



WHAT IS THE CRITERIA FOR
MEDICAL SUBSIDY APPROVAL?

PAGE 1



CAN A GEPF PENSIONER
QUALIFY FOR A SASSA OLD
AGE GRANT?

PAGE 3



CLAIM YOUR FUNERAL BENEFIT

PAGE 5

Message from the Principal Executive Officer – Abel Sithole



As the year draws to a close, I want to take this opportunity to thank you for your continued faith and trust in the GEPF. It is also a good time to look back, reflect on our achievements and challenges, and to look forward to what we still need to accomplish.

With this in mind I thought it would be appropriate to refer to the release in October of our annual results for the 2017/18 financial year. I am glad to report that the GEPF has performed exceptionally well in the 2017/18 financial year. Our results show that the GEPF investment portfolio grew by 8,36% from R1,67 Trillion to R1,82 trillion despite the South African economy growing around 0,08% during the same period.

I believe the growth of the Fund clearly demonstrates that it seeks to generate the best financial returns possible for its members and pensioners while also generating social returns

that have a positive impact on the economy of South Africa.

As the largest pension fund in Africa we are committed to impactful investments such as job creation, education, healthcare, housing, environmental sustainability, food security, transformation of companies and sectors, as well as the empowerment of previously disempowered peoples. I encourage you to read our latest Annual Report which explains in more detail the impact of our investments in the country.

I am indeed pleased with our performance as we achieved an overall investment performance return of 8,54%, outperforming the GEPF strategic benchmark return of 3,7%. The impact of such a performance enabled the GEPF granting pensioners a pension increase of 5,5% which was slightly above the Consumer Price Index (CPI) at 31st December 2017, and higher than 75% increase recommended by the Rules of the Fund.

I am also happy to report that the growth in the Fund is not a once-off achievement. The GEPF has increased its accumulated funds and reserve at an average of 9,8% over the past 10 years.

We have also received an overall rating of

94% for service satisfaction, which includes services rendered at regional satellite offices, call centres, emails, mobile offices and outreach activities.

We do not take these achievements for granted and are committed to continuously improve so that we can meet your expectations. Our priority remains you, our clients who we believe is the basis of our existence as an organisation.

The year also had its "downs", such as the impact of the Steinhoff scandal had on our investment portfolio. We have used such incidents to review our systems and processes so that we can be better prepared in the future. While there is much work to be done and there may be further challenges ahead, we end 2018 stronger and better able to serve you. The New Year will bring its own mix of successes and challenges, but our direction is clear and we know what must be done.

Finally as we approach the festive season, I am pleased to convey my best wishes. Please enjoy some well-deserved rest with family and friends during this holiday season.

Warm regards.

Abel Sithole



What is the criteria for medical subsidy approval?

As a GEPF member you may qualify for a medical subsidy benefit which is intended to help cover your medical aid contributions during retirement.

You can only qualify for this benefit if you have been the main member of a recognised medical aid scheme for the last 12 months without a break before going on retirement.

The length of service period plays an important role in determining the value of the medical benefit you will receive once you are on pension.

15 or more years of actual service:

If you have 15 years or more of actual service you are entitled to a monthly medical aid benefit for the rest of your life provided you have been the main member of a recognised medical aid scheme for the last 12 months prior to retirement without a break.

This also applies in a situation where you left work with 10 years of service but was discharged due to ill health.

A great advantage with this benefit is that if you die as a main member of a medical aid scheme, your spouse will continue to receive the same subsidy percentage that you were receiving. This only refers to a spouse who was your dependent on the medical aid scheme at the time of your death.

For members who pass away whilst in service, their remaining spouse will qualify for post-retirement medical benefits from the first month following the deceased's 50th birthday.

Less than 15 years of actual service:

If a member has less than 15 years of actual service upon retirement, they will receive a once-off medical benefit or payment. They will receive a once-off post-retirement medical benefit and the amount will depend on your years of service.

For members who pass away whilst in service, their remaining spouse will qualify for post-retirement medical benefits from the first month following the deceased's 50th birthday.

