

fundnews

The quarterly newsletter for pensioners of the Government Employees Pension Fund

4th Edition 2024/2025



WHAT IS A CATCH-UP PENSION INCREASE?



WHY IS IT IMPORTANT FOR GEPF TO INVEST YOUR MONEY?



FRAUD PREVENTION



GEPF INTRODUCES A BIOMETRIC SOLUTION AT ITS WALK-IN CENTRES

Members, Pensioners and Beneficiaries who visit the Regional Offices are now verified and authenticated via a new Biometric solution installed at all Walk-in Centres.

The solution aims to verify the authentication of all members/pensioners/beneficiaries through their fingerprint and/or facial recognition.

What are the benefits of the Biometric solution?

- Optimizes identity verification.
- Determines proof of existence.
- Ensures the person receiving payment is the right one.
- Strengthens efforts made against fraud and corruption at the GEPF.

Objectives of the Biometric Solution

- Authenticate and verify members, pensioners, beneficiaries and / or third party as well as internal staff processing the claims.

- Verify members, pensioners, and beneficiaries' fingerprint against the Department of Home Affairs National Identification System (HANIS) system.
- Address fraudulent and corrupt activities emanating from impersonation by ensuring that the claimant's fingerprint matches their ID number as stored on the HANIS system.
- Authenticate and verify of the GEPF employees at each service point of GEPF and / or across the claim process.
- Keep record of the verified and authenticated data of members, pensioners and beneficiaries as well as internal processing staff.

For more information contact us at:
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GEPFTM
your investment, your future

WHAT IS MEANT BY DEFINED PENSION FUND?

A defined pension fund is a fund where the benefits are defined in terms of the formula set out in the rules of the fund.

In this type of fund, benefits are generally guaranteed and are not dependent on the investment returns of the fund. GEPF, as a defined benefit fund, is different from most private sector pension funds as they are normally defined contribution funds.

GEPF calculates benefits based on the Fund's rules, and the pension benefit is determined based on various factors of which the number of years of service you have and your final average salary over the last two years of your employment are the most important.

If you retire from the GEPF with more than ten years pensionable service, you will receive a monthly pension from the Fund. In the last decade GEPF has consistently paid pension increases that are inflation related. That the increases have kept pace with inflation affirms that the well-being of all of its pensioners and beneficiaries remains a priority for the Fund.

GEPF will pay your monthly pension until you die, it does not matter how old you live to be.

WHAT IS A CATCH-UP PENSION INCREASE?

Catch-up pension increases are designed to ensure that your hard-earned pension keeps pace with the rising cost of living. But what exactly is a catch-up pension increase?

Picture this: when you retired, your pension was calculated based on certain factors such as your years of service and your salary at the time of retirement. However, as the years go by, the cost of living increases due to inflation. This means that the money you receive may no longer be sufficient to cover your expenses as it once did.

This is where catch-up pension increases come into play. They act like a financial safety net. If your pension has fallen below the amount you were paid at retirement, adjusted for inflation up to the present date, you may be eligible for a catch-up increase.

The catch-up increase is designed to compensate for the impact of inflation, ensuring that your pension keeps up with the rising costs of goods and services.

The amount of the catch-up increase is determined by the change in the Consumer Price Index (CPI) from the date of your retirement to November 30 of the previous year. In simpler terms, it looks at how prices have increased since your retirement and then adds that extra money to your pension.

For more information, contact the GEPF on 0800 117 669 or email at enquiries@gepf.co.za

WHY IS IT IMPORTANT FOR GEPF TO INVEST YOUR MONEY?



The Government Employees Pension Fund (GEPF) has an investment mandate with the Public Investment Corporation (PIC), which is a state-owned asset manager responsible for investing assets on behalf of, amongst others, the GEPF.

We make our investments with the objective of earning financial and social returns for the benefit of our members. As such, we take environmental, social and governance issues into account when making investment decisions. It also encourages the companies we invest in to implement sustainable practices, and to actively manage their environmental and social impacts while maintaining high levels of corporate governance standards.

The Fund aims to invest responsibly for the long-term by using active and passive investment strategies and following a core-satellite approach when issuing investment mandates. The core portfolios are managed by PIC while the satellite portfolios can be managed by specialist managers in their respective sectors.

The long-term objectives of the GEPF are to provide pensions and other related benefits as promised in the Fund's rules to pensioners, members and their beneficiaries, grant annual increases to pensioners, improve benefits and employer contribution rates. As such, that the Fund's investment strategy must be in alignment with these long-term objectives.

