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NATIONAL TREASURY

NO. 5168 **30 August 2024**

Amendments to the Government Employees Pension Law, 1996 and Rules

In terms of section 29 of the Government Employees Pension Law, 1996 (GEP Law) - (Proclamation 21 of 1996), the Board of Trustees hereby amends the Rules of the Government Employees Pension Law Schedule 1 as set out herein.

Chairman of Board of Trustees
On Behalf of the Board of Trustees

Proposed amendments to the GEP Rules

1) Rule 1 of the Rules is amended as follows:

a) By amending the definition of "**actuarial interest**" to read as follows:

actuarial interest means an amount representing the value of a member's benefits in the Fund based on his or her total pensionable service, or if the context so requires, either of his or her vested service, savings service or retirement service calculated in rule 14.4.2.

Provided further that if the context so requires, actuarial interest may be determined and apportioned to mean the following:

(a) Vested actuarial interest is an amount representing the value of a member's benefits in the Fund based on his or her vested service;
(b) Savings actuarial interest is an amount representing the value of a member's benefits in the Fund based on his or her savings service; and
(c) Retirement actuarial interest is an amount representing the value of a member's benefits in the Fund based on his or her retirement service.

With effect from the vested date, a member's total actuarial interest in the Fund is the sum of his or her vested, savings and retirement actuarial interests.

b) By the insertion after the definition of "**D-Factor**" of the following definitions:

Deferred pensioner means a member who has left the service of an employer for any reason other than ill health, retirement, death or an exit as per rule 14.8, and has made an irrevocable election in writing in terms of rule 16.5.1, on exit, to receive the entire vested component and savings component balances due as a lumpsum benefit and to preserve the retirement component in the Fund for payment at a future date subject to the member reaching retirement age, where retirement age is between the ages of fifty-five and sixty years.

Provided that no further contributions shall be made by a deferred pensioner to the Fund.

De minimis amount means the amount determined by legislation, below which a member's pension benefits from both the vested and retirement components may be commuted into a lump-sum payment as opposed to the payment of an annuity

d) By amending the definition of "**final salary**" to read as follows

final salary means a member's average pensionable emoluments during last 24 months of his/her total pensionable service, or during the whole period of such service, whichever period is shorter.

e) By the insertion after the definition of "**orphan**" of the following definition

Paid-Up member means a member who has left the service of an employer for any reason other than ill health, retirement, death or an exit as per rule 14.8, and

(a) has not chosen to transfer his/her benefits, on exit, to an approved retirement fund; and

(b) has, in the same year of his or her exit, taken out a savings withdrawal benefit and is not eligible for a second payment from the savings component in that tax year, due to the remaining savings component balance being higher than R 2 000 and retains the remaining balance from the savings component in the Fund;

provided that no further contributions shall be paid to the Fund by or in respect of a Paid-Up member.

f) By amending the definition of "**pension interest**" to read as follows:

pension interest in relation to a court order granted under section 7(8)(a) of the Divorce Act, or a court order granted in respect of the division of assets of a marriage according to the tenets of a religion, means, in relation to a member, that member's total actuarial interest, as the case may be determined in terms of the Law and rules, on the date of divorce.

g) By the insertion of a definition of "**pensionable service before vested date"** after the definition of "**pensionable service**" as follows:

pensionable service before vested date, means any period of service, subject to the provisions of rules 9 to 12 -

(a) In respect of a member who was a member of the Government Service Pension Fund or the Temporary Employees Pension Fund immediately prior to the fixed date, the period of time which was recognised as pensionable service of the member under the Government Service Pension Act or the Temporary Employees Pension Act in respect of which no benefit was paid out of the Fund;

(b) continuous service of a member from the fixed date up to the vested date, in respect of which such a member contributed to the Fund or was liable to contribute to the Fund, and in respect of which no benefit has been paid to the member as contemplated in the rules and

(c) any other period which is recognised or allowed in terms of the rules as pensionable service before the vested date of a member:

Provided that any period of pensionable service before vested date shall be calculated by the year and any portion of a year shall be determined according to the proportion which the number of days in that portion of a year bears to 365 days.

h) By the insertion of a definition for "**pensionable service after the vested date"** after the definition of "**pensionable service before the vested date**"**,** to read as follows:

pensionable service after the vested date means any period of service:

(a) of a member after the vested date, in respect of which such a member contributes or contributed to the Fund or was liable to contribute to the Fund,

and in respect of which no benefit has been paid out of the Fund under the rules; and

(b) any other period which is recognised or allowed in terms of the rules as pensionable service after the vested date of a member:

