

PENSION INCREASE 2023

FREQUENTLY ASKED QUESTIONS

1. How does GEPP decide on the annual pension increase?

GEPP is governed by the Government Employees Pension (GEP) Law of 1996, as amended, and the rules that accompany it. These rules, along with GEPP's Pension Increase Policy, describe guidelines on the annual increase that is paid to pensioners. In essence, GEPP's Board of Trustees, on advice from its actuary, may approve a pension increase if they are of the view that the increase does not compromise the current and future financial position of the Fund. The Board is then required to notify the Minister of Finance of the level of increase prior to implementation.

2. What is the pension increase for 2023?

GEPP has granted an annual pension increase of 5.55% to its pensioners and beneficiaries with effect from 1 April 2023.

Inflation (CPI) over one year until 30 November 2022 was **7.4%**. The pension increase granted is **5.55%** which is **75%** of Consumer Price Index (CPI). This is in line with the GEPP pension increase policy as provided in terms of the GEP Law and Rules.

3. What is the value of the increase?

The Rand value of the increase depends on each pensioner's current pension. For example, if your pension is R4 000 a month and the pension increase is 5.55% (or R222), effective 1 April 2023, your increased monthly pension will amount to R4 222 as shown below:
Current monthly pension: R4 000
Pension Increase of 5.55 %: R 222
New Pension Payable from 1 April 2023: R4 222

4. What are the different elements of the pension increase?

GEPP's annual pension increase is made up of four elements defined in the approved Pension Increase Policy of the Board. The Board does not always grant all four elements each year, but it chooses the elements to be awarded based on affordability (as discussed in question 1).

The four elements are the following:

- **Basic increase:** 75% of the year-on-year change in the Consumer Price Index (CPI) for all pensioners who retired on or before 1 April 2022. Pensioners who retired after this date receive a proportional share of the increase based on the number of months they have been retired.
- **Further inflation-related increase:** An inflation-related increase of more than 75% of the change in the CPI is applicable to pensioners who retired on or before 1 April of the previous year. Similarly, pensioners who retired after this date receive a proportional share of the increase based on the number of months they have been retired.
- **Catch-up increase:** For pensioners who retired before 1 April of the previous year and whose pensions have fallen below the amount paid at retirement adjusted for full inflation to date, an amount is paid to compensate for the effect of inflation. This amount is added after the basic increase and the further inflation-related increase. The catch-up increase could be 100% of the change in the CPI from the date of retirement to 30 November of the previous year, or a lower amount that the Fund can afford.

☎ 0800 117 669 🐦 @GEPP_SA ✉ enquiries@gepp.co.za 🌐 www.gepp.co.za

✉ Private Bag X63, Pretoria, 0001 📘 @GovernmentEmployeesPensionFund

Download GEPP App on



- **Supplementary increase:** Any increase that the Board chooses to make that is not related to inflation.

5. Why is there a proportionate increase for pensioners that went on pension on or after 1 April 2022, and how does it work?

Pensioners who retired on or after 1 April 2022 will be awarded a portion of the increase. For example, a pensioner who went on pension on 1 November 2022 may receive an increase that is as follows:

Pension before increase: R5 000
Pension after increase: R 5 115

The increase is not equal to **5.55%** because the pensioner retired after **1 April 2022**. They have received five months (November to March) of pension payments and so their increase percentage is the increase amount multiplied by the five months of the year that they have been on pension ($5.55\% / 12 = 0.46\%$) which is an increase of **2.31%** ($0.46\% \times 5 \text{ months}$). The increased pension for this pensioner is therefore **R5 115** and not **R5 277** (which would have reflected the **5.55%** increase awarded to those who have been on pension for longer than a year).



6. When do I get paid my pension?

GEPF pays monthly pensions to different pensioner groups on two different dates:

- Pensioners who retired on or before 31 December 2002 are paid on the first day of the month (monthly in advance).
- Pensioners who retired after 31 December 2002 are paid on the last day of the month (monthly in arrears).

All pensioners (regardless of when they are paid) need to be aware of the dates on which their pension will be paid during **2023/2024**. To this end, GEPF has created a calendar of payment dates up to March 2024 (although it is important to remember that these dates can change):

Monthly in advance date	Monthly in arrears date
31 March 2023 (for April 2023)	28 April 2023 (for April 2023)
28 April 2023 (for May 2023)	31 May 2023 (for May 2023)
1 June 2023 (for June 2023)	30 June 2023 (for June 2023)
30 June 2023 (for July 2023)	31 July 2023 (for July 2023)
1 August 2023 (for Aug 2023)	31 August 2023 (for Aug 2023)
1 September 2023 (for Sept 2023)	29 September 2023 (for Sept 2023)
29 September 2023 (for Oct 2023)	31 October 2023 (for Oct 2023)
1 November 2023 (for Nov 2023)	30 November 2023 (for Nov 2023)
1 December 2023 (for Dec 2023)	29 December 2023 (for Dec 2023)
29 December 2023 (for Jan 2024)	31 January 2024 (for Jan 2024)
1 February 2024 (for Feb 2024)	29 February 2024 (for Feb 2024)
1 March 2024 (for Mar 2024)	28 March 2024 (for Mar 2024)

7. Why do pensioners not get a bonus in their birthday month?

Different pension funds have different pension payment and increase policies. For example, GEPF has four levels of increases that the Board can declare: the basic increase, a further inflation-related increase, a catch-up increase and a supplementary increase (see the answer to question 4 above). Other pension funds may choose to pay a bonus in a birthday month together with a lower general pension increase or even a lower monthly pension.

