



WHEN DOES THE BOARD OF TRUSTEES REVIEW BENEFITS AND DO MEMBERS.....



GEPF DOES NOT DETERMINE YOUR DIVORCE SETTLEMENT



PENSION INCREASE CONSIDERATION



GEPF IS THE BIGGEST PENSION FUND IN AFRICA. WHEN IS THE SURPLUS FROM THE FUND GOING TO BENEFIT MEMBERS?

There are no "surplus pension benefits" applicable to members of the Government Employees Pension Fund (GEPF).

The GEPF pays pension benefits in accordance with the rules and formula stipulated in the Government Employees Pension Law (GEP Law) and Rulust.

The GEPF is a defined pension fund. This means that members' benefits are guaranteed. Furthermore, the fund has a solid track record in safeguarding the value of members' retirement wealth and protecting its pensioners against inflation.

In addition, over and above other benefits offered by the fund, the fund offers additional benefits known as non-contributory benefits, whose primary purpose is to assist in sustaining the livelihoods of members and pensioners.

Anyone can report fraud or corruption on **0800 203 900**, **SMS: 30916**, **email: gepf@thehotline.co.za**, **fax: 086 726 1681** and **www.thehotline.co.za**.

For more information contact us at:
Government Employees Pension Fund

Government Employees Pension Ombud

0800 117 669

enquiries@gepf.co.za

gepf.co.za

[Government Employees Pension Fund](https://www.facebook.com/GovernmentEmployeesPensionFund)

[@GEPF_SA](https://twitter.com/GEPF_SA)

enquiries@gepo.co.za

gepo.co.za

+27 12 110 4950



WHEN DOES THE BOARD OF TRUSTEES REVIEW BENEFITS AND DO MEMBERS GET THE OPPORTUNITY TO PARTICIPATE IN THE REVIEW PROCESS?

The Government Employees Pension Fund (GEPF) has a Board of Trustees with a legal responsibility to consider the best interests of members in every decision they make.

Their biggest responsibilities include: ensuring that the Fund remains financially sound, introducing and enhancing benefits as well as determining how benefits should be paid.

The only time the Board can consider reviewing or enhancing the benefits is when there is an agreement amongst the trustees that the economic conditions are not conducive and therefore negatively affecting members, particularly those who are receiving Child's Pension, Funeral Benefit, Spouse Pension as well as Annuity.

The participation of members and pensioners is through eight representatives as follows:

- One Trustee who is elected by pensioners in a postal vote;
- One Trustee who is elected by members of the South African National Defence Force, the National Intelligence Agency and the South African Secret Service;
- Six Trustees who are elected by labour representatives in the Public Service Coordinating Bargaining Council.

GEPF DOES NOT DETERMINE YOUR DIVORCE SETTLEMENT

Members who are in the process of a divorce must take note of the financial implications the division of their pensions, as part of the divorce, may have on their pension

Once the GEPF receives a divorce decree that complies with the Divorce Act, 1979, and provides for the sharing/division of the pension interest of a member, the Fund has to honour and implement the court order by paying a portion of the member's pension interest to the non-member spouse, as specified in the court order. The payment to the non-member spouse results in the reduction of the member's pension benefit and hence members need to consider these aspects carefully during the process of divorce

WHAT IS MEDICAL BOARDING?

Medical boarding can be a challenging and life-altering event for employees who suddenly find themselves unable to continue their work due to illness or injury.

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Medical boarding is a process taken when an employee is unable to perform their job according to its requirements, which can be due to health issues or injuries. It involves a careful evaluation by medical professionals to determine if an employee's condition prevents them from carrying out their duties effectively. When it is established that an employee can no longer work due to health reasons, the process of medical boarding can be initiated by either the employee or employer.

The GEPF provides for retirement due to ill-health. If applicable, enhanced benefits are paid when members retire for medical reasons. In these circumstances, members receive both annuities and gratuities if they have more than 10 years of pensionable service. For members with less than 10 years of pensionable service, the benefit will be consistent with and not less than the resignation benefit.

Facing medical boarding can be a daunting experience, but GEPF strives to provide its members with support during these challenging times. Through the ill-health retirement benefits, members can find some relief knowing that their financial well-being is being looked after.

Enquiries may be directed to the GEPF Call Centre: 0800 117669. 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.

TAX DEDUCTIONS FOR DOUBLE INCOME EARNERS – ALERTING PENSIONERS ON HOW TO GET THEIR IRP5S

As a Government Employ GEPF pensioner or beneficiary, it's your responsibility to submit your tax returns to SARS every year during the income tax return season.

To do this, you will need your IRP5, also known as a Tax Certificate which is provided by the GEPF at the end of the tax year.

This document summarizes your earnings and tax deductions from your benefits, and it includes your unique tax reference number, which is vital for filing your income tax return. You can access your tax certificate through the GEPF self-service portal by logging into your account, navigating to the "Tax Certificate" section, and clicking on it. If you face

difficulties, reach out to the Member/Pensioner Service Centre for assistance. You can also contact the GEPF toll free service centre on 0800 117 669 and request a copy of your tax certificate sent to your registered email address.

Keep these certificates for your financial records and ensure they match your finances, reporting any errors you may find.

For more information visit the GEPF website on www.gepf.co.za or email at enquiries@gepf.co.za

PENSION INCREASE CONSIDERATION

On an annual basis, the Government Employees Pension Law of 1996 provides for the GEPF Board of Trustees to increase monthly pension for GEPF pensioners. The law sets out what the GEPF Board Of Trustees must take into consideration in making this decision.



However, on an annual basis the GEPF is confronted with questions around bonuses for pensioners, tax on pension, life certification and keeping the buying power of GEPF pensioners intact.

How does GEPF decide on the annual pension increase?

GEPF is governed by the Government Employees Pension (GEP) Law of 1996, as amended, and the rules that accompany it. These rules, along with GEPF's Pension Increase Policy, describe guidelines on the annual increase that is paid to pensioners. In essence, GEPF'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.

What are the different elements of the pension increase? GEPF'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 of each year. 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.

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

When do GEPF pensioners get paid their 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).

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.

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 |

WHEN ARE BENEFICIARIES ENTITLED FOR BENEFITS?

The beneficiaries of GEPF members and pensioners may be entitled to benefits when a member or pensioner dies.

The death benefits are paid to lawful qualifying beneficiaries or nominees as provided for in a duly completed Nomination of Beneficiaries form.

When a pensioner passes within 5 years of retiring, the pension the pensioner would have received up to 5 years after retiring is payable to beneficiaries and is referred to as the 5 year balance. In addition, a Spouse Pension benefit may be payable to the lawful surviving spouse or qualifying surviving life partner of a member or pensioner who passed.

For the Fund to make payments on time, beneficiaries will have to ensure that they complete correct forms and submit relevant documents. In the event they need assistance or more information on the required documents, they can contact the GEPF call centre or visit the nearest GEPF office. All GEPF services are for free and beneficiaries are urged not to enlist the services of brokers who will require payments to assist them.

TAX AND YOUR PENSION

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.

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.

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.

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.