Provided that any period of pensionable service from the vested date shall be calculated by the year and any portion of a year shall be determined according to the proportion which the number of days in that portion of a year bears to 365 days.

i)By amending the definition of "**pensionable service**" as follows:

pensionable service means either the pensionable service before the vested date, pensionable service on the vested date, or the pensionable service after the vested date as the context requires.

j) By the insertion after the definition of "**responsible Minister**" the definitions of the **"retirement component"** and **"retirement service":**

"

retirement component refers to a notional account where a member's accrued benefits based on their retirement service will be allocated after the vested date. The retirement component will be subject to the following conditions:

(a) any amounts transferred on or after the vested date from a retirement component in another fund are to be allocated to this component of the Fund;

(b) the total value of the member's benefits in the retirement component is to be paid in the form of an annuity unless otherwise permitted by legislation; and

(c) the exceptions to paying an annuity are where the member is deceased or where the member elects to transfer the retirement component to an approved fund or where the de minimis threshold as specified in the Income Tax Act applies to the member's pension benefits from the vested and retirement components.

retirement service means -:

(d) two-thirds of pensionable service from the vested date, in respect of which such a member contributes or contributed to the Fund or was liable to contribute to the Fund, and in respect of which no benefit has been paid to the member as contemplated in the rules;

(e) increased by any pensionable service as determined by the actuary, arising from transfers, after the vested date, into the retirement component from the vested component or savings component, or both, from the member's records, as allowed by legislation;

(f) increased by any pensionable service as determined by the actuary, arising from transfers, after the vested date, into the retirement component from a vested component, savings component or retirement

component or any combination of the components of another retirement fund as allowed by legislation;

(g) increased by two-thirds of any additional pensionable service purchased after the vested date;

(h) reduced by the pensionable service, as calculated by the actuary, in respect of any transfers out, after the vested date, of the retirement component to the retirement component of another retirement fund as permitted by legislation; and

(i) reduced by pensionable service, as calculated by the actuary, to be necessary to give effect to a deduction or reduction as permitted in the Law or the rules.

k) By the insertion before the definition of "**service certificate**" of the definitions of the "**savings component**", "**savings service**", "**seed capital**" and "**seed service**". to read as follows

savings component refers to a notional account where a member's accrued benefits based on their savings service will be allocated from the vested date. The savings component will be subject to the following conditions

(a) a once-off amount, being seed capital, is to be allocated to this component on or after the vested date, with the allocation backdated to the vested date;

(b) any amounts transferred on or after the vested date from a savings component in another fund may be allocated to this component if the member's remaining total benefits in that fund are transferred in terms of the rules of the Fund;

(c) a member may elect to transfer the value of the member's actuarial interest in this component, or a part thereof, into the member's retirement component of the Fund;

(d) a member may make a savings withdrawal benefit from this component; and

(e) The savings component not paid as a lump sum on retirement, will be dealt with in accordance with the Income Tax Act.

savings service means -:

(a) one-third of pensionable service from vested date, in respect of which such a member contributes or contributed to the Fund or was liable to contribute to the Fund, and in respect of which no benefit has been paid out of the Fund under the rules;

(b) increased by seeding service, if any;

(c) increased by any pensionable service, as determined by the actuary, arising from transfers, after the vested date, into the savings component from another retirement fund, as allowed by legislation;

(d) increased by one-third of any additional pensionable service purchased after the vested date;

(e) reduced by the pensionable service as calculated by the actuary, in respect of the savings withdrawal benefits paid to the member;

(f) reduced by the pensionable service, as calculated by the actuary, in respect of any transfers after the vested date, to the retirement component of the Fund or another retirement fund, as is permissible by the Income Tax Act read with the Law;

(g) reduced by the pensionable service, as calculated by the actuary, to be necessary to give effect to a deduction or reduction as permitted in the Law or the rules.

seed capital means the once-off amount, equivalent to the lower of 10 percent of the actuarial interest of a member as at 31 August 2024 and R30 000, that will be transferred from the vested component to the savings component on the vested date.

seeding service means the pensionable service period, as determined by the actuary, that will equate to the value of the seed capital.

l) By the insertion after the definition of "**the Board**" the following definition for "**total pensionable service**", to read as follows

total pensionable service means the sum of the pensionable service before the vested date and the pensionable service after the vested date.

m) By insertion after the definition of "**unexpired period of service**" of the definition of "**vested component**", "**vested date**" and "**vested service**" as follows

"

vested component means a notional account where a member's accrued benefits in the Fund as at the vested date will be allocated and is subject to the following conditions.

