your pension?”

“No!”, shouted Thabo, so loudly, colleagues in the canteen looked surprised as the young gun questioned the wise old man on his way out.

“You listen and listen carefully,” shouts Thabo.

“If you are going to one-day make it as far as I have, you gotta ditch those dreams of cars and girls, and work damn hard because those things don’t last Mister.

“When you think of the sacrifices your parents made to get you through life, you will realise that life is not a highway but a slow crawl towards a bigger goal,” says Thabo.

Sydney was attentive. “Tell me uBaba, with Covid-19 affecting the global economy, won’t I lose my money in the GEPF?” he asks.

“That’s simple lad, your pension is guaranteed. This is no secret,” Thabo says.

“Come, let me show you the sound advice I picked up from the GEPF Member’s Guide that is available from GEPF for free, and it’s also on the internet. Instead of looking at car websites, you ought to be running young man,” says Thabo.

“So, you see young man, your money is safe to ensure that one day when you reach my age, you too will leave this place better off than when your journey began,” says Thabo.

“And if you would like to bolster your savings by putting more money away than spending on a car or girlfriends, you may consider putting a little extra away to ensure that your golden years will not be fraught with worry,” adds Thabo.

If you joined the public service late, the older you are when you start planning for your retirement, the less time there is to make sure you have enough for your old age. You could be facing this problem if you started working for the government late in your working life and did not belong to a pension fund before. It can also be a problem if you have taken long periods of leave without pay during your career with government, and thereby missed making your pension contributions.

Fortunately, GEPF offers you a way to increase your pensionable service (that means a better retirement benefit). You can do this by paying an extra amount that both you and GEPF agree on towards buying additional years of pensionable service. By purchasing service, you end up with a longer period of pensionable service, which means you end up with a larger pension when you retire. This is called “purchasing additional service”.

There are three different periods that can be considered for purchase of service. These are:

1. **Leave without pay** – this is a period when a member was not able to contribute to GEPF for a time because the member was on leave without pay (for more than 120 days), suspended from employment or seconded under certain specific circumstances.
2. **Previous service** – this is a period of pensionable service during which the member was a member of the GEPF or AIPF and received a benefit (other than a benefit for discharge and retirement). The member may purchase this period of pensionable service. However, certain conditions must be met before this period can be considered.
3. **Other periods** – this is any time after the date on which a member turned 18 until the date the member started contributing to GEPF (in his or her current pensionable service period). You may use the calculator on the GEPF website to calculate provisionally the cost of purchase of service for other periods.

In addition, there are very strict rules about the kind of benefits GEPF must pay and how it must invest and safeguard your money. These rules are contained in the Government Employees Pension Law, Proclamation 21 of 1996, and rules issued thereunder.

GEPF welcomes the opportunity to help you understand as much as possible about your membership and benefits. If you have any questions about the Fund or your membership, please phone GEPF’s toll free Call Centre on 0800 117 669 or visit your nearest regional GEPF client Walk-in Centre.

