

RECEIVING TWO SOURCES OF INCOME? PLEASE

VISIT SARS URGENTLY!

Certain GEPF members, including some pensioners and beneficiaries are complaining about SARS debt accusing both the GEPF and SARS of double taxation. They allege that they owe SARS thousands of rands on annual basis, and they fail to comprehend why they are "being taxed" again of the monthly pension.

GEPF is required to obtain a tax directive from SARS before any payment (lump sum) can be paid. There is no way for the GEPF to avoid this requirement. It has come to the attention of the GEPF that there are members who continue to owe SARS large amounts of money mostly due to the fact they are receiving two source of income which push up their taxable income brackets.

The GEPF has advised members in the past to approach SARS in such instances to determine the correct amount of tax to be deducted on a monthly basis. After receiving such, members can write a letter to GEPF and authorise the correct amount of tax to be deducted. There is no way that the GEPF can be aware that a member has more than one source of income, only SARS can be aware of such when a member submits the annual tax assessment.

The impression that members are taxed twice is not correct. During your pensionable service, monthly pension fund

contributions do not form part of the taxable salary. This means that pension fund contributions are deducted before any tax deduction from your salary. Tax is then only deducted when you leave the fund before retirement or from your pension on retirement. For example, when a member dies in service, the lump sum due to his/her beneficiaries will be taxed and this does not amount to double taxation.

When a couple are both members of the GEPF in their own right, in the instance of death, one member will continue to receive her/her monthly salary plus a spouse's monthly pension from GEPF. This scenario is likely to raise the taxable income bracket to the surviving spouse. This is also applies to pensioners of the GEPF whereby one pensioner dies and the surviving spouse continues to receive her/his monthly pension plus monthly spouse pension from the GEPF.

To avoid demands from SARS or even advising the GEPF to stop your spouse pension due to the additional tax liability, simply approach your nearest SARS branch to assist you.

Contact SARS by email, Fax or post
Contact Centre number: 0800 00 7277

Region	Postal Address	Physical Address	Email	Fax
Region 1: Taxpayers residing in Gauteng South; the Greater Johannesburg area; East Rand; West Rand and Mpumalanga	Private Bag x15 Alberton 1450	St Austell Street Mackinnon Crescent New Redruth Alberton 1449	Taxpayers: Contact.central@sars.gov.za Registered Tax Practitioners: pcc.central@sars.gov.za	Taxpayers: 0102085005 Registered Tax Practitioners: 010 208 5004
Region 2: Taxpayers residing in Gauteng north (including Centurion and Pretoria), North West, and Limpopo	PO Box 436 Pretoria 0001	7 Protea Street Centurion Pretoria 0157	Taxpayers: Contact.north@sars.gov.za Registered Tax Practitioners: pcc.north@sars.gov.za	Taxpayers: 0126706880 Registered Tax Practitioners: 010 208 5003
Region 3: Taxpayers residing in Kwa-Zulu Natal and the Eastern Cape	PO Box 921 Durban 4000	201 Dr Pixley KaSeme Street Durban 4001	Taxpayers: Contact.east@sars.gov.za Registered Tax Practitioners: pcc.east@sars.gov.za	Taxpayers: 0313286018 Registered Tax Practitioners: 010 208 5005
Region 4: Taxpayers residing in the Western Cape, the Free State and Northern Cape	Private Bag x11 Bellville 7530	Corner of Teddington & De Lange Road Bellville 7530	Taxpayers: Contact.south@sars.gov.za Registered Tax Practitioners: pcc.south@sars.gov.za	Taxpayers: 0214138905 Registered Tax Practitioners: 010 208 5006

LET GEPF KNOW WHEN YOU CHANGE YOUR CONTACT DETAILS



Please remember to send us your latest address and contact details, including your cell phone number, so that we can stay in touch with you. This will assist us in processing your pension benefits efficiently and effectively, and it will ensure that you receive your GEPF newsletter and other GEPF correspondence accordingly. GEPF relies on you to provide accurate personal details. If you know of any GEPF member who does not receive this newsletter, please urge them to contact GEPF to update their contact details.