(a) the member's actuarial interest in this component, after taking into account the deduction and allocation of the seed capital to the savings component, is subject to and must be paid in accordance with the rules of the Fund that existed immediately prior to the vested date;

(b) no additional benefits may be allocated to this component on or after the vested date, save for benefits relating to arrear contributions relating to the period before the vested date as well as the exceptions recorded in the rules;

(c) any amounts transferred from a vested component in another fund on or after the vested date must be allocated to this component if the member's retirement benefits in that fund is transferred in terms of the rules of the Fund;

(d) a member may elect to transfer the value of this component, or a part thereof, into the member's retirement component of the Fund;

vested date means 1 September 2024.

vested service, means any period of service, subject to the provisions of rules 9 to 12 -

(e) in respect of a member who was a member of the Government Service Pension Fund or the Temporary Employees Pension Fund immediately prior to the fixed date, the period of time which was recognised as pensionable service of the member under the Government Service Pension Act or the Temporary Employees Pension Act in respect of which no benefit was paid out of the Fund;

(f) continuous service of a member from the fixed date up to the vested date, in respect of which such a member contributed to the Fund or was liable to contribute to the Fund, and in respect of which no benefit was paid to the member under the rules;

(g) reduced by any pensionable service ceded due to a transfer on exit from the Fund as permitted by the Income Tax Act to an approved fund or to the retirement component;

(h) reduced by any pensionable service ceded, as determined by the actuary, to be necessary to give effect to a deduction as permitted in the Law or the rules;

(i) reduced by any seeding service; and

(j) adjusted for any other pensionable service that may be ceded or allocated to the vested component in terms of the Income Tax Act;

Provided that a period of vested service shall be calculated by the year and any portion of a year shall be determined according to the proportion which the number of days in that portion of a year bears to 365.

2) By the insertion of a new rule 10.7 to read as follows:

Any period of pensionable service accruing as a result of the application of Rule 10 for recognition of a period after the vested date, will be proportioned between the saving service and retirement service in a one to two ratio, or such proportions as may be determined from time to time by legislation.

3) By the insertion of a new rule 10.8 to read as follows:

Any period of pensionable service accruing as a result of the application of Rule 10 for recognition of a period prior to the vested date, will be allocated to the vested service, and such allocation shall have no retrospective impact on the determination of the value of seed capital.

4) By amending the reference to rule 14.4.1 (b) in Rule 12.3 to rule 14.4.1(a)

If a member resigns or retires as contemplated in rules 14.3.2, 14.4.1 or 14.5.1, he or she has the right to transfer his or her actuarial interest in the Fund to an approved

retirement fund: Provided that such transfer shall be subject to the provisions of rule 14.4.1 (a): Provided that the employer shall for this purpose be deemed to be a participating employer of any approved and registered preservation fund.

5) By the insertion of a new rule 12.4 which reads as follows:

With effect from the vested date, notwithstanding the provisions of Rule 12, any transfers into or out of the Fund will be effected by way of allocation of pensionable service, as permitted by legislation, amongst vested service, savings service and retirement service as advised by the actuary or such similar components as may exist in the transferor fund in respect of transfers in, and the transferee fund in respect of transfers out.

6) By the insertion of a new rule 14A after Rule 14 which reads as follows:

14A Savings Withdrawal Benefit

14A.1 With effect from the vested date, a member who has savings service may make an irrevocable request, in writing, for one withdrawal from the savings component in every tax year of assessment for the value of a portion or the whole of the savings service equal to the actuarial interest as determined by the actuary, subject to the limitations that may be imposed by the Income Tax Act;

14A.2 Any such withdrawal will result in a reduction in the member's saving service, as determined by the actuary;

14A.3 The value of the savings withdrawal benefit may not be less than the amount of R 2 000 or such amount as may be determined from time to time by legislation;

14A.4 The savings withdrawal benefit will be subject to tax as determined in terms of the Income Tax Act.

14A..5 Notwithstanding rule 14A.1 -:

(a) If a member terminates membership with the Fund, in any tax year of assessment and such member has already made an irrevocable election to take a savings withdrawal benefit in that year of assessment and the remaining savings actuarial interest is lower than R2 000, such a member may be allowed a second withdrawal, as part of the exit benefit, equal to the balance of the savings actuarial interest.

(b) Where a member terminates membership with the Fund, excluding by way of ill-health, retirement or death, and has made an irrevocable election to transfer their benefit to an approved retirement fund, in any tax year of assessment and such member in the same year of assessment has taken a savings withdrawal benefit and the member's remaining savings actuarial interest is more than R2 000, such amount

shall be transferred to a savings or retirement component in the transferee fund as permitted by the legislation.

