

STATEMENT IN RESPONSE TO VIDEO PUBLISHED BY WILLIAM PETZER PROVIDING MISLEADING INFORMATION ABOUT THE GEPF

The GEPF is aware of a video being widely shared on social media that contains several serious inaccuracies about the Fund's financial health, the 2025 pension increase, and how the GEPF operates. While we understand that members and pensioners are under financial pressure and want answers, it is important to deal with facts – not speculation or misinformation. This statement is intended to provide clarity, especially for those who may have been misled by the content of the video.

The assertion that the GEPF has been looted to the tune of R10 billion per annum since 2019 is devoid of truth. On the contrary, the GEPF has grown from a R127 billion fund at its formation in 1996 to a value of R2.38 trillion worth of assets under management (AUM) as at 31 March 2024, the highest in its history. The Fund recorded growth of 2.6%, which represents a growth of R61 billion and an annual return on investment of 4.9% in FY2023/24. The GEPF's 10-year annualised return was 7.2% for the period 2015-2024, demonstrating financial stability with a funding level of 110.1%. Despite the volatile economic environment, the GEPF remains financially strong and resilient.

The GEPF Transformation Policy guides the GEPF in investing to promote socio-economic transformation objectives. These are return-seeking, sound investments that support and advance the transformation of the financial services sector and encourage the development of black-owned asset managers, including public/listed market fund managers, private market managers, stockbrokers, audit firms, actuarial service providers and emerging financial service providers. The GEPF Board's primary concern is that activities are in the best financial interests of the Fund and its beneficiaries, while promoting socio-economic transformation. The policy is not a code word for the GEPF to be looted as alleged in the video. More information on the policy is provided in the annual report 2023/24 from page 73.

The video suggests that the pension increase of 2.9% for 2025 was set illegally and claims

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that it was decided by the Minister of Finance. This is not true. The authority to grant annual pension increases rests with the Board of Trustees (BoT) of the GEPF, not the Minister. The BoT acts on advice from the Fund's actuary, to determine the annual increase within the financial limits of the Fund.

Members of the GEPF contribute toward a pension increase of at least 75% of the year-on-year inflation. That is the guarantee embedded in the GEPF benefit structure. However, when affordable, the Fund endeavours to grant increases in line with 100% of year-on-year inflation, which is what was done in 2025. The Board granted a full 2.9% increase, which is the year-on-year inflation rate published by Stats SA for the period November 2023 to November 2024, the exact measure the GEPF has always used to determine increases.

It is also worth clarifying the role of the Minister of Finance. While the Minister is a role player in the consideration of granting increases over and above the minimum of year-on-year inflation this can only be done in consultation with the BoT. In 2025, the 2.9% increase was determined and approved by the Board in line with the Fund's policy and in consultation with the Minister. The idea that the Minister sets the increase or that it was done outside of the law is entirely false.

The video also claims that the GEPF used the wrong inflation figure, and that the real inflation was 5.5%. This is a misunderstanding of how inflation works. The GEPF uses the year-on-year Consumer Price Index (CPI) for November, which measures how much prices increased from November 2023 to November 2024. That figure, officially published by Stats SA, was 2.9%. This is the correct and standard method of measuring annual inflation and has always been used by the Fund. Some people confuse this with the average of monthly inflation numbers or use overlapping figures that double-count some months. This can lead to inflated or misleading conclusions. If one were to apply each monthly inflation rate between December 2023 and November 2024 to a R100 basket of goods, one would find that the price increases to R102.93, confirming the cumulative inflation of 2.9%.

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We also want to address the claim in the video that the GEPF is running out of money. This is simply not true. The GEPF is financially healthy and is in fact fully funded. This means the Fund has enough money to pay all pensions now and well into the future. The last full actuarial valuation, which looked at the financial position of the Fund as at 31 March 2021, showed that the GEPF had over 110% of the money it needed to meet all its obligations – including a buffer for unexpected events. The Fund continues to pay all pensions and other benefits in full. There is no evidence of financial difficulty or mismanagement.

There was also a suggestion in the video that the GEPF is breaking the law by not publishing actuarial reports every year. Again, this is incorrect. The law requires that the GEPF perform a full actuarial valuation at least once every three years, not every year. This is in line with the GEP Law. These valuations are complex and take time, but they provide a clear picture of the Fund's long-term financial strength.

Finally, the video claims that the Fund was better managed before the GEPF was established in 1996. This is not supported by the facts. Prior to the formation of the GEPF, the largest government pension fund – the Government Service Pension Fund –, had a funding level of just 59% in 1994. When the GEPF was formed in 1996, the combined funding level improved to 70%, even before including reserves. Since then, the Fund has grown stronger and more stable, reaching a funding level of over 110% in 2021. This improvement shows that the Fund is better managed today than it was before its formation.

In closing, we urge members and pensioners to be cautious about information shared on social media. While it is important to raise concerns and ask questions, it is equally important to check the facts. Misinformation can cause unnecessary fear and confusion. The GEPF remains committed to transparent and responsible management of the Fund. Our priority is, and has always been, to protect the interests of our members and pensioners.

Issued by the Government Employees Pension Fund on 14 April 2025

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