

For immediate release.

Date: 21 February 2019

Government Employees Pension Fund pensioners will receive a 5.2% annual pension increase as of 1 April 2019.

Pretoria – Government Employees Pension Fund (GEPF) announced today that an annual pension increase of 5.2% to its pensioners with effect from 1 April 2019.

The GEPF has granted this increase to enable pensioners to keep up with rises in inflation.

The pension increase is based on the 5.2% inflation rate for the 12 months ending 30 November 2018 released by Statistics South Africa on 12 December 2018 thus making the increase equal to 100% of Consumer Price Index (CPI) and higher than the 75% of Consumer Price Index (CPI) provided in terms of GEP Law and Rules.

Pensioners whose pensions commenced after 1 April 2018 will receive a proportionate increase based on the number of months they have been in receipt of a pension by 31 March 2019.

It must be noted that increases such as this increase which is above what is provided for in GEP Law and Rules is granted at the discretion of the Board taking the Fund's investment performance into account.

An analysis of the assets held by the Fund in relation to the valuation of its liabilities undertaken in March 2018 showed that the Fund is 108.3% funded, which means that there are sufficient assets in the fund to cover its actuarial liabilities in full.

This funding level has been achieved despite, amongst others, the:

- increase in the number of pensioners
- pension increases
- increase in resignation pay-outs
- increase in funeral benefits from R7 500 to R15 000 upon death of a member, pensioner or spouse as well as the funeral benefit increasing from R 3 000 to R 6 000 for eligible children

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- the introduction of the Child Pension which replaced the Orphan's Pension.

Benefit improvements over the years together with investment performance, salary and pension increases result in changes in both the minimum and long term funding level.

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Note to Editors

GEPF is governed by the Government Employees Pension (GEP) Law of 1996, as amended, and the rules that accompany it. These rules, along with GEPF's Pension Increase and Funding Level policies, give firm guidelines on how the Fund must decide the annual increase that is paid to pensioners. These documents state that GEPF's Board of Trustees (the Board) may approve a pension increase if, after the increase has been granted.

This minimum funding level states that the Fund's assets must be able to cover at least 90% of its liabilities. This means that what the Fund owns (its assets) must be able to cover the cost of at least 90% of what it owes in terms of the current and future pension payments that it is committed to pay (its liabilities). According to the rules, the Fund may thus only approve an increase that it can afford.

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