Can a GEPF Pensioner Qualify for a SASSA Old Age Grant?

GEPF pensioners are allowed to check with SASSA if they qualify for the social old-age grant. All you need to do is to visit your nearest SASSA office to ask them to conduct affordability means test which will indicate if you qualify or not.

In the event that you qualify, you will have to apply for the grant and you will receive both the GEPF monthly pension and the social old-age grant.

GEPF has no authority to encourage or discourage pensioners from contacting SASSA for affordability means test, this remains the pensioner's responsibility.



The Government Employees Pension Fund blueprint continues to work 4

Since its establishment in 1996, the Government Employees Pension Fund (GEPF) has grown its worth from R 127 billion to more than R1. 8 trillion becoming Africa's largest pension fund as well as being amongst the Top 10 pension funds in the world. It is also the largest single investor in the Johannesburg Stock Exchange (JSE), playing a critical role in South Africa's development. Despite this solid and steady performance the organization continues to receive some criticism of its investment strategy, often undeserving, noting its growth and financial position.

The single most important characteristic of anyone wanting to understand the GEPF is

that it is a defined benefit Fund, meaning that the GEPF promises benefits in terms of the rules set out in the Government Employees Pension Law (GEP Law) and these benefits are not calculated on the basis of how the Fund is invested. The pensions and the benefits due to members and pensioners are guaranteed in terms of the law. The only factors that matter in how members are paid, is the years of service that the members have in the GEPF and their final salary at the time they exit the Fund as these determine the amount of the pensions or pay-outs.

It is the right of members and pensioners to question how the funds of the GEPF are invested and managed, however, it must

be noted that such investments actually do not affect their benefits because their benefits are determined by the rules and they will always be paid, regardless of how the GEPF is managed. This is guaranteed by Government as the employer. If the Fund makes bad investments and does not have the funding to pay members, government will be required to make the funds available to pay members. Remarkably, the Fund is currently 115% funded, meaning the GEPF is able to meet all its liabilities.

The assumption that the Minister of Finance can direct how funds are invested by the GEPF is gravely incorrect. The Board and the Management of the GEPF take

The Government Employees Pension Fund blueprint continues to work

their fiduciary responsibilities seriously and act in the best interests of its members, pensioners and beneficiaries at all times. This can be illustrated by the growth in the Fund, which is nearing R2 trillion. Only GEPF, via its Asset Managers, the Public Investment Corporation (PIC) being one of them can decide how funds are invested. This is done by providing Asset Managers with a mandate that outlines which type of investments can be made, the percentage allocations for each asset class, benchmarks and performance targets, among other guidelines.

The GEPF Board and Management have put in a number of mechanisms to ensure its asset managers such as the PIC act within the mandates provided. How the GEPF invests its funds is a carefully thought out strategy which is aimed at achieving long term growth for the Fund. The strategy is focused on ensuring that we allocate and manage the Fund's assets in a manner that meets or outperforms the Fund's current and future liabilities, which has been done very successfully in its 22 years of existence. The GEPF has also adopted a Responsible Investment policy which integrates Environmental, Social

and Governance issues in all its investment decisions.

The GEPF also has a developmental Investment policy which focuses on targeted investments that contribute to positive economic, social and environmental outcomes for South Africa, while earning good returns for members and pensioners. As a long term investor, the GEPF understands that its success cannot be isolated from the development of South Africa. Any constraints on the economic growth of the country will have a similar impact on the Fund.

Can I remarry and still continue to receive spouse pension? **5**



In the event that a spouse pension recipient remarries after the death of their spouse, they will still continue to receive their monthly pension. It is not affected. If it happens that you get married to a government employee who qualifies for a monthly pension and they pass away, you will be entitled to yet another spouse pension. It does not matter how many times you get married, your spouse pension will not stop until you pass away.

