



MEDIA RELEASE: **GEPF actuarial interest factors: Supreme Court of Appeal rules in PSA's favour**

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EMBARGO: None

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The Public Servants Association (PSA), the wake of a Supreme Court of Appeal judgement, calls on the Government Employees Pension Fund (GEPF) to urgently start with consultations to rectify the losses incurred by affected members of the Fund.

After the High Court handed down a judgement against the PSA on the actuarial interest factors affecting the resignation benefit of some 1.2 million public servants, the PSA approached the Supreme Court of Appeal (SCA) for relief. The GEPF Law and Rules make various references to instances where negotiation or consultation is required by the Minister and/or labour representatives in the Public Service Sectoral Bargaining Council with employee organisations representing the Public Service, prior to any amendment being made to, amongst others, the benefit structure of the Fund.

Rule 14.4.2 defines the F(Z) and A(X) factors used in the calculation of actuarial interest (i.e. member's accrued benefit paid by the Fund in specific instances such as at resignation). The GEPF reduced the actuarial interest factors without following the consultation process as contemplated in the *Pension Fund Act* and Rules. This resulted in a reduction of some 7% on the benefit being paid on resignation to Fund members. Despite the PSA's efforts for the GEPF to reverse its decision and consult before amending the actuarial factors, the GEPF proceeded with the implementation and payment of benefits according to the reduced actuarial factors.

The matter was heard at the SCA on 7 September 2020 after which the Court set aside the High Court judgement and substituted, amongst others, as follows: The GEPF decision to amend, with effect of 1 April 2015, the F(Z) and A(X) factors utilised in the calculation of the actuarial interest under rule 14.4.2 of the GEPF Rules is reviewed and set aside. The GEPF is ordered to consult with the first applicant (PSA), the second respondent, the fourth to nineteenth respondents and all other employee organisations as defined in the GEPF Rules on the calculation of the actuarial interest referred to in respect of those affected thereby. The GEPF was also ordered to pay the costs of the application, including the cost of two counsel.

This matter is another example of a frivolous litigation process by government and wasting taxpayers' and pensioners' money whiles knowingly it should have abided by the rule of law. This judgement reaffirms the PSA's confidence in the judicial system. For this reason, that the PSA has also approached the Courts to adjudicate over the current Public Service wage dispute.

END