(c) Where a member's membership with the Fund terminates other than for ill-health, retirement and death, and elects to receive a lumpsum benefit, in any tax year of assessment and such a member in the same year of assessment has taken a savings withdrawal benefit and the member's remaining savings actuarial interest is more than R2 000, the savings actuarial interest will be retained in the Fund in terms of rule 16.4.

7) By amending rule 14.1.1 to read as follows:

14.1 Discharge prior to 10 years of total pensionable service

14.1.1 Subject to rule 14.10 if a member who has less than 10 years of total pensionable service to his or her credit is discharged –

(a) on account of ill-health not occasioned by his or her own fault;
(b) owing to the abolition of his or her post or the reduction or the reorganisation or the restructuring of the activities of his or her employer;
(c) on the grounds that his or her discharge will promote efficiency or economy or otherwise be in the interest of his or her employer;
(d) on account of his or her incapability to carry out his or her duties efficiently excluding cases where such incapability and inefficiency result in such a person being discharged on grounds of misconduct;
(e) on the grounds that the President or the Premier of a province appointed him or her in terms of the provisions of an act to an office and his or her pensionable service cannot be recognised as pensionable service for the purposes of a superannuation, pension, relief or provident fund or scheme established by or under any law for the holders of such office;
(f) as a result of injury or ill-health, not occasioned by his own fault, arising out of and in the course of his employment; or
(g) in terms of Act section 17(4) of the Public Service Act, 1994, or in terms of Act section 17(7) of the Post Office Service Act, 1974 (Act No. 66 of 1974),

there shall be paid to him or her a gratuity which shall be calculated at 15,5 per cent of such a member's final salary, multiplied by the period of his or her vested and savings service, provided that a member's final salary shall for this purpose not be less than his or her pensionable emoluments as on the day immediately before the commencement date.

14.1.2 If a member is discharged for a reason mentioned in rule 14.1.1(a), (b), (c), (e) or (f), the amount of the gratuity which is payable to him or her in terms of rule 14.1.1, shall be increased by one-third of the said amount.

14.1.3 The gratuity payable in terms of rule 14.1.1 or rule 14.1.2 shall be subject to a minimum of the benefit calculated in terms of rule 14.4.1.

14.1.5 If a member is discharged for a reason mentioned in rule 14.1.1 (b), (c), (d) or (e), subject to rule 16.5 and the Income Tax Act, an annuity determined as at the date of termination of employment calculated by the actuary as the deferred annuity payable from his/her pension-retirement date earned by the period of

his or her retirement service calculated in terms of rule 14.2.1(d) shall be payable.

8) By amending rule 14.2.1 to read as follows:

14.2 Discharge after at least 10 years of total pensionable service

14.2.1 Subject to rule 14.10 if a member who has at least 10 years of total pensionable service to his or her credit is discharged on account of a reason mentioned in rule 14.1.1, there shall be paid to him or her –

(1) The composite of

(a) a gratuity calculated at 6,72 percent of his or her final salary multiplied by the period of his or her vested service;

(b) a gratuity of three times 7.75 percent or three times 8.45 percent for Services members, of his or her final salary multiplied by the period of his or her savings service;

(c) an annuity calculated at one fifty-fifth of his or her final salary multiplied by the period of his or her vested service;

(d) a deferred annuity of 2.558 percent (or 2.471 percent for Services members), of his or her final salary multiplied by the period of his or her retirement service, or an immediate annuity in the case of ill health, death, retirement or an exit in terms of rule 14.8, and

(e) a supplementary amount of R360, or such other amount as may be payable from time to time, per year:

Provided that a member's final salary shall for this purpose not be less than his or her pensionable emoluments as on the day immediately before the commencement date.

9) By amending rule 14.2.2 as follows:

14.2.2 The member may elect, in writing when he or she retires or is discharged, to have either the gratuities in rule 14.2.1 (a) and 14.2.1 (b) or the annuities in rule 14.2.1 (c) and 14.2.1 (d) reduced in favour of the increased spouse's pension entitlement in terms of rule 14.6.2 in respect of the spouse(s) so recognised in terms of the rules of the Fund at the time of the calculation. In this case either:

(a) the gratuity in rule 14.2.1 (a) will be substituted for a gratuity rate of a percentage of his or her final salary multiplied by the period of his or her vested service as calculated by the actuary taking into account all relevant factors, which would include inter alia the ages and genders of the member and the spouse(s), any remaining guarantee period, and the valuation assumptions from the most recent approved actuarial valuation of the Fund; or; and