The Government Employees Pension Fund blueprint continues to work

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9 Claim your Funeral Benefit

The GEPF provides a benefit for the funeral of a member or a pensioner, as well as for the funeral of a spouse, life partner or eligible child of a member or pensioner. With effect from 1 October 2017, in the case of a member, a pensioner or spouse, GEPF now pays a taxable amount of R15 000 towards the funeral costs. This is an increase from the previous amount of R7 500.

The GEPF also pays a taxable cash lump sum of R6 000 for the funeral of an eligible child of a member or pensioner. This is an increase from the previous R3000.

The purpose of the Funeral Benefit is to help pay the funeral costs when a member or pensioner passes away.

It is important to note that these amounts are predetermined and are not based on what the family would have spent on the funeral. This means that the bereaved pensioner, member, beneficiary or family cannot claim more than the stipulated amounts even if they might have spent more than those amounts for the funeral of their loved one.

According to the Government Employees Pension Law, an eligible child is:

- a natural or adopted child under the age of 18 years; or
- a natural or adopted child between the ages of

18 and 22 years, who is a full-time student at a recognised educational institution (proof from the relevant institution is required); or

- a natural or adopted child who is disabled and factually dependent on the member or pensioner as defined above (medical proof of disability and confirmation of factual dependency is required); or
- a still-born child – this is a child born after 26 weeks of pregnancy, who shows no signs of life and whose death cannot be classified as a self-inflicted termination as per the Choice on Termination of Pregnancy Act 92 of 1996 (written confirmation of the duration of pregnancy and the death certificate as issued by the attending physician and hospital, is required.)

Important note: Step-children and children of other family members who are in the care of a member or pensioner as defined above, do not qualify for this benefit unless those children have been legally adopted.

The GEPF processes a Funeral Benefit claim within 72 hours of receipt of valid documents. However, payment can be delayed if the claim form or the documentation accompanying a claim is incomplete or incorrect. In order to allow GEPF to process the claim quickly and efficiently, the claimant must ensure that the information provided is complete and correct.

How the Funeral Benefit is paid

The Funeral Benefit can be paid into a bank account or via an online Post Office. In the interest of fast, efficient processing, the following documents must be provided to the GEPF:

- For bank payments: The Z894 (Banking Particulars Form) must reflect the applicant's banking details. If submitted by fax, the application must be accompanied by a certified bank statement showing the bank's e-mail and landline contact details.
- For Post Office payments: The claimant must confirm beforehand with the Postmaster of the Post Office they wish the payment to be processed to that the Post Office is indeed an online Post Office. Details of the Post Office must be recorded on the Z300 application form. (Note: The original application and attachments must be handed in at the Post Office when claiming the benefit. If the original documents are not handed to the Post Office, the benefit payment will not take place. The original ID/passport documents of the applicant must be presented at the Post Office).

Where to find claim forms?

All the required forms are available from:

- GEPF website, http://www.gepf.co.za/index.php/our_benefits/article/funeral-benefits
- GEPF's Call Centre (0800 117 669); or
- Any of GEPF's Regional Offices.

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?

CLIENT SERVICE CENTRES

Gauteng: Trevenna Campus, Building 2A, corner of Meintjes and Francis Baard streets, Sunnyside, Pretoria **Eastern Cape:** No. 12 Global Life Centre, Circular Drive, Bhisho **Free State:** Brandwag Centre, 20 Stapelberg Street, Brandwag, Bloemfontein **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:** Mega City, Office No. 4/17, Ground Floor, Entrance 4, Mmabatho, 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, UCB House, 74-78 Marshall Street, Marshalltown **Port Elizabeth:** Ground Floor, Kwantu Towers, Sivuyile Mini-Square, next to City Hall **Mthatha:** Ground floor, Madeira Plaza, Cnr Sutherland & Maderia Street **Durban:** 12th Floor, Salmon Grove Chambers, 407 Anton Lembede Street **Phuthadijhaba:** 712 Public Road, Mandela Park Shopping Centre **Thohoyandou:** 2010 Centre, next to Phalaphala FM (SABC) **Rustenburg:** 149 Leyds Street

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