DO YOU KNOW WHERE TO FIND US?

Contact us on 0800 117 669

CLIENT SERVICE CENTRES

Gauteng: Trevenna Campus, corner of Meintjes and Francis Baard streets, Sunnyside, 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: Shop No. 5 Imbizo Place, Samora Machel Street, 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 (corner Marshall and Eloff streets - 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 Phalaphala FM (SABC)

Rustenburg: Tlhabane House, Unit A2221, Tlhabane Unit 1

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fundnews

The quarterly newsletter for pensioners of the Government Employees Pension Fund



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The Government Employees Pension Fund (GEPF) would like to reiterate and assure its members, pensioners and beneficiaries that their pension savings are safe.

Last week National Treasury told the National Assembly that it is considering various options to recapitalise South African Airways (SAA), which includes considering the Public Investment Corporation (PIC) who is our Fund manager as a possible equity partner. However, Treasury's statement was unfortunately misconstrued by some as confirmation that GEPF assets will be used through the PIC to Fund SAA.

The GEPF would like to assure its members, pensioners and beneficiaries that the Fund has not received or been approached with such a proposal and no discussions have been held with GEPF on this matter. Therefore, we urge all our members and pensioners not to panic or read too much into this speculation. The GEPF, through the PIC, receives many requests all the time and rigorously considers the merits of all investment opportunities. We invest prudently in the best interests of our members, pensioner and beneficiaries.

Moreover, GEPF adheres to strict regulations governing its financial liability to members, beneficiaries and pensioners, as well as its financial soundness. The Fund has confidence in the PIC's ability to prudently invest funds on its behalf in terms of the agreed investment mandate. The GEPF constantly monitors and evaluates the PIC's performance in accordance with its investment policy and mandates.

GEPF members, pensioners and beneficiaries are reminded that the primary role of the GEPF is to protect the wealth of its members and pensioners by safeguarding their retirement benefits through proper administration and prudent investment.

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MY RETIREMENT BENEFIT PAY-OUT DID NOT MATCH MY YEARS OF SERVICE



service that the member has purchased. It excludes any periods of leave without pay in excess of 120 days.

Service period

This is the period from when the member started working in the public service until the day he or she stopped working.

There are instances where the member does not immediately contribute to the Fund, but only starts becoming a member of the GEPF at a later stage. This could be few months or years later.

Members are urged to always assist by keeping documentary records, for example, in the form of a payslip which can serve as proof of their contribution/pensionable service when they leave their employment. This will assist to avoid unnecessary delays caused by disputes of the member's pension claim because of differences in pensionable/contribution service and service period.

A member's benefits are based on the following factors:

- The length of pensionable/contribution service;
- Final salary; and
- The accrual rate (as set out in the GEP Law)
- Exit age is used in downscaling benefits in case of early retirement. Exit age: This is your age when you leave (exit) GEPF, whether by resigning, retiring, dying or being discharged. In certain instances, if you retire before 60, your benefits may be downscaled.

If members require help in working out the value of their benefits, they can contact their human resources department. Alternatively, they can:

- use the benefits calculator on GEPF's website at www.gepf.co.za;
- phone GEPF's Call Centre 0800 117 669; or
- visit their nearest GEPF Regional Office.

It is important to understand the difference between the period of service and the period of contribution to the GEPF as an active member.

Often, members assume that their benefit in the GEPF is always based on the number of years they have in service (service period), which is not correct:

Pensionable service

This is the time spent as an active member of the GEPF, during which both the member and his or her employer paid monthly pension contributions into the fund. Pensionable service includes any additional

WHAT IS THE PURPOSE OF GEPF'S INVESTMENTS?



Government Employees Pension Fund is Africa's largest pension fund with assets in excess of R1.8 trillion. These assets are managed by the Public Investment Corporation on behalf of GEPF. The PIC is wholly owned by the South African government.

