



# Government Employees Pension Law Amendment Bill, 2011

GOVERNMENT EMPLOYEES PENSION FUND (GEPF)

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# INTRODUCTION

- **NSF**

During 2003 statutory recognition was afforded to former members of non-statutory forces or services by the amendment of the Government Employees Pension Law, 1996.



In 2009 the Cabinet approved a revised NSF pension dispensation for members who were integrated into the SANDF. The Cabinet's approval of the revised NSF dispensation entailed:

- o abolishing the need for former NSF members to contribute to the funding of such recognition;
- o recognising the full period of NSF service by all former members who entered into an employment contract with the DOD and Military Veterans; and
- o allowing former NSF members whose pension service is recognised for pension purposes to receive such benefits and to retain the Special Pension benefits.



The Cabinet further directed that the Ministers of Finance and of Defence together with the GEPF to consult and consider implementation details. In the context of achieving full alignment of the pension dispensation for all forces the interdepartmental task team identified the following additional aspects that are required to achieve full implementation:

- o the extension of the revised NSF pension dispensation to all former NSF members who are employed at other government departments; and
- o determining whether the current serving members should continue to receive their Special Pension benefits until they exit the GEPF or whether their Special Pension benefits should cease upon approval by Cabinet.



In accordance with the task team's recommendation the Cabinet approved the extension of the NSF dispensation to all former NSF members and that Special Pension benefits paid to qualifying members who are still in service should cease at exit and that members should receive their full pension benefits instead in accordance with the GEPF rules.



# The Amendment of the Rules

- Following the decision of Cabinet the GEPF rules were revisited in order to achieve full alignment of the pension dispensation. The gist of the rule amendments is to achieve this goal.
- In view that the NSF pension dispensation is now extended to all former members, rule 6(10) was amended to:
  - abolish the requirement that members contribute for NSF recognition;



- abolish the requirement that Special Pensions received by members must be taken into account for purposes of the computation of additional pensionable service under certain conditions; and
- to recognise 100% of NSF service irrespective of the total years served.



- In view of the fact that former NSF members are no longer required to contribute to the funding of the recognition of their service, the rule requiring such contribution (5%) was deleted and a complete new and simplified rule 11.9 was introduced which merely requires that the employer pay the full liability for recognition of NSF service in accordance with section 17(4) of the GEP Law. Said liability is determined by the Board in consultation with the actuary. The Fund may also, in respect of the amount payable by the employer, enter into a funding plan with the employer.



- o As a consequence of the realignment of the pension dispensation it was necessary to introduce rule 11A and 11B in order to achieve the required outcome.



Rule 11A deals with the repayment by the Fund of contributions, Special Pension and Demobilisation benefits previously paid by former NSF members in recognition of pensionable service. In essence rule 11A prescribes that:

- o all contributions, Special Pension and Demobilisation benefits paid by former NSF members be repaid by the Fund to such members with interest;
- o said refund accrues to the former NSF member on or after 31 March 2011; and
- o the Board may determine the mode of payment of the refund.



Rule 11B deals with the recalculation of the pensionable service and benefits of former NSF members and their beneficiaries. In essence rule 11B prescribes that:

- o the pensionable service of all former NSF members who are still members be recalculated;



- the payment of an additional benefit in the form of an additional gratuity be made to all former NSF members or their beneficiaries whose NSF was recognised and who have already exited the Fund prior to the commencement of the rules. The additional gratuity benefit is calculated as the difference between the initial benefits paid, both gratuity and annuity, and the new benefits payable under the present dispensation over the period of exit until 31 March 2011.
- the pensionable service and annuities of all former NSF members or their beneficiaries, whose NSF service was recognised and who have already exited the Fund, be recalculated and adjusted from 1 April 2011;



- the gratuity benefit payable to former NSF members or their beneficiaries who have exited the Fund prior to the commencement of the new rules accrues on or after 31 March 2011;
- in instances where the former NSF members or their beneficiaries owe the Fund money, that such must be paid to the Fund, or that, on application by the affected party, the pensionable service of the former NSF member be reduced by taking the amount of debt into account.



The rules will come into operation on date of publication.

In the final analysis it should be borne in mind that the achievement of the full alignment of the dispensation can only be achieved by the consequential amendment of the Special Pensions Act, 1996.





# Questions?

**Thank You**

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