(b) the gratuity in rule 14.2.1 (b) will be substituted for a gratuity rate of a percentage of his or her final salary multiplied by the period of his or her savings service as calculated by the actuary taking into account all relevant factors, which would include inter alia the ages and genders of the member and the spouse(s), any remaining guarantee period, and the valuation assumptions from the most recent approved actuarial valuation of the Fund; or

(c) the annuity in rule 14.2.1 (c) will be substituted for an annuity of such percentage of his or her final salary multiplied by the period of his or her vested service calculated by the actuary taking into account all relevant factors, which would include inter alia the ages and genders of the member and the spouse(s), any remaining guarantee period, and the valuation assumptions from the most recent approved actuarial valuation of the Fund ,and

(d) the annuity in rule 14.2.1 (d) will be substituted for an annuity of such percentage of his or her final salary multiplied by the period of his or her retirement service calculated by the actuary taking into account all relevant factors, which would include inter alia the ages and genders of the member and the spouse(s), any remaining guarantee period, and the valuation assumptions from the most recent approved actuarial valuation of the Fund.

10)By amending rule 14.2.4 as follows:

14.2.4 For the purposes of the calculation of the gratuities and annuities in terms of rule 14.2.1 and rule 14.2.2, the period of total pensionable service-

(a) of a member who is a member of the South African Police Service, the Correctional Services, the South African National Defence Force, the National Intelligence Agency or the South African Secret Service, shall be increased by a period which is equal to one quarter of the period by which his or her total pensionable service, ignoring the service reductions due to savings withdrawal benefits, exceeds the period of 10 years with such an enhancement being allocated proportionally across the vested, savings and retirement service;

……

(iv) who is allowed to vacate his or her office in terms of section 3(a) of the Auditor-General Act, 1995, in order to promote efficiency.

shall be increased proportionally across the vested, savings and retirement components by a period equal to-

(AA) one third of the period of his or her total pensionable service or by his or her unexpired period of service whichever period is the shorter, but not exceeding five years; and

(BB) one half of the period during which. he or she held an office referred to in section 12 (1) of the Public Service Act, 1994, or section 10A of the Post Office Service Act, 1974, or sections 191 (4), 211 or 213 of the Constitution of the Republic of South Africa, 1993, or section 27 (2) of

the Audit Arrangements Act, 1992, or section 6 and 7 of the South African Police Service Act, 1995 (Act 68 of 1995):

Provided that the member's total pensionable service, the period whereby it is increased in terms of this rule and the period during which a member held any office referred to in section 12 (1) of the Public Service Act, 1994, or section 10A of the Post Office Service Act, 1974, or sections 191 (4), 211 or 213 of the Constitution of the Republic of South Africa, 1993, or section 27 (2) of the Audit Arrangements Act, 1992, or section 6 and 7 of the South African Police Service Act, 1995 (Act 68 of 1995), shall not exceed 55 years: Provided, further, that the period of 55 years shall be adjusted in accordance with the formula as set out in rule 13.1 if a member's working status is changed from full-time to part-time employment.

11)By amending rule 14.2.5 (a) to read as follows:

(a) 'total pensionable service' shall not include a period during which a member held an office referred to in section 12 (1) of the Public Service Act, 1994, section 10A of the Post Office Service Act, 1974, sections 191 (4), 211 or 213 of the Constitution of the Republic of South Africa, 1993, or section 27 (2) of the Audit Arrangements Act, 1992 or sections 6 and 7 of the South African Police Service Act, 1995 (Act 68 of 1995): Provided that a period during which a member held office as referred to above and which can not be regarded as a completed period in accordance with paragraph *(b)* shall be included as total pensionable service in terms of this rule;

12)By amending rule 14.3.2 to read as follows:

14.3.2` Member's with less than 10 years of total pensionable service

A member who retires on account of a reason mentioned in rule 14.3.1 and who has less than 10 years of total pensionable service shall receive:

(a) a gratuity equal to his or her vested actuarial interest; and
(b) with effect from the vested date, a gratuity that is equal to the savings actuarial interest, subject to rule 14A and any applicable deductions .and
(c) with effect from the vested date, subject to the de minimis amount in the Income Tax Act, an annuity determined as at the date of retirement calculated on the period of his or her retirement service, using the benefits set out in rule 14.2.1 (d)

13)By amending rule 14.3.3 to read as follows:

14.3.3 Member's with 10 years and more years of total pensionable service

(a) a member who retires on account of a reason mentioned in rule 14.3.1(a), (b) or (c) and who has at least 10 years total pensionable service to his or her credit, shall be paid the benefits referred to in rule 14.2.1 or 14.2.2.

