

FOR PSA MEMBERS: GENERAL 19/2021

30-07-2021

## Update: *Pension Fund Amendment Bill 30-2020*

In terms of the *Government Employees Pension Fund Act* and the Rules and Regulations governing the Government Employees Pension Fund (GEPF), provision is made for the payment of pensions and certain benefits to persons in the employ of the State.

The GEPF Law and GEPF Rules make various references to instances where negotiation or consultation is required with the Minister and/or labour representatives in the Public Service Coordinating Bargaining Council (PSCBC) or employee organisations representing the Public Service, prior to any amendment being made to, amongst others, the benefit structure of the Fund.

The PSA is inundated with calls from members regarding early access to pension savings given the current economic crisis that was intensified by the COVID-19 pandemic. Government has tabled the *Pension Fund Amendment Bill (B 30 -2020)* to the standing Committee on Finance. The *Bill* aims to allow pension fund members to obtain a loan, secured from a registered pension fund, to alleviate financial pressure during an emergency such as the COVID-19 pandemic. These proposed amendments must be subjected to negotiations at the level of the PSCBC. Only once parties at the level of the PSCBC agree to the proposed amendments, will such a decision be communicated to the GEPF Board of Trustees. The Board will have to consider and subsequently follow processes in this regard.

Members should, however, note that there are certain processes that need to unfold before any changes can be effected, including gazetting of the rules to comply with legislative requirements. These are tedious processes and will take time to effect.

The proposed amendments may assist as an emergency measure but could have devastating effects on an individual's ability to provide for old age. The GEPF is a defined-benefit fund, which means that the GEPF and the State as employer, guarantee that members will receive their benefits at retirement. These benefits are not based on the value of the fund at retirement but on the years of pensionable service and final salary calculations.

In view of the concerns and queries received from members the PSA will, however, table this matter at the PSCBC for discussion. Members will be informed of developments.

GENERAL MANAGER