The focus of the GEPF is to manage our Fund's assets in a manner that meets or outperforms the Fund's current and future liabilities in order to earn financial and social returns for the benefit of our members.

IS IT ALLOWED TO USE A PORTION OF MY PENSIONS FOR A HOME LOAN SUBSIDY?

Government employees can only have access to their pension benefits when they retire.

As a pension fund we intend to assist employees invest or save the money that they will need in their retirement years after many years of hard work. Pension benefits assist pensioners to look after themselves and access necessities such as healthcare.

All government employees are eligible to receive benefits such as annual leave, sick leave, housing allowances, bonuses (13th cheques) and many more. Members who are currently employed receive these benefits from their respective employer departments, not the GEPF, and they are paid in line with the

public service regulations. Employees need to use the housing subsidy that government offers while they are still employed. To this end, GEPF has entered a partnership with SA Home Loans to assist government employees who may face difficulties accessing bank home loans as there is no housing subsidy made available for pensioners.

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WHAT IS THE ROLE OF THE BOARD OF TRUSTEES AND HOW ARE PENSIONERS REPRESENTED?

The Government Employees Pension Fund (GEPF) Board is responsible for managing the GEPF. Their main goals are to make sure the Fund stays strong, benefits are paid efficiently, and our members are well-informed.

The GEPF Board of Trustees handles the Fund's administration and investments. The board is set up according to the GEP Law and Rules and is appointed for a term of four years. The board is made up of:

- Eight persons representing the "employer trustees" elected by the employer;
- Eight persons representing the "employee trustees" consisting of:
 - Six persons elected by the labour representatives; and
 - One pensioner elected by pensioners; and

The Board of Trustees has five permanent committees and two sub-committees to help them make strategic decisions and monitor the services they outsource. By including both employer and employee representatives, the Board ensures that the interests of all stakeholders are considered.



FRAUD PREVENTION

Together, we can stop fraud and corruption. At the Government Employees Pension Fund (GEPF), we are committed to maintaining zero tolerance for fraud, corruption, and unethical behaviour.

As part of our ongoing efforts, we urge all members to take a stand against fraud by reporting any fraudulent activities they encounter.

What is Fraud?

Fraud refers to illegal actions or a series of deceptive practices used to obtain money or benefits through misrepresentation or manipulation of information, often without physical evidence.

Types of Fraud Encountered by the GEPF:

Fraudulent activities can take many forms, including but not limited to:

Fraudulent Exits: Manipulating exit procedures to unlawfully access funds.

Fraudulent Bank Forms: Altering or submitting false banking information.

Fraudulent Beneficiaries: Falsifying beneficiary details to divert funds.

Fraudulent Payments: Creating or approving payments under false pretences.

How You Can Help:

If you suspect a fraudulent activity or have information related to any of the above, we encourage you to report it immediately. Your vigilance can help protect the integrity of the GEPF and ensure that pension benefits reach those who rightfully deserve them.

Together, we can make a difference. Report fraud today and help safeguard the future for all members. Speak up against fraud by calling the FREE and CONFIDENTIAL Whistle Blower Line. Tel: 0800 203 900 | SMS: 30916 | Email: gepf@thehotline.co.za





ALWAYS ENSURE THAT YOUR TAX MATTERS ARE IN ORDER WITH SARS

It is important to note that in April 2022, the South African Revenue Service (SARS) made changes to the revised tax rate in terms of the tax required to be deducted by an employer from an employee's renumeration paid or payable (PAYE).

As a result, the Government Pensions Administration Agency (GPAA) implemented a directive from SARS that provided for the revised tax rate to be deducted from pensioners with multiple sources of income. Pensioners have the option to opt out of the revised tax rate provided by SARS and revert to the normal Pay As You Earn (PAYE) rate applicable to their pension.

However, if a pensioner chooses to opt out, the Government Employees Pension Fund will continue to deduct as per the previous tax rate and not in the more accurate effective tax rate as provided by SARS. This may result in pensioners having to settle a tax debt with SARS at the end of the tax year. Legally, the South African Revenue Service (SARS) can appoint the employer (GEPF) in terms of Section 179

of the Tax Administration Act, 28 of 2011 to withhold and pay over to SARS monies/tax owed in the form of garnishee orders.

These deductions will not be updated or included on the tax certificate issued at the end of the tax year. The request to cancel the garnishee order will only be done upon receipt of a Withdrawal of Third-Party Appointment letter from SARS. To avoid this, you can request the GEPF in writing to deduct additional tax to make provision for extra deductions paid to SARS. This could prevent you from paying higher arrears to SARS upon tax assessment.

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