



**the dpsa**

Department:  
Public Service and Administration  
**REPUBLIC OF SOUTH AFRICA**

Private Bag X916, PRETORIA, 0001. Tel: (012) 336 1000, Fax: (012) 326 7802  
Private Bag X9148, CAPE TOWN, 8000. Tel: (021) 467 5120, Fax: (021) 467 5484

Enquiries: Mashudu Mamphiswana

Tel: (012) 336 1432

Ref: 17/7/P

## **TO HEADS OF NATIONAL AND PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS**

### **RE: IMPLEMENTATION OF RECOMMENDATIONS MADE BY THE PUBLIC SERVICE COMMISSION (PSC) IN THE MARCH 2016 REPORT ON THE MANAGEMENT OF SERVICE TERMINATIONS AND PENSION PAY-OUTS IN THE PUBLIC SERVICE**

1. As you are aware, the PSC conducted a study on the management of service terminations and pension pay-outs by government departments and the Government Pensions Administration Agency (GPAA) culminating in a March 2016 report. The study emanated from several complaints received by the PSC from different retirees regarding delays with the processing of their pension pay-outs. The following recommendations referenced in bullet form were made by the PSC for implementation in order to eradicate delays and challenges in processing of service terminations and pension pay-outs in the public service:

- Departments should submit details of pension members who have not claimed their pension to GPAA to add to the work of the tracing agent;
- A structured, planned and compulsory training on all HR processes, especially the service termination and pension pay-out processes, must be provided by departments independently or through the National School of Government (NSG) and DPSA;
- Departments should, in collaboration with GPAA and South African Revenue Services (SARS), implement awareness campaigns continuously for the benefit of newly appointed employees and long-term serving employees to ensure a thorough understanding of the processes, income tax issues and legislative changes. Where possible dependents and/or beneficiaries should be invited to the information sessions with the consent of pension members;
- Big national departments that have provincial and regional offices across the country should decentralise some HR functions, especially processes related to service termination and pension pay-outs;

- Departments should also set aside financial resources to upgrade departmental IT systems to enable them to be compatible with the GPAA e-Channel system; and
  - Departments and GPAA must put in place a strategy to communicate with, and provide feedback and support to retirees, dependants and beneficiaries of deceased employees until finalization of the pension pay-out process.
2. The aforementioned recommendations must be implemented by departments in order to address issues causing delays and challenges in the service termination and pension pay-out processes.
  3. The following are some of the measures departments must implement in order to fast-track the process of service termination and pension pay-out in the public service:
    - a) Departments must familiarise themselves with the GPAA Practice Notice 1 of 2014 and comply with it in order to speed up the processing of service termination and pension pay-out (copy attached).
    - b) The National and Provincial departments are encouraged to make use of the benefit of the Client Liaison Officers (CLO) for validation of exit documents before submission. This will eliminate unnecessary delays where exit documents are returned due to incomplete or unclear date stamp/ID on pension documents.
  4. Departments are urged to release members to attend GPAA's Retirement Member Campaign (RMC), which aims at:
    - a) Educating members on the general retirement process;
    - b) Explaining member's retirement benefits based on the members period of service; and
    - c) Updating the member's details, including address and period of service (subject to supporting documents) on the GPAA's administration system to ensure the speedy processing of retirement documents.
  5. Employees who are about to reach retirement age must not submit their exit documents directly to GPAA, this causes unnecessary delays.
  6. The employer is obligated to ensure that all necessary steps are taken to process members exit documentation pension benefits on time.
  7. GPAA to allow the process to begin at least six months prior to exit date as per the Practice Notice 1 of 2014. This means that the six months date stamp on exit documents should not be rejected as is the current practice. A number of applications have been rejected due to date stamp that is within the three months period.

8. Departments should piggy-back on the visits by SARS officials when they assist departments with IRP5/Tax Returns. Departments should request SARS officials to also sensitise employees regarding tax implications when one retires; no pension payouts will be processed if employee's tax affairs are not in order.
9. Your co-operation in this regard will be highly appreciated.



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Mr Mashwahle Diphofa

DIRECTOR GENERAL

DATE: 06/03/2017



the gpaa

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Department:  
Government Pensions Administration Agency  
REPUBLIC OF SOUTH AFRICA

## **TO ALL PARTICIPATING EMPLOYERS OF THE GOVERNMENT EMPLOYEES PENSION FUND**

### **GPAA PRACTICE NOTE 1 OF 2014**

#### **EMPLOYER DUTIES IN THE EVENT OF A RETIREMENT**

##### **1. Introduction**

- 1.1 This *practice note* serves to inform employers of the minimum steps to be taken in the event that an employee retires from the employer.
- 1.2 In terms of item 13.1 of PSCBC Resolution 1 of 2012, the employer undertook to review its *exit management systems* in order to expedite the processing of pension pay-outs. The target set for payment was payment within thirty days of exit. The intention of this *practice note* is therefore also to assist the employer in taking the necessary steps to best facilitate compliance with item 13.1 of PSCBC Resolution 1 of 2012.
- 1.3 In terms of item 13.2 of PSCBC Resolution 1 of 2012, the employer is obliged to submit all exit documentation to the GEPF within thirty days of the employee's exit. Should an employer follow the provisions of this *practice note*, it will submit the exit documentation before an employee exits on retirement, thereby exceeding the requirements of item 13.2 of PSCBC Resolution 1 of 2012.

**workshop is essential to ensure that the official understands the steps that follow.**

**4.1.2 Ensure that the following forms are always available at the workplace and the most recent:**

**4.1.2.1 Z102 Exit from Fund document;**

**4.1.2.2 Choice form for reduced annuity in favour of spouse;**

**4.1.2.3 Z894 bank form;**

**4.1.2.4 Z864 personal information;**

**4.1.2.5 Departmental liability debt form; and**

**4.1.2.6 WP1002 Nomination form.**

**4.1.3 Identify all employees who will reach retirement age within the next twelve months. Contact said employees to ascertain if they will be exercising their right to retire.**

**4.1.4 At least six months prior to the retirement of the employee:**

**4.1.4.1 Explain to the employee the applicable benefits that he or she will be entitled to at retirement - leave pay, post retirement medical subsidy, gratuity and monthly annuity.**

**4.1.4.2 Explain the forms that have to be completed - the forms, as applicable and listed in paragraph 4.1.2 above;**

**4.1.4.3 Explain what additional documents must be submitted: for example, a certified copy of ID document and certified copy of any relevant divorce order;**

**4.1.4.4 Explain to the employee the nature of any debt owed by the employee to the employer and that the employer may request that the debt be recovered from the pension benefits of the employee (in certain circumstances), if still owing on date of exit;**