

No early access for GEPF members

The Department of Public Service and Administration (DPSA) and the Government Employees Pension Fund (GEPF) have received many queries from public servants about the proposal to allow members of retirement funds limited access to their retirement funds due to the COVID-19 pandemic. There is also a Bill proposed by a member of Parliament to allow members whose funds are governed by the Pension Funds Act (PFA) to use their pension funds as collateral to borrow money.

While details of all these discussions are still to be released, it is important to note that this does not have any bearing on members of the GEPF.

The GEPF is not a private sector fund and is governed by the Government Employees Pension Law (1996). It is not governed by the Pension Funds Act (PFA) and any announcements or changes relating to the Pension Funds Act will have no bearing on members of the GEPF. This applies to all proposals around retirement reform in respect of the Pension Funds Act, including annuitisation.

It is important when reading about retirement proposals in the media that public servants who are GEPF members differentiate between changes made to funds in the private sector versus what is applicable to GEPF members as per the Government Employees Pension Law (1996). Unfortunately, some financial advisers are also not aware of this difference and may provide incorrect information.

As it currently stands, the GEPF does not allow any withdrawal from the pension fund while employed. It does not allow cash advances or loans from the fund as the fund is not a registered Financial Service Provider which means that it would be against the law to allow loans from the GEPF.

It is also important to note that the GEPF is a defined benefit fund which means that the GEPF and the employer, being the State, guarantee the members' benefits in retirement. These benefits are not based on the value of the fund at retirement but on years of pensionable service, actuarial interest factors and final salary calculations.

The DPSA and the GEPF are concerned that people do not understand the long-term consequences of depleting retirement funding. An example of such implications is members who have experienced a reduction in their pension benefits due to divorce settlements often ending up being under-funded at retirement.



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