



fundnews

The quarterly newsletter for pensioners of the Government Employees Pension Fund



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GEPF invests responsibly

The primary role of GEPF is to protect the wealth of our members and pensioners by safeguarding their retirement benefits through proper administration and prudent investment.

GEPF exists provide and pay benefits when due to public servants who are member as well as retirees. GEPF would like to assure its members and pensioners that their pension benefits are safe. Members and pensioners are reminded that their benefits are paid in terms on the rules of the Fund and are not directly dependent on contributions by themselves and the employer and GEPF's investments. They should therefore not focus inordinately on the ordinary and normal fluctuations of the Fund's investments, which is of greater interest to the Board of Trustees and the Minister of Finance. In making

investment decisions, the Fund's investment manager, the Public Investment Corporation (PIC), is guided by a mandate provided by GEPF that outlines which type of investments can be made, the percentage allocation for each asset class, benchmarks and performance targets, among other guidelines.

To ensure that the Fund keeps to its objective of paying benefits to members and beneficiaries, a number of mechanisms are in place to ensure that the PIC acts within its mandate.

GEPF's investment policy and strategy are reviewed and updated regularly in line with GEPF's Asset Liability Model.

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This review is carried out in consultation with the Minister of Finance in terms of section 6(7) of the Government Employees Pension (GEP) Law and rules.

In addition, GEPF has a Responsible Investment policy as well as a Developmental Investment policy. The Responsible Investment (RI) policy is an overarching strategy aimed at integrating environmental, social and governance issues into investment decisions and ownership practices. The RI policy underpins all GEPF investments.

The Developmental Investment (DI) policy focuses on targeted investments that contribute to positive economic, social and environmental outcomes for South Africa, while earning good returns for members. The DI policy is the foundation of GEPF's investments in economic infrastructure, social infrastructure, environmental infrastructure and priority sectors that generate job creation. GEPF is required to invest 90% of its assets in South Africa, and as such remains the single largest investor in the Johannesburg Stock Exchange (JSE). It has an international allocation limit of 5% in the rest of Africa and 5% elsewhere internationally.

The PIC makes investments in all asset classes guided by the Fund's investment policies and mandates using robust and rigorous investment analysis based on sound investment philosophy and investment processes executed by qualified and experienced investment professionals.

With regard to the investments such as Sanral and Eskom bonds, the PIC has a mandate from GEPF to invest in the bonds included in the Bond Exchange of South Africa's All Bond Index (ALBI), within specified risk parameters including a minimum rating of BBB. To the extent that these bonds are included in the ALBI, and they meet the minimum rating criteria, they can be included in GEPF's portfolio.

Total exposure to any single bond issuer is subject to restrictions stipulated in the investment mandate. For example, not more than 5% of the total bond portfolio can be invested in bonds issued by an A-rated issuer, and not more than 2% can be invested in bonds issued by a BBB-rated issuer.

These are some of the limits in place to mitigate the portfolio's credit risk. An additional consideration is that investments in Sanral and Eskom are investments in the infrastructure on which the South African economy depends. All investments

that the Fund makes individually only constitute a small percentage of GEPF's total investment portfolio. Although GEPF and PIC do not make any investment expecting to lose money and or not receive a good return, individual investments are therefore not a significant investment.

The Fund's risk management policy and framework provides the necessary processes to ensure the sustainability of the Fund. The mandate and responsibility of GEPF's Board of Trustees is contained in the GEP Law and rules that set out its fiduciary responsibilities to members, pensioners and beneficiaries, and which calls upon trustees to ensure effective and efficient administration of the Fund.

GEPF is mandated to protect members' benefits as highlighted by the investment performance of the Fund in the past ten years which shows good standing. The Fund's assets have grown from R416 billion to R1 591 billion from 2005 to 2015.

The Fund's ten-year investment performance is evidence that the Board of Trustees, through a good investment strategy with the PIC is monitoring and directing the Fund's assets in a professional manner.

It is also important to note that in any investment environment, certain investments will achieve above expectation and others will not reach their targets, but the Fund's overall investment performance over the last few years speaks for itself. While it is the task and responsibility of the PIC to focus on each and every investment to ensure a positive outcome, and for the Board of Trustees to monitor this, members and pensioners need not focus too much on them.

During the past decade the Board of Trustees has granted pension increases which have kept up with inflation resulting in more than 400 000 pensioners' buying power being protected.

These pension increases need to be viewed in the context of the Fund's rules, which state that increases only need to be 75% of the change of the Consumer Price Index. Such adjustments, and the inclusion of additional benefits such as the Funeral Benefit, have only been possible because the necessary investment goals have been reached.

In addition, GEPF is a defined benefit pension fund and therefore has very strict regulations governing the financial liability to its members and pensioners.

The assets of the Fund have grown from R416 billion to R1 591 billion from 2005 to 2015.

DO PENSIONERS HAVE TO NOMINATE A BENEFICIARY OR FILL IN THE NOMINATION FORM?



Not all pensioners are required to submit a nomination form or nominate a beneficiary. However, those pensioners who are less than five years into their pension are required to nominate a beneficiary in case they pass on before the five-year period lapses.

If a pensioner dies within the five-year period, his or her beneficiaries receive the balance of the five-year monthly payments in a once-off cash lump sum. Please note that the monthly pension, however, doesn't stop after five years provided the spouse or legal life partner is still alive.

Pensioners who have been on pension for more than five years do not need to fill in a nomination form or nominate a beneficiary as the cash lump sum referred to above is not applicable or payable after five years.

