

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

19-08-2019

Clean Break Principle

Members are aware of the Government Employees Pension Fund (GEPF) amendments to members benefits. As previously reported, the GEPF made a presentation to Council on the various amendments to member benefits, which amongst others were the clean break principle.

The only outstanding matter was the “clean break” principle amendment of the application from “debt approach” to “service adjustment” concept, which will address members concerns by doing away with the concept of “debt” and “interest” in the pay-out of pension benefits on divorce. The long-awaited amendment therefore removes the pension debt, that is accrued, when a member portion of their pension benefit is paid out to their former spouses on divorce.

The amendment is therefore replaced with a service adjustment approach, instead of a debt approach. At the meeting, held on 11 June 2019, the GEPF indicated to Council that the President signed the amendment into law on 22 May 2019 and it was subsequently gazetted on 23 May 2019.

The GEPF anticipates gazetting the rule and law amendment by 1 July 2019 and that it will come into effect from the 1 August 2019. The GEPF furthermore indicated that all divorced employees will be approached and be provided with a calculation explaining the two options in order for those affected employees to make an informed decision.

These employees will have 12 months to specify their choice from the date that the President signed the amendment into law. If employees did not opt for their choice by 22 May 2020 the new amendment will be applicable on them.

The GEPF is currently working on a communique which will inform the employees as well.

Members will be kept informed of any developments

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