

MEDIA RELEASE

Monday, 18 January 2016

GEPF pensioners and members untouched by new tax regulations

The Government Employees Pension Fund (GEPF) assured its members and pensioners that the new *Taxation Laws Amendment Act* will not affect their pensions or benefits. As a defined benefit pension fund, the benefits of the GEPF are already taken as one third lump sum gratuity and the two thirds is taken as a pension. It will however affect the recording and attribution of the employer's contribution in respect of active members. It will also increase the amount that can be contributed to the Fund tax free for the majority of its members.

The new tax laws were put in place to safeguard the retirement savings of all South Africans who contribute to retirement funds. These changes will mostly affect members of provident funds who will now have to split their retirement benefit between a one third lump sum and two thirds pension on the portion of their benefits accumulated after 1 March 2016 while retaining the right to take all amounts accumulated until this date as a lump sum.

Principal Executive Officer Abel Sithole stressed that the Fund continues to work for the financial security of its members and pensioners. "Members of the GEPF will be able to access their pensions after 1 March 2016 in exactly the same way as they can be accessed currently. None of the calculations and benefits will change due to these changes" says Sithole.

Sithole urged members not to panic and consider leaving the Fund in order to access their full pension benefits. He said the new Act would not take away the right of pension fund members to withdraw their benefits before or at retirement as a lump sum.

He strongly reiterated the benefit for government employees of working until their retirement date in order to continue contributing to their pension as long as possible, which will lead to a bigger pension. Mr Sithole reminds members of the tax implications of an early cash withdrawal benefit.

Any member, who is unsure about their pension benefits should seek clarity from their human resource departments or contact the GEPF on 0800 117 669.

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