Provided that rules 14.2.3(a) and 14.2.2 shall apply to members referred to in those rules, where applicable.

(b) a member who retires on account of a reason mentioned in rules 14.3.1(d) or (e) and who has at least 10 years of total pensionable service to his or her credit, shall be paid benefits referred to in rule (a) above: Provided, that such benefits shall be reduced by one-third of one percent for each complete month between the member's actual date of retirement and his or her pension-retirement date.

14) By amending rule 14.4.1 (a) to read as follows:

"…

(a) 7.5 percent of his or her final salary multiplied with the period of his or her vested and savings service and increased by ten percentage points for each full year of total pensionable service between 5 and 15 years: and the member's vested actuarial interest and savings actuarial interest in the Fund.

Interest shall be added to the vested and savings components balances to be transferred to account for any delay in payment thereof to the approved retirement fund.

(b) In addition to the benefit payable under rule 14.4.1(a), the following benefits with effect from the vested date, subject to rule 16A and the Income Tax Act, an annuity determined as at date of termination of employment calculated at 2.558 percent of his or her final salary multiplied by the period of his or her retirement service or 2.471 percent of his or her final salary multiplied by the period of his or her retirement service for Services members.

15) By amending rule 14.4.2 to read as follows:

14.4.2 The actuarial interest, per component, for a member who has---

16) By amending rule 14.4.2 (a) as follows:

(a) not attained the age of 55 years, shall be calculated in accordance with the following formula:

N(adj) x FS x F(z) x[1+(0.04 x(60-Z)] where-

Where –

N(adj) is the member's period of pensionable service, taking into account all adjustments thereto in terms of the rules, as at the date of termination of service;

FS is the member's final salary;

F(Z) is a factor determined by the Board acting on the advice of the actuary, and after consultation with the Minister and the employee organisations;

Z is the age at which the member attains his or her pension-retirement date;

Notwithstanding the above, the actuarial interest for each component will be determined as follows

Vested actuarial interest shall be calculated according to the following formula N(v) x FS x F(z) x [1+(0.04 x(60-Z)] where N(v) is the vested service;

Savings actuarial interest shall be calculated according to the following formula N(s) x FS x F(z) x [1+(0.04 x(60-Z)] where N(s) is the savings service;

Retirement actuarial interest shall be calculated according to the following formula
N(r) x FS x F(z) x [1+(0.04 x(60-Z)] where N(r) is the retirement service;

provided that the total of the actuarial interest calculated with reference to vested service, savings service and retirement service shall not be less than the sum of the amount of the benefit described in rule 14.4.1(a) and the capitalised value of the amount of the benefits described in rule 14.4.1(b):

17)By amending rule 14.4.2(b) to read as follows:

attained the age of 55 years, shall be calculated in accordance with the following formula: Provided that the actuarial interest relevant to vested and savings service shall not be less than the amount of the benefit described in rule 14.4.1(a):

Vested actuarial interest shall be calculated according to the following formula
G(v) + [A(v) x A(X)]

Where – G(v) is the amount of a gratuity, based on vested service, the member would have received in terms of rules 14.2.1 (a) had they retired on that date.

A(v) is the amount of the annuity the member would have received, based on vested service, in terms of rule 14.2.1(c). For this purpose, a member with less than 10 years of total pensionable service, will be deemed to qualify for the same benefit as a member with 10 years or more of total pensionable service;

A(X) is a factor determined by the Board acting on the advice of the actuary, and after consultation with the Minister and the employee organisations.

Savings actuarial interest shall be calculated according to the following formula

G(s)

Where – G(s) is the amount of a gratuity, based on savings service, the member would have received in terms of rule 14.2.1 (b) had he retired on that date.

Retirement actuarial interest shall be calculated according to the following formula

[A(r) x A(X)]

Where A(r) is the amount of the annuity the member would have received, based on retirement service, in terms of rule 14.2.1(d)

18)By amending rule 14.5 to read as follows:

14.5 Benefits on the death of a member

14.5.1 If a member with less than 10 years of total pensionable service dies, a gratuity shall be paid to his or her beneficiaries, or to his or her estate if there is no beneficiary, equal to the greater of the sum of the vested, savings and retirement actuarial interest and his or her final salary.

