fundnews

The quarterly newsletter for pensioners of the Government Employees Pension Fund 3rd Edition 2025/2026

The GEPF remains financially strong and resilient, with 13.1% in investment portfolio growth for the year 2024/2025.

GEPF PENSIONER'S MONTHLY PENSION IS NOT TRANFERRABLE TO CHILDREN

WHY IS THE PENSION PAY-OUT TAXED WHEREAS MY SALARY WAS CONSISTENTLY TAXED?

CAN THE GEPF CONFIRM MY MONTHLY PENSION TO CREDITORS/LENDERS?

The Government Employees Pension Fund (GEPF) does not assist with verifying receipt of a monthly pension to creditors or money lenders. Instead, GEPF provides pensioners with a proof of income letter that confirms that they receive a monthly pension from the Fund.

How pensioners choose to utilise these letters is entirely their own decision, as the Fund does not have the authority to prevent pensioners from using these letters to apply for credit or a loan.

For more information contact us at:

Government Employees Pension Fund

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GEPF™

your investment, your future

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The Government Employees Pension Fund (GEPF) is pleased to announce its financial results and administrative highlights for the year ended 31 March 2025.

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Key Performance Indicators for the financial year:

- The GEPF investment portfolio increased by 13.1% from **R2.38 trillion** in 2024 to **R2.69 trillion** in 2025.
- The GEPF investments yielded a return of 14.1% in 2025 compared to 4.9% in 2024, based on net investment income of R379 billion (2024: R116 billion).
- Accumulated funds and reserves grew at an average rate of 5.7% per year during the 10-year period 2016 –2025, with a current value of **R2.65 trillion**.
- Member contributions increased by 4.0% during the reporting period from **R91.93 billion** in 2023/24 to **R95.63 billio**n in 2024/25.
- Benefits paid increased by 17.6% from R142.36 billion in 2023/24 to **R167.16 billion** in 2024/25.

In the 2024/25 financial year, the Government Employees Pension Fund (GEPF) maintained strong performance despite global and domestic challenges. The Fund's assets grew to **R2.69 trillion**, achieving a 14.1% investment return and sustaining a robust 119% funding level. Globally, persistent geopolitical tensions, high energy costs, and inflation created volatile investment conditions. In South Africa, sluggish GDP growth, sectoral underperformance, and infrastructure issues persisted despite improvements such as the formation of the Government of National Unity and reduced load shedding. Inflation stayed within the Reserve Bank's target range, but the introduction of the two-pot retirement system affected household spending, liquidity, and Fund inflows.

The year under review was also shaped by themes of uncertainty, resilience and gradual growth reflected across local and global economies, however the GEPF maintained its long-term investment strategy rooted in its policy and guiding beliefs, which inform decisions across the Fund and its managers.

The GEPF continued to be a leader in responsible investment practices through a comprehensive suite of responsible investment policies, committing to integrate sustainability issues in investment decisions and ownership practices. In listed equity, during the year under review, the PIC, on behalf of the GEPF, voted on 2 800 resolutions at 157 meetings. In unlisted assets, the PIC, on behalf of the GEPF, voted on 398 resolutions at 58 meetings. The GEPF, through the PIC, conducted 157 engagements on 293 ESG matters (34.5% mostly related to governance, followed by social and transformation at 45.1% and environment at 20.5%).

During the period under review, the GEPF also provided benefits to 1 267 539 active members and 565 221 pensioners and beneficiaries as of 31 March 2025. The Government Pensions Administration Agency (GPAA) processed and finalised 39 568 (2024: 35 523) cases of members retiring during the period under review which includes spouse and child pensions. The total value of gratuities paid was **R25.9 billion** (2024: R22.6 billion) and annuities R86.6 billion (2024: R77.6 billion). An amount of **R29.1 billion (2024: R27.6 billion)** was paid in resignation benefits to 22 452 (2024: 22 671) claimants during the year under review. The GEPF paid an amount of **R6.6 billion (2024: R7.5 billion)** in lump sum death benefits for 5 738 (2024: 6 097) claims during the reporting period.

