

FOR PSA MEMBERS: PUBLIC SERVICE COORDINATING BARGAINING COUNCIL
(PSCBC)

17-11-2020

Proposed changes to retirement funds in South Africa

Members were kept informed in previous editions of the *Informus* regarding proposed changes to retirement funds in South Africa. There are three major changes proposed, which amongst others, are annuitisation rules, access to funds on emigration and the impact on provident funds and their administrators as a result of several legislative changes affecting the retirement industry such as the *Conduct of Financial Institutions (COFI) Bill*, which is currently in discussion phase and subject to public opinion.

The PSA wishes to sensitise members, that the Board of the Government Employees Pension Fund is trustee of the Fund and is bound by the provisions of the *Government Employees Pension Law, 1996* and the Rules of the Fund. The object of the Fund is to provide a pension and certain other related benefits as determined in the *GEP Law* to members and pensioners and their beneficiaries. Each trustee is under a duty to take all reasonable steps to ensure that the interests of members in terms of the rules of the Fund and the provisions of the law are always protected. They must act with due care and diligence and in good faith.

In addition, the PSA reminds members that the GEPF is a defined-benefit fund, which is not adversely affected by these proposed amendments as indicated above and benefits are guaranteed in terms of the *Government Employees Pension Law* and rules, which is why the Fund is called a defined-benefit fund. The advantages of such a fund is that benefits are calculated in terms of a formulae and not subjected to outside market forces.

The PSA will ensure that the rights and interests of members are protected and advises members not to panic and be misled by any opportunistic entities trying to convince you to resign and take your pension money for any investments options as benefits are guaranteed, which no other entity or person can provide such an assurance.

The PSA is participating in the process of providing inputs on the *CoFi* Bill to ensure that the Bill does not have any detrimental impact on the GEPF. The PSA will as monitor any changes that will have a detrimental benefit on the GEPF as it did with the actuarial interest matter where the PSA secured a victory in the Supreme Court of Appeal.

Members will be informed of developments.

GENERAL MANAGER