14.5.2 If a member with at least 10 years of total pensionable service dies, the gratuity shall be paid to his or her beneficiaries or to his or her estate if there is no beneficiary, which is equal to the sum of the gratuity and five times the annuity which would have been payable to him or her in terms of rules 14.2.1 (a), (b),(c) and (d) if he or she had retired for a reason referred to in rule 14.1.1 (a) on the day of his or her death, with the annuity being payable from the date of his/her death.

14.5.3 If a member dies and the total of such a member's period of total pensionable service and his or her unexpired period of service is at least ten years, there shall be paid to the surviving spouse, if any, a spouse's pension which is equal to half of the annuity and the supplementary amount which the member would have received in terms of the provisions of rules 14.2.1(c) and 14.2.1 (d) if he or she had retired on the date of his or her death in terms of a reason mentioned in rule 14.3.1 *(a)*: Provided that total pensionable service for this purpose also includes the member's unexpired period of service: Provided further that where there is more than one spouse, the spouse's pension will be divided equally among the spouses.

14.5.4 With effect from 1 June 2018, if a member dies and leaves an eligible child pensioner, a child’s pension shall become payable to such eligible child pensioner equal to the percentage of the annuity and the supplementary amount which the member would have received in terms of the provisions of rules 14.2.1(c) and 14.2.1 (d) .1if he or she had retired on the date of his or her death in terms of a reason mentioned in rule 14.3.1 (a): Provided that the total pensionable service for this purpose also includes the member's unexpired period of service. The percentage shall be as indicated in the table below, subject to a minimum child’s pension as determined by the Board, which minimum child’s pension may not be less than R200.00 per month.

19)By the insertion of a new rule 14.9.3 to read as follows:

14.9.3 The benefits provided in this rule do not apply to deferred pensioners.

20)By the insertion of a new rule 14.10.11 and 14.10.12 to read as follows:

14.10.11 with effect from the vested date deductions relevant to divorce orders will occur in respect of all components having regard to the divorce order and applicable legislation

14.10.12 with effect from the vested date transfers and payments to the former spouse are permitted as contemplated in the Income Tax Act

21)By amending the following definitions in rule 15.8 to read as follows:

factor E is equal to
6.72 per cent in respect of vested service,
three times 7.75 percent in respect of savings service or three times 8.45 percent in respect of savings service for Services members,

factor K is equal to
one fifty-fifth in respect of vested service,
2.558 percent in respect of retirement service or 2.471 percent in respect of retirement service for Services members;

22)By the insertion of a new rule 16.4 to read as follows:

16.4 Paid-up benefit

16.4.1 A member who leaves the Fund, other than on ill health, retirement, death or an exit as per rule 14.8 and has not opted to transfer his/her savings component to an approved retirement fund but is not eligible for a payment from the savings component in that tax year, due to previously making a savings withdrawal benefit in the same tax year and having a remaining balance in the savings component that is higher than R 2 000 or such amount as may be determined from time to time by legislation, will be a Paid-up member and entitled to a paid-up benefit from the savings component.

16.4.2 A Paid-up member may elect to receive his or her paid-up benefit from the first day of the subsequent tax year after the date of exit.

16.4.3 Payment of the paid-up benefit will only occur on application for such payment being made by the Paid-up member.

16.4.4 No further contributions will be payable to the Fund by the Paid-up member or the employer, from the date that the member becomes a Paid-up member unless such a member rejoins the Fund under a new pensionable service record.

16.4.5 The paid-up benefit will be based on the savings service and final salary of the member as at the date at which they cease to be an active member, with the benefit increased with interest as determined by the Fund,

16.4.6 The Fund will have no further obligation to the Paid-up member once the paid-up benefit has been paid to them.

16.4.7 Subject to the provisions of rule 16.4.9, the change in status from being a member to a paid-up member, is irrevocable.

16.4.8 Funeral benefits, as provided for in rule 14.9, will cease from the date that the member becomes a Paid-up member.

16.4.9 If a Paid-up member dies before applying for the paid-up benefit to be paid, then the paid-up benefit will be paid to the Paid-up member's estate.

16.4.10 Subject to notifying the Fund in writing, a Paid-up member may at any time after he or she has left the Fund, transfer his/her paid-up benefit to an approved retirement fund. The paid-up benefit, in full, must be transferred, as no partial transfers will be permitted. Thereafter the Fund shall have no further obligation towards the Paid-up member.

16.4.11 If a Paid-up member re-joins the Fund, provided he has not, prior to such re-entry into the Fund, been paid his/her paid-up benefit, he/she shall continue to have a separate paid-up member record until the member retires from the Fund, or the member requests, in writing, from the Fund, for the paid-up benefit to be transferred to his /her new savings component or retirement component.

