

# GEPF ON PENSION RETIREMENT REFORMS

As a Government Employees Pension Fund (GEPF) member, you are not affected by the new pension retirement reforms. GEPF benefits will remain the same and they are not going to change. The new law only affects provident fund members, and not pension fund members.

We are appealing to you as a member, not to panic and resign with a view to cash your benefit before 01 March 2016. We would like to take this opportunity to caution you against making hasty, life-changing decisions and resigning based on incorrect information or misunderstandings. If you are not sure and would like to hear it from us directly, please contact your nearest GEPF office for more clarity. This is important because once your resignation benefit has been paid out by GEPF, the payment and resignation process cannot be reversed.

The Government Employees Pension Fund (GEPF) has had a number of questions from members asking whether the tax harmonisation and retirement reforms that are part of the Tax Administration Laws Amendment Act No. 23 of 2015 and Taxation Laws Amendment Act No 25 of 2015 will affect them. GEPF would like to dismiss the myths and share the facts about the changes that will be implemented from 1 March 2016.

The legislative changes from 1 March 2016 do not affect GEPF members and their pension benefits. This is because the changes only apply to the annuitisation (creation of a monthly pension) of provident fund benefits. GEPF is not a provident fund; it is a pension fund. As a member of GEPF you will still get your lump sum, whether you resign now or after 1 March 2016. As a member of GEPF you will still get your one third lump sum as well as your monthly payments (annuity) whether you retire now or after 1 March 2016. This has always been the case for GEPF members. There is no difference and thus no need to panic and resign.

Below are some answers to the most frequently asked questions that GEPF has been asked about the tax harmonisation and retirement reforms:

## 1. DOES THE NEW LAW AFFECT ME AS GEPF MEMBER?

No. as a GEPF member you are not affected. The new law only deals with provident fund members and not pension fund members.

## 2. HOW DOES THE NEW LAW AFFECT MY RESIGNATION BENEFIT (LUMP SUM)?

The new law does not affect a GEPF member who wants to resign before or after 01 March 2016. As a norm, all GEPF members who opt to resign in the future will still receive all their resignation benefits (once off lump sum) as per Fund policies.

## 3. What is going to happen to my benefits if I want to retire with GEPF?

Members, who decide to retire with GEPF, will still receive their once lump sum (one third) while two thirds will still remain with GEPF to receive it on a monthly basis as a monthly pension.

## 4. Can I resign after the age of 55 and still get my full benefit?

Yes, your resignation benefit is not affected. All your benefits are safe with GEPF. Nothing changes. There is no need to panic when you are age 55 years and above and either want to resign or retire. If you not sure, please visit your Human Resource Department or call GEP for clarity.



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your investment, your future

**5. Will the new Law affects me from resigning after 01 March 2016?**

The new law and pension reform will not stop you from resigning and receiving your full resignation benefit as a lump sum.

The new laws only affect provident fund benefits when provident fund members **retire and it only affects contributions accrued (received) after 1 March 2016.**

**6. What will happen to my pension benefit if I resign on or after 1 March 2016? Will I have to wait till I turn 60 years for me to be able to access my benefit?**

Your benefits will stay the same - nothing will change. You will not have to wait until you are 60 to get your benefits.

**7. What are the tax implications if I decide to retire on or after 1 March 2016 if my lump sum is below R500 000?**

According to legislation, the first R500 000 of your retirement lump sum is exempt from tax because of the amount of rebates from SARS. So if your retirement amount is less than R500 000, you will not be taxed even if you retire after 1 March 2016

**8. If I am left with 10 years of service before retirement and want to resign after 1 March 2016, will I get my full pension benefit or will I have to transfer it to an external fund and invest it?**

Nothing will change. You will still get your full resignation benefit. Once you have received the benefit, you can decide what to do with the funds.

**9. Will these changes affect government sectors such Health, Education, SAPS, and Military, etc.?**

The changes only affect the private sector (other pensions), not the government sector.

**10. Is my pension safe? All of these rumours are unsettling.**

Yes, your pension is safe with GEPF.

**11. What is the difference between provident and pension funds**

A provident fund pays only a once-off lump sum (gratuity) and pension fund pays the once-off lump sum and a monthly pension (annuity). The new law harmonises the two, this means it changes the private sector pension to start having a once off lump sum as well as a monthly payment to ensure that pension system is the same in the country and the people can have money for longer periods instead of finishing it quickly. Remember, even this will only affect pension accrued (gained/received) after 1 March 2016. What the private sector people already have before 1 March 2016 will not be affected. They will still receive in full if and when they resign or retire

**12. How does this affect me as a contributing GEPF member?**

It does not affect you.