During the period under review, our pension administrator, the GPAA faced notable challenges, particularly system vulnerabilities after the cybersecurity breach in 2024. Despite this challenge, when the two-pot retirement system was introduced on 1 September 2024, the GEPF received 691 501 withdrawal applications and paid 564 547 claims amounting to **R14.37 billion**. The average gross value of savings withdrawals paid was R23 554. This was a significant achievement, especially given the limited preparation time from the time the applicable legislation was passed ahead of the rollout and the sharp increase in application volumes once implemented.

The overall GPAA administration against performance for the financial year 2024/25 was below the benchmark stipulated by the Service Level Agreement (SLA). The GEPF has been engaging the GPAA on strategies to improve its service levels, however it is envisioned that the accelerated and enhanced modernisation project will address most of the administration challenges that the members face and build more resilient and secure IT systems.

The GEPF will continue to monitor the implementation of its investment strategy through the mandate given to the Public Investment Corporation (PIC) to ensure effective and efficient implementation, as well as monitoring the implementation of its SLA with the GPAA closely.

The Audited Annual and Financial statement can be reviewed on the GEPF website on https://gepf.co.za/annual-reports/

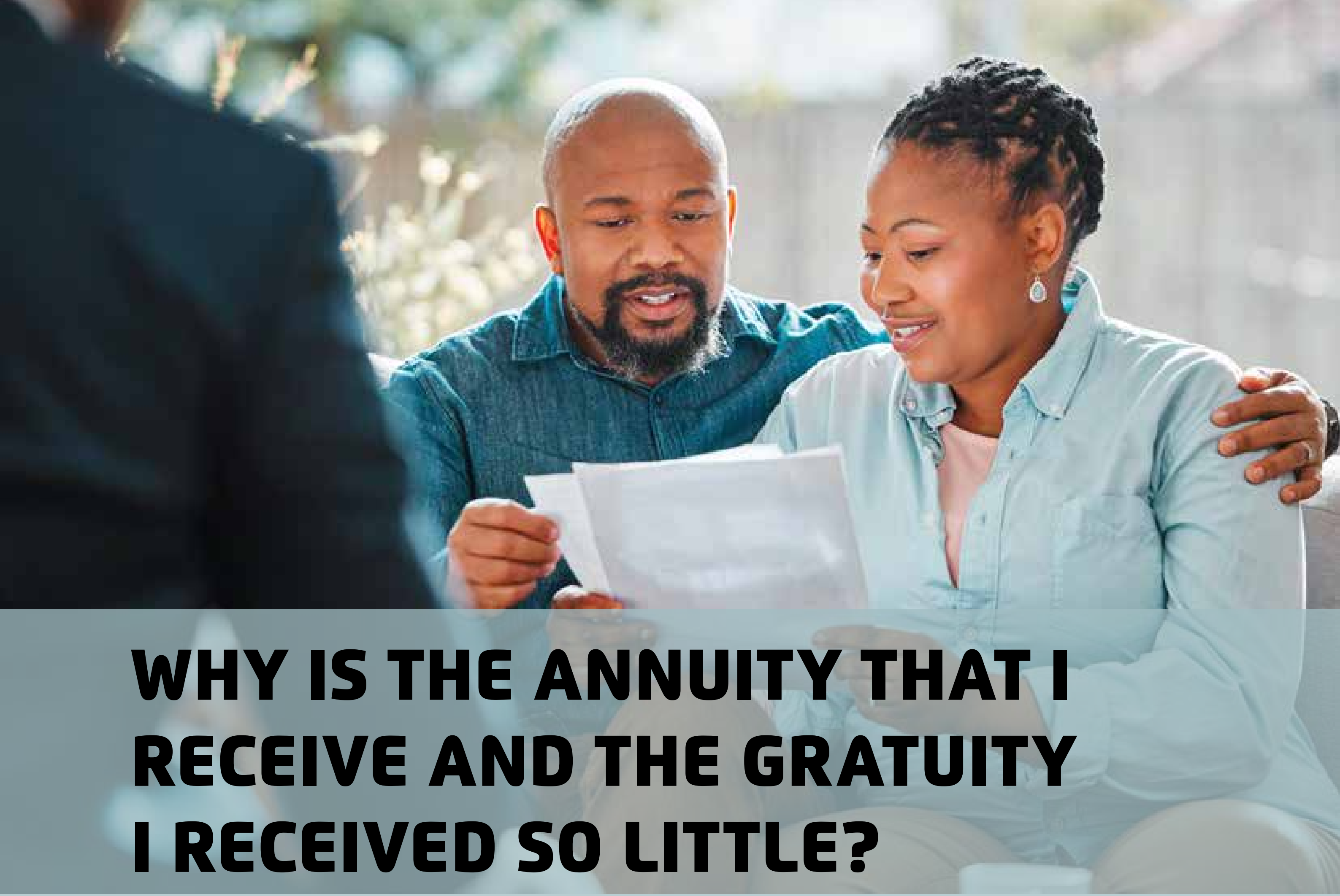
WHY IS THE PENSION PAY-OUT TAXED WHEREAS MY SALARY WAS CONSISTENTLY TAXED?

