



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

INTERNET ARTICLE

Public Servants' retirement savings are safe – Government

20 October 2014

Government wishes to once again assure public servants that their pension funds contributions are safe, adding that they need not worry about not getting paid out their monies due to them in full when they retire.

In a message placed in the Government Internal Communication Bulletin, Issue Number 10 of 2014, the State stresses that the Government Employees Pension Fund (GEPF) is a defined benefit pension fund and the proposed changes are related to provident funds and will therefore not affect its members.

Government therefore appeals to public servants not to resign from the public service due to a widespread misconception and false rumours that changes to retirement funds would lead to the appropriation of their savings.

It is for these reasons that government would like to assure public servants that it is not planning to nationalise their pension or provident funds or prevent them from accessing their benefits. It is also not proposing that people's current and new retirement savings be kept, saved or preserved with government (construed as "nationalisation") or be used to fund government projects (referred to as "prescribed assets").

The state says it is ill-advised for government employees to resign from employment to cash in their retirement funds. Employees run the risk of being unemployed and losing the security of an income by so doing.

Government encourages members of provident funds to take a portion of their retirement money as monthly-income payments (annuity) instead of a once-off lump sum. "Any changes to provident funds may be applicable to new contributions made from 1 March 2015 by provident fund members below the age of 55. Balances accumulated before 1 March 2015 will not be affected and will therefore, still be taken as a cash lump sum when a provident fund member retires. Government has further assured pension and provident fund members that once the new rules for provident funds come into effect, they will still be able to access their retirement savings when they resign or change jobs," according to government in assuring its employees.

Therefore, GEPF members should not resign prematurely; instead they should contact its call centre on 0800 117 669 for clarity on their pension benefits.

The new proposals seek to ensure that South Africans who are currently working will be able to retire comfortably and not rely excessively on government.

State employees should note that government is committed to improving the living standards of our people and part of this commitment is to ensure that all workers enjoy a good quality of life when they retire.



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