16.4.12 For the purposes of this rule, a dormant member is not a Paid-up member.

23)By the insertion a new rule 16.5 to read as follows:

16.5 Deferred pensions

16.5.1 A member who leaves the Fund other than ill health, retirement, death or an exit as per rule 14.8, can elect, on exit, to receive the full balances from the vested component and savings component as a cash benefit and to retain the balance of the retirement component as a service credit in the Fund. Such a member will be classified as a deferred pensioner and will be entitled to a deferred annuity from the first day of the month following their fifty-fifth birthday, as determined in accordance with rule 14.2.1 (d), provided, that the annuity will be reduced by one-third of one per cent for each complete month between the actual date that the deferred pensioner requests for payment of the deferred annuity and his/her sixtieth birthday..

16.5.2 The deferred pensioner will be entitled to a deferred annuity that will be payable from a future date that falls between his/her fifty-fifth and sixtieth birthdays,

16.5.3 The deferred annuity will be increased with pension increases granted by the Board from 1 April following the date of leaving the Fund.

16.5.4 No further contributions will be payable to the Fund by the deferred pensioner or the employer, from the date that the member becomes a deferred pensioner unless such a member rejoins the Fund under a new pensionable service record.

16.5.5 Subject to the provisions of rule 16.5.8, an election to become a deferred pensioner or the transfer to deferred pensioner status due to retaining benefits with the Fund, is irrevocable.

16.5.6 If a deferred pensioner dies after leaving the Fund but prior to the deferred annuity benefits becoming payable, then the capitalised value of the deferred annuity benefits will be paid to the deferred pensioner's estate.

16.5.7 If a deferred pensioner dies after the commencement of receipt of the deferred annuity benefits, then their benefits will be paid according to rule 14.6.

16.5.8 Subject to notifying the Fund in writing, a deferred pensioner may at any time after he or she has exited the Fund but before the commencement of receipt of a deferred annuity benefit, elect to transfer the lumpsum equivalent of his or her deferred annuity benefit, as determined by the actuary, to an approved retirement fund.

16.5.9 The full value of the deferred annuity must be transferred and the Fund shall after such transfer have no further obligation towards the deferred pensioner.

16.5.10 The election to transfer the deferred annuity to an approved retirement fund is irrevocable.

16.5.11 Funeral benefits, as provided for in rule 14.9, will cease from the date that the member becomes a deferred pensioner and will only be reinstated once the deferred pensioner becomes a pensioner within the Fund.

16.5.12 For the purposes of this rule, a dormant member is not a deferred pensioner.

24) By the insertion of a new rule 24 as follows:

24 Emigration

In the event that a member ceases to be a South African tax resident for an uninterrupted period of three years or departs from South Africa at the expiry of a work or visit visa, the limitations and requirements as set out in the Income Tax Act, 1962 shall be applied.

Proposed Amendments to "Annexure"

1) By amending part B of Annexure as follows:

The following benefits are payable:

(i) Members of Government pension funds who have attained the age of 55 years and who have completed at least 10 years of vested service, on written choice of the member:

A gratuity equal to the sum of his or her vested actuarial interest and savings actuarial interest; payable to the member in his own right or into an approved retirement fund of the member's choice

and

either an annuity based on retirement service payable from the date of exit, or a gratuity, equal to the retirement actuarial interest, provided that the retirement actuarial interest is lower than the de minimis amount;

without scaling down of pension benefits in terms of rule 14.3.3 (b) and without an addition of pensionable service in terms of rule 14.2.4 (b)

or

A gratuity equal to the sum of a gratuity of 6,72 percent of his or her final salary multiplied by the period of his or her vested service and savings actuarial interest;

payable to the member in his own right or into an approved retirement fund of the member's choice

and

either an annuity based on retirement service payable from the date of exit, or a gratuity, equal to the retirement actuarial interest, provided that the retirement actuarial interest is lower than the de minimis amount;

without scaling down of pension benefits in terms of rule 14.3.3 (b) and without an addition of pensionable service in terms of rule 14.2.4 (b)

……

(ii) Members of Government pension funds who have not yet attained the age of 55 years, as well as those who have attained the age of 55 years but have less than 10 years of vested service, on written choice of the member:

A gratuity equal to his or her actuarial interest calculated with reference to vested service and/or savings service payable to the member in his own right or into an approved retirement fund of the member's choice and

either an annuity based on retirement service payable from the date of exit, or a gratuity, equal to the retirement actuarial interest, provided that the retirement actuarial interest is lower than the de minimis amount;

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