However, pensioners must ensure that the details of surviving spouses / life partners are provided for pension purposes. Pensioners are also encouraged to inform their spouses / life partners about GEPF's spouse's pension benefit to ensure that the spouses / life partners can claim it on the death of the pensioner.

A SPOUSE'S PENSION DOES NOT STOP WHEN YOU REMARRY



A spouse's pension is only paid to the legitimate spouse or approved life partner of a qualifying member or pensioner who has died.

The monthly pension is paid to the surviving partner until he or she also passes away, then the payment stops as it is not transferrable to any other member of the family.

The spouse's pension continues to be paid even if the surviving spouse or life partner decides to remarry. In the event that the late member or pensioner had more than one surviving spouse, the spouse's pension will be divided equally among the legitimate surviving spouses.

YOU RECEIVE YOUR MONTHLY PENSION AS LONG AS YOU LIVE



GEPF pays a monthly pension to qualifying members who have retired for as long as they are still alive. Once a member goes on retirement after 10 or more years of pensionable service, they will qualify for a monthly pension (or annuity). The retired member will receive this monthly pension until he or she passes on.

DOES THE POST RETIREMENT MEDICAL SUBSIDY COVER ALL MEDICAL SCHEMES?



All medical schemes that are registered with the Council of Medical Schemes (CMS) and that are accessible to government employees are covered by the medical subsidy. This means that only government employees who belong to CMS-registered medical aid schemes can apply for the medical subsidy.

Remember, to qualify for a medical subsidy the member must have 15 or more years of actual service in government. 10 years of actual service will be required for members who are discharged due to ill health. Also, a member must have been the main member of a recognised medical aid for the last 12 months without a break before he or she goes on retirement.

The number of years of actual service does not have to be continuous at one department. As long as the member worked for government for the required period, they will qualify. Qualifying members should be aware that this is a taxable benefit.



YOU CAN CLAIM GEPF'S FUNERAL BENEFIT

Many pensioners are still not taking advantage of the Funeral Benefit which is offered to them by the Fund. This is a non-contributory benefit that the Fund offers its members and pensioners to assist with funeral costs in the event that a member, pensioner, life partner, spouse and / or children die.

Pensioners are advised that they can apply for a Funeral Benefit even after the burial, as the benefit does not lapse and can be applied for by completing the following forms:

- Funeral Benefit Claim Form (Z103), and
- Banking Details Form (Z894).

For more information on claiming the Funeral Benefit, please visit our offices or contact us on 0800 117 669.

GEPF EDUCATIONAL ROADSHOWS CONTINUE IN FULL SWING



Thousands of GEPF members, pensioners and beneficiaries continue to benefit from the national education campaigns that are aimed at bringing the Fund closer to their homes.

The purpose of roadshows is to strengthen relations with our members and pensioners while providing them with the necessary information that will assist them in making their interaction with the Fund seamless.

Furthermore, these campaigns are intended to educate members, pensioners and beneficiaries about GEPF's benefits and to offer them a platform to express their views on how the Fund is administering their pensions; their current interactions with the Fund; and to seek answers on all issues pertaining to claim processes.

Pensioners are urged to attend these events as and when they come to their respective areas. For more information on when a roadshow is coming to your area, visit GEPF's website and be on the lookout for media adverts and SMS notifications.

NO CHARGE TO MEMBERS FOR PROCESSING OF GEPF DOCUMENTS

No member is expected to pay in order to have his or her exit claim forms processed by any employer department or GEPF official.

Members who have experienced this are made aware that it was fraud and such cases should be reported to GEPF by calling our fraud line on 0800 43 43 73.

Members can also approach the GEPF offices in their provinces to alert the Fund of such fraudulent activities.

DO THE RIGHT THING. Remember: good ethics prevent fraud!

LET GEPF KNOW WHEN YOU CHANGE YOUR ADDRESS



Please notify the GEPF of your change in physical or email address to ensure that your details are captured correctly into our systems. If you are relocating overseas, note that we will send your Life Certificate to your overseas address. You can then complete the form and return the original to us. You can also fax a copy of the completed Life Certificate to us before mailing it for your peace of mind.

Contact us on 0800 117 669

DO YOU KNOW WHERE TO FIND US?

CLIENT SERVICE CENTRES

Gauteng: 34 Hamilton Street, Arcadia, Pretoria

Eastern Cape: No. 12 Global Life Centre, Circular Drive, Bhisho

Free State: No. 2 President Brand Street, Mangaung

KwaZulu-Natal: 3rd Floor, Brasfort House, 262 Langalibalele Street, Pietermaritzburg

Limpopo: 87 (a) Bok Street, Polokwane

Mpumalanga: 19 Hope Street, Ciliata Building Block A, Ground Floor, Mbombela

North West: Mmabatho Mega City, Office No. 4/17, Ground Floor, Entrance 4, Mahikeng

Northern Cape: 11 Old Main Road, Kimberley

Western Cape: 21st Floor, No. 1 Thibault Square, Standard Bank Building, Long Street, Cape Town

SATELLITE OFFICES

Johannesburg: 2nd Floor, Lunga House, 124 Marshall Street (Cnr Marshall & Eloff - Gandhi Square Precinct), Marshalltown

Port Elizabeth: Ground Floor, Kwantu Towers, Sivuyile Mini-Square, (next to City Hall)

Mthatha: 2nd Floor, PRD Building, Sutherland Street

Durban: 8th Floor, Salmon Grove Chambers, 407 Anton Lembede Street

Phuthaditjhaba: 712 Public Road, Mandela Park Shopping Centre

Thohoyandou: 2010 Centre, Next to Phalafala FM (SABC)

Rustenburg: Tlhabane House, Unit A2221, Tlhabane Unit 1

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