GEPF's Board of Trustees determines the broad parameters through the strategic asset allocation and mandates given to the PIC and keeps a close eye on how the PIC invests GEPF funds and makes sure that all investments are in the best interest of our members. The purpose of GEPF investments is to make sure that the fund remains fully funded so that it can pay benefits and pensions. It is the task of the Board to ensure that the fund does not ordinarily require any additional funding other than its investments.

When making investments for GEPF, PIC invests in four main asset classes to diversify the fund's investments, namely:

- Equities,
- Fixed income,
- Properties and
- Unlisted assets.

Equities are shares of companies listed on the Johannesburg Stock Exchange (JSE). This is the largest asset class within GEPF.

Fixed income comprises investments in the domestic capital (bond), money markets and deposits. In the money markets and deposits, PIC on behalf of the GEPF only invests with domestic banks that have credit ratings of A2 and above. It invests in bonds traded through the Bond Exchange of South Africa or issued by government, parastatals and companies listed on the JSE Limited.

PIC Properties invests in retail, corporate, industrial, specialised and residential properties across South Africa. It also has strategic investments such as the 20% share in the Airports Company of South Africa.

The Fund's unlisted assets with the PIC are held mostly in the Isibaya Fund invests in infrastructure development projects that help to create jobs, relieve poverty and transform the economy including black economic empowerment.

GEPF is a leader in socially responsible investment in South Africa and a founding signatory to the United Nations Principles of Responsible Investment (UNPRI) since 2006 and Code for Responsible Investing in SA (CRISA) in 2011. GEPF takes environmental, social and governance (ESG) issues into account when making investment decisions.

DOES THE MEDICAL SUBSIDY COVER ALL MEDICAL SCHEMES?



When a member retires, he or she may qualify for a post-retirement medical benefit which will assist in covering their medical aid contributions during retirement.

The rules state that a member must

- Have 15 years of government service at the date of retirement (10 years for a medical retirement), (previous service may be included)
- Have been a main member of a recognised medical aid scheme for the last 12 months of service
- Have been an employee of the government to qualify for a monthly subsidy

Members who have more than 10 year service but less than 15 years qualify for a lump sum equal to 36 times subsidy as received on date of retirement.

Members with less than 10 years of service qualify for 12 times government subsidy as received on date of retirement.

Members who retired due to medical reasons with less than 10 years will qualify for a lump sum equal

to 24 times the government subsidy as received on date of retirement.

It must be indicated that the service does not have to be continuous at one department. Just as long as the member worked for government for the required period would qualify.

For example, if a member worked 5 years for government and resigned, then stayed two years with a private company, then he or she returns to government for 10 years until retirement he or she does qualify for continuation of medical subsidy due to the service in government of 15 years, previous service included.

Members have a choice whether to continue or only receive a once off payment based on only the last period of service if last period was less than 15 years.

Members must keep in mind that this arrangement is for the current dispensation only

Members who retired before 30/04/1996 fall under other dispensations and get a different subsidy. Legislation that governs post-retirement medical assistance is as follows:

1. Resolution 1 of 2006
2. Resolution 3 of 1999.

PENSIONER TRUSTEE ELECTIONS

The Board of Trustees of the GEPF has 16 members. Half of the Trustees are appointed by government as the employer and the other half are elected by members through their labour representatives and pensioners for a four year term of office. Only one Trustee and an alternate trustee are elected by pensioners in a postal vote and the. The current term of office comes to an end around April 2018.

In order for you to participate as a pensioner in electing a representative, GEPF will inform and advise on the process to follow to elect a representative.

Through your representatives on the Board, you and your fellow GEPF pensioners have a direct say in all important decisions about the Fund. For instance, some of the Board's most important functions are to:

- a. Decide on the annual increases paid to pensioners
- b. Make sure that the Fund's finances are properly audited and reported on;
- c. Decide on how funds should be invested so that members' contributions are properly managed and can grow for the future.