Whatever the approach taken, the different methods of paying pensions must be affordable for the specific pension fund. Each pension fund will have its own set of rules and policies that govern benefit payments.

8. What pension increases have been awarded during the past decade?

Date of increase (1 April)	Increase	Year on year increase in CPI (rate of inflation)	Increase as % of inflation
2011	4.50%	3.58%	125.70
2012	4.80%	6.12%	78.43
2013	6.00%	5.60%	107.14
2014	5.30%	5.30%	100.00
2015	5.80%	5.80%	100.00
2016	5.30%	4.80%	110.42
2017	6.60%	6.60%	100.00
2018	5.50%	4.60%	119.57
2019	5.20%	5.20%	100.00
2020	3.60%	3.60%	100.00
2021	3.20%	3.20%	100.00
2022	5.50%	5.50%	100.00
2023	5.55%	7.4%	75.00

The above table clearly indicates that GEPF's investments and the returns earned thereon have been sufficient to enable the Fund to grant pension increases that have fully compensated for inflation for most part of the past ten years.

9. Why am I no longer receiving a Life Certificate or is my pension finished?

GEPF stopped sending manual Life Certificates to pensioners in South Africa from 1 October 2011. This system was replaced with an automatic process that checks a pensioner's life status with the South African Department of Home Affairs. This does not mean that your monthly pension payments will stop. It means that pensioners no longer need to fill in a Life Certificate and physically visit a Commissioner of Oaths to confirm their life status in order to continue receiving their monthly pension payments. The system is more convenient for our pensioners and is a very accurate way of checking their life status.

10. Overseas pensioners and Life Certificate requirement?

GEPF unfortunately cannot do the same for pensioners who do not live in South Africa. These pensioners, as well as those whose status cannot be verified with the Department of Home Affairs, continue to receive the paper-based Life Verification form which needs to be completed and certified by a Commissioner of Oaths. All pensioners who receive the Life Verification form only receive one form per year, regardless of the number of benefits they receive from GEPF.

11. Why is my pension payment taxed?

The South African Revenue Service (SARS) taxes all forms of income including pension benefits. The Income Tax Act, prescribes the basis on which pension benefits are taxed. The taxation of pension benefits is done in terms of the mode of exit from the pension fund, namely;

- Withdrawal,
- Retirement, Death or Severance Benefits

Depending on the mode of exit the applicable tax tables as prescribed by SARS is used to deduct the required tax.

0800 117 669 @GEPF_SA enquiries@gepf.co.za www.gepf.co.za

Private Bag X63, Pretoria, 0001 @GovernmentEmployeesPensionFund

Download GEPF App on



12. Is this all the tax I will pay on my income I receive?

The tax deducted is specific to the GEPF pension paid and not any other additional income that you receive. If a pensioner or beneficiary is receiving income from more than one source then the tax would need to be paid on such income as well if applicable.

13. How is my other income taxed?

If a pensioner or beneficiary is receiving income from more than one source then each source should be paying the required amount of tax to SARS on your behalf.

But, it is important to note that the South African Tax System is based on the principle of adding together all sources of income of a taxpayer into a single sum, and applying a progressive tax rate table to determine the final tax liability of the taxpayer on assessment.

A progressive tax rate system means that the more income is earned, the higher is the marginal tax rate and more tax is paid on assessment.

This could result in you paying lesser tax than you need to because the combined income may put you in a higher tax bracket. This means that you will have to pay in more tax at the end of the tax year when SARS gives you an assessment after you submit your income tax return.

14. Can I ask the GEPF to deduct more tax for additional tax that I might incur due to additional income which when combined puts me into a higher tax bracket?

Yes, you can request that the GEPF deduct additional tax to make provision for additional tax due to you being in a higher tax bracket as a result of additional income. Such a request must be done in writing to the GEPF. The additional tax/voluntary tax deductions will be added to the PAYE on the IRP5 certificate that you receive from the GEPF at the end of the tax year.

IMPORTANT

Please note that as part of our drive toward continuous improvement and service excellence, the GEPF is using digital communication channels as the preferred method to communicate to you. It is imperative that you provide us with your updated cell phone number and a secure e-mail address, to enable us to keep you updated on all matters related to your pension fund.

You can update your details on our Self-Service portal, mobile App, on our website, via our Call Centre on **0800 117 669**, or send details by **e-mail to enquiries@gpaa.gov.za**. Please remember to include your reference number.

You can also have access to your pension increase letter and update your personal information on our Self-Service portal and mobile App. Visit our website at www.gepf.co.za to access the self-service link or download the mobile App on **Google Play Store, Apple App Store or Huawei App Gallery**.

For queries about the Self-Service portal and mobile App, send an email to **selfservicesupport@gpaa.gov.za** or phone **012 319 1400**.

The GEPF respects privacy and personal information of its members and pensioners and therefore subscribes to the provisions of the Protection of Personal Information Act 4 of 2013. Visit www.gepf.co.za to view GEPF Privacy Policy and Privacy statement.

📞 0800 117 669 🐦 @GEPF_SA ✉️ enquiries@gepf.co.za 🌐 www.gepf.co.za

✉️ Private Bag X63, Pretoria, 0001 📘 @GovernmentEmployeesPensionFund

Download GEPF App on

