



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

28-07-2025

Feedback: Special PSCBC Meeting - 23 July 2025

Actuarial interest factors 2024

The Government Employees Pension Fund (GEPF) made a presentation on the adjustment of actuarial interest factors as part of the consultation as required by the *Pension Fund Act* and Rules. Members will recall that the PSA took the GEPF to court in 2020 after reducing the said factors by a massive 7% without consultation where the Supreme Court of Appeal ruled in favour of the PSA. The GEPF reported that actuarial interest factors are evaluated every three years, and that such an evaluation was conducted on 31 March 2024. The rationale for adjustment of actuarial factors is mainly to protect the Fund and its members. Further, the GEPF indicated that all members who remain with the Fund until their pension age and pensioners are not affected by the adjustment. If actuarial factors are not reduced when economic and demographic assumptions indicate they should be, members who withdraw or resign from the Fund will receive more than the fair value of their benefit. In simple terms, they will be overpaid, which will affect remaining members. The GEPF also cautioned that the withdrawal from the pension in terms of the two-pot system will affect the ultimate value of the pension for members as it reduces the years of service. The presentation (*attached*) was noted, and further correspondence was initially shared with individual unions as part of the consultation. Unions can thus engage directly with the GEPF regarding the said matter.

Early retirement without penalisation of benefits (ERP)

Members were informed that the employer proposed a collective agreement on ERP, but labour preferred a consultation process instead of negotiation, as the employer already has the legal right (under section 16(6) of the *Public Service Act*) to grant early retirement. A collective agreement would delay the process, whilst consultation allows the employer to act after attempting to reach consensus. The PSA wants to ensure that the criteria used to approve applications, especially if demand exceeds the budget, are fair and reasonable. The employer insists that a collective agreement is necessary. At the meeting on 23 July 2025, labour unanimously rejected the proposed collective agreement although confirmed that the employer sufficiently consulted pertaining to the matter. The employer noted the labour's position and accepted that parties deadlocked, and the matter would be removed from the agenda of the Council. The employer would, however, go ahead with the ERP implementation. Further, the employer would be readily available to engage labour at any stage of the ERP rollout. The matter was thus removed from the agenda and the PSA will monitor the implementation to ensure that members' interests and rights are protected. Members are again advised to exercise caution when considering the ERP option to avoid unnecessary financial burden.

Members will be informed of developments.

Employees who want to join the PSA can visit the PSA's website, send an email to ask@psa.co.za, or contact PSA Provincial Offices.

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