

**MEDIA RELEASE:** PSA turns to High Court regarding GEPF's unilateral amendment of resignation benefits

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**EMBARGO:** None

**ENQUIRIES:** communication@psa.co.za

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The High Court in Pretoria was approached by the Public Servants Association of South Africa (PSA) to set aside the 2015-unilateral decision by the Government Employees Pension Fund (GEPF) to change actuarial factors affecting the resignation benefit of some 1.3 million public servants.

The *GEPF Law* and GEPF Rules refer to instances where negotiation or consultation is required with the Minister and/or labour representatives in the Public Service Coordinating Bargaining Council or employee organisations prior to any amendment being made. The purpose of this provision is to, amongst others, consult on the benefit structure of the Fund. As an example, Rule 14.4.2 defines the F (Z) and A (X) factors utilised in the calculation of the actuarial interest (a 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. Despite efforts by the PSA to have the GEPF reverse its decision and consult before amending the actuarial factors, the GEPF remained adamant and continued with the implementation and pay out of benefits according to the unilaterally-changed actuarial factors.

The result of this unilateral decision was a reduction of approximately 7% on the resignation benefit of affected members," said PSA Acting General Manager, Tahir Maepa.

The matter is enrolled with the High Court for 6 September 2018. "The PSA is confident that the Court will set aside the GEPF decision and order consultation with the PSA, the Minister and employee organisations; application of the interest factors determined in March 2012 pending a proper consultation process; recalculation of the actuarial interest of members whose memberships terminated after April 2015; and payment to such members of the difference between the resultant amount and the amount initially paid," said Mr Maepa.

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