The taxation of pension pay-outs, as outlined in South African tax law, is based on specific regulations and principles designed to ensure a fair and consistent approach to taxing various forms of income, including pension benefits.

All pension benefits accumulated after 1 March 1998 are taxable in accordance with the South African tax regulations. The South African Revenue Service (SARS) imposes taxes on various forms of income, including pension benefits, as outlined in the Income Tax Act 58 of 1962.

Tax obligations apply to all pension benefits, irrespective of the mode of exit (such as withdrawal, retirement or death), which underscores the consistent application of tax laws to pension income. This approach ensures that individuals who receive pension benefits contribute their fair share of taxes, in the same way as income from other sources is taxed.

If you have specific questions or concerns about the taxation of your pension benefits or require assistance with understanding your tax obligations in relation to your pension, you should consult a tax professional or seek guidance from the South African Revenue Services (SARS). They can provide you with tailored advice and information based on your individual circumstances and the relevant tax laws in South Africa.



WHY IS THE ANNUITY THAT I RECEIVE AND THE GRATUITY I RECEIVED SO LITTLE?

The Government Employees Pension Fund (GEPF) pays its qualifying members gratuities upon retirement or resignation and annuities upon retirement only. A gratuity is a once-off lump sum payable to a member of the Fund upon retirement or resignation.

An annuity is an amount of money that is paid monthly to a member of the Fund upon retirement if a member had more than 10 years service.

The value of the gratuity and annuity is determined by the number of years of pensionable service and the final average salary of the last twenty-four (24) months of service. The GEPF is a defined benefit fund and the benefits are calculated in terms of the formula as set out in the rules of the GEPF.

In essence, the lower the salary and number of years of pensionable service, the lower the gratuity and/or annuity. People can work the same number of years of pensionable service and receive different gratuities and annuities if their salaries differ. A member with a higher salary will get a higher gratuity and annuity.

Similarly, two people may earn the same salary while having different numbers of years of pensionable service. The one with a greater number of years of service will get more gratuity and annuity.

Your annuity is a lifetime benefit that increases in April every year. Should you pass on while receiving your annuity, your surviving spouse will receive 50% or 75% of your annuity, depending on your election made in the Choice Form you would have completed with your employer upon retirement. If you chose a 75% spouse pension your gratuity and annuity will be reduced in order to provide for the higher spouse pension you elected.

Together we can stop fraud & corruption.

As part of our continued commitment to zero tolerance towards fraud, corruption and unethical behaviour, the GEPF is urging members to join the fight against fraud today by reporting any fraudulent activities.

What is fraud?

Fraud is an illegal act or a series of illegal acts committed through non-physical means through hiding information or changing information to obtain money.

What are the types of fraud encountered by the GEPF?

Fraudulent activities include but are not limited to:

- Fraudulent exits
- Fraudulent bank forms
- Fraudulent beneficiaries
- Fraudulent payments.

What can you do?

Speak up against fraud by calling the FREE and CONFIDENTIAL Whistle Blower Line.

Tel: 0800 203 900 | SMS: 30916 | Email: gepf@thehotline.co.za | Website: www.thehotline.co.za