
**ANNEXURE: INTERPRETATION ACTS –EXIT AND CLAIMS
AMENDMENT TO GEPF RULES – RESOLUTION 7 – SEVERANCE PACKAGES**

DOCUMENT APPROVAL

ON BEHALF OF:
AST/THUSO

PROGRAMME MANAGER _____ Date _____

ON BEHALF OF:
GEPF

DEPUTY DIRECTOR OPERATIONS _____ Date _____

DEPUTY DIRECTOR FINANCIAL
ADMINISTRATION _____ Date _____

CHIEF INFORMATION OFFICER _____ Date _____

CHIEF DIRECTOR _____ Date _____

MR F FABER _____ Date _____

INTERNAL AUDIT _____

MS L OLIVIER _____ Date _____

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MS A PATRICK	<hr/>	Date <hr/>

Please note that all the regulations and formulae contained in this document and relating to the amendment to the Government Employees Pensions Fund are ONLY APPLICABLE TO SEVERANCE PACKAGE APPLICATIONS RECEIVED ON OR AFTER 17 JUNE 2002..

Severance Package

Changes to the Formula for Severance Packages contained in the Government Gazette dated 1 November 2002.

Applications received on or after 17 June 2002

Rule	Description
14.8	If a member's service is terminated prior to his or her retirement date as a result of an initiative of his or her employers in terms of a severance package offered to him or her, which offer he or she voluntarily accepts, there shall be paid to him or her the pension benefits offered to him or her in terms of the severance package as set out in the annexure to the rules Provided that
14.8(a)	Such benefits or arrangements have been agreed to after negotiations in terms of any law applicable in respect of labour relations arrangements in the Public Service, including Education, or negotiations in accordance with labour relations arrangements applicable to the South African Police Service, the South African National Defence Force, the National Intelligence Agency and the South African Secret Service concerning his or her conditions of service And
14.8(b)	Payment of such benefits shall be subject to the provisions of 17(4) of the Law, read with rule 20.

Please note the rules for the following section should read as follows:

Resolution 7

B PENSION BENEFITS IN TERMS OF PSCBC RESOLUTION 7 OF 2002

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' pensionable service, on written choice of the member:
A gratuity equal to his/her actuarial interest payable to the member in own right or into an approved retirement fund of the member's choice;

OR

A gratuity and annuity determined in terms of the formula that applies to the member, without scaling down of pension benefits and without an addition of pensionable service.

- (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 but have less than 10 years pensionable service:

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

Members who have attained 55 Or More Years Of Age With 10 Or More Years Pensionable Service

Rule	Sub Rule	Formula	Exit Code
R7BI a Own Right R7BI b Approved Retirement Fund R7BI c Annuity & Gratuity		<u>ON WRITTEN CHOICE OF MEMBER</u> EITHER GRATUITY = ACTUARIAL INTEREST payable to the member in own right or into an approved retirement fund of the member's choice <u>Member who has reached the age of 55 years</u> G + [A x A(X)] G = Gratuity member would have received in terms of rules had he retired on that date A = Annuity member would have received in terms of the rules had he retired on that date A(X) = Factor determined by actuary Services If member was a member of Correctional Services, NIA, SASS, SAPS or SANDF then: Pensionable Service shall be increased by a period that is equal to one quarter of the period that exceeds 10 years. Applicable only where these members have more than ten years pensionable service THE ACTUARIAL INTEREST SHALL NOT BE LESS THAN THE RESIGNATION BENEFIT WHICH IS AS FOLLOWS: Resignation Benefit 7.5% x Final Salary x Pensionable Service plus increase by ten percentage points for each FULL year of pensionable service between 5 & 15 years of service. OR GRATUITY AND ANNUITY The formula that applies at the member's pensionable age Gratuity = 6.72% x Final Salary* ¹ X Period of Pensionable Service* ² Annuity = 1/55 x Final Salary* ¹ X Period of Pensionable Service* ² plus Supplementary Amount of R360 . Monthly Pension = Annuity divided by 12	N
	14.4.2b		
	14.2.4a		
	14.4.1a		
	14.2.1a		
	14.2.1b		
	14.2.1c		
	14.2.6		

	14.2.4a	<p>Services</p> <p>If member was a member of Correctional Services, NIA, SASS, SAPS or SANDF then:</p> <p>Pensionable Service shall be increased by a period that is equal to one quarter of the period that exceeds 10 years.</p> <p>Final Salary*¹</p> <p><i>Average of pensionable emoluments over the last 24 months but not less than as at 30 April 1997.</i></p> <p>Period of Pensionable Service*²</p> <p><i>No additional period of service to be given for the above type of exit.</i></p> <p>NOTE. <i>The above benefits will not be scaled down.</i></p>	
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Members 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 pensionable service

Reason for Exit	Rule	Sub Rule	Reason Code	Calculation of Benefit
Severance Package				<p>GRATUITY = ACTUARIAL INTEREST payable to the member in own right or to an approved retirement fund of the member's choice</p>
R7BII a	14.4.2a			<p><u>Member who has not reached the age of 55 years</u></p> <p>$N(\text{adj}) \times FS \times F(Z) \times [1 + (0.04 \times \{60 - Z\})]$</p> <p>N(adj) = all periods of pensionable service</p> <p>FS = final salary</p> <p>F(Z) = factor determined by the actuary</p> <p>Z = age member reaches his pension retirement age</p> <p><u>Note</u></p> <p><u>Z is 60. (For the purposes of this specification)</u></p>
Own Right				
R7BII b	14.4.2b			<p><u>Member who has reached the age of 55 years</u></p> <p>This is applicable for less than 10 years or 10 years and more pensionable service.</p> <p>$G + [A \times A(X)]$</p> <p>G = Gratuity member would have received in terms of rules had he retired on that date</p> <p>A = Annuity member would have received in terms of the rules had he retired on that date</p> <p>A(X) = Factor determined by actuary</p> <p>Services</p> <p>If member was a member of Correctional Services, NIA, SASS, SAPS or SANDF then:</p> <p>Pensionable Service shall be increased by a period that is equal to one quarter of the period that exceeds 10 years.</p> <p>Applicable only where the member has more than 10 years of pensionable service</p> <p>THE ACTUARIAL INTEREST SHALL NOT BE LESS THAN THE RESIGNATION BENEFIT WHICH IS CALCULATED AS FOLLOWS:</p> <p>Resignation Benefit</p> <p>$7.5\% \times \text{Final Salary} \times \text{Pensionable Service}$</p> <p>plus increase by ten percentage points for each FULL year of pensionable service between 5 & 15 years of service.</p>
Approved Retirement Fund				
	14.2.4a			
	14.4.1a			

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