3 February 2006

**PROCESSES WITHIN THE GEPF IN TERMS OF SEVERANCE PACKAGES**

The DPSA announced the introduction of an employee-initiated severance package for public servants in the circular ref.no 1 / 6 / 21 dated 16 January 2006 addressed to all Government Heads. Employers will therefore start receiving requests from employees to calculate their estimated pension benefits. All employers are reminded that the GEPF, as part of its ongoing effort to augment services to clients, specifically implemented the GEPF Pension Benefit calculator on Friday 14 October 2005 to allow for the calculation of estimated pension benefits. The GEPF will therefore not perform any estimated pension benefit calculations. The calculator is available on the websites www.gepf.gov.za and www.gepf.co.za.

The main function of the calculator is to assist contributing members and employer representatives to obtain an estimate calculation on certain GEPF benefits payable as a result of resignation, retirement, and **severance package**. The other termination reasons like death benefits and ill health retirements will be developed in phase two of the calculator. The calculator merely gives an estimate of the expected benefit and is reliant on the information provided by the user. The information inserted by the user will therefore not be validated against the pension data and records at the GEPF.
The calculator is only applicable to GEPF members and does not provide for the calculation of benefits payable in terms of the Associated Institutions Pension Fund or the Temporary Employees Pension Fund.

Employers and contributing members must note that calculations performed on the calculator do not account for any interest payable or receivable, taxation, purchase of service (POS) debt, up-scaling or down-scaling of service periods. Purchase of service may however be loaded as a separate period on the period table provided in the calculator.

The following information must be available and entered correctly into the calculator in order to perform any calculation:

- PERSAL number
- Date of Birth
- Pensionable Service Period
- Final Salary
- Service Code
- Withdrawal Reason
- Expected Date of Withdrawal from the Fund

**Pensionable Service Period** is the number of full years and fractions of a year that you were employed and contributed to the GEPF or a previous government fund. Periods of additional Service Purchased must be added and periods for Leave Without Pay must be deducted.

**Final Salary** is the average of your pensionable salary (emoluments) over the last 24 months, or during the whole period of such service, if shorter than 24 months. Only allowances that are specified as Pensionable Allowances must be taken into account.

Whilst every effort has been made to ensure the accuracy of the formulae on the calculator, the GEPF gives no guarantee, as to the accuracy, reliability and completeness of any information provided through the use of the calculator, and does not accept any liability for any loss or damage which may be suffered as a result of reliance on and use of the calculator.

All approved severance package terminations that will be submitted to the GEPF for processing of the pension benefits, will be subject to all the current procedures and requirements of the GEPF. Only correctly completed documentation will be accepted and erroneous documentation will be returned to the employer departments. All attachments that are required for the severance packages were attached in the circular from the DPSA and will also be made available on the GEPF website. All members and employer departments of the GEPF are treated equally and the GEPF will process all terminations on a first
come first service basis. The severance package benefits will therefore not receive preference over any other termination documentation.

The pension benefits for severance packages will be processed in terms of rule 14.8 of the Rules of the GEPF, as amended. Employers are further reminded that the GEPF has no jurisdiction over the approval of such packages and that any such questions must be directed to the DPSA. Employers are also requested to only refer employees to the GEPF once the correctly completed documentation has been submitted to the GEPF.

Yours sincerely

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