



Public Service  Pulse

## REPORT NO. 2 OF 2016

### PUBLIC SERVICE CO-ORDINATING BARGAINING COUNCIL MEETING

In a Council meeting convened on the 26<sup>th</sup> February 2016, GEPF representative was invited to make a presentation regarding the recent **Tax Reforms**.

It was explained that the Tax changes are aimed at ensuring that pension fund members are better protected and can retire comfortably. The changes will improve tax incentives for retirement savings and these changes are to align provident fund to pension and retirement annuity funds at retirement. Parties were reassured that the changes will not affect the GEPF members and pensioners, and that their pensions are safe and secure.

Members of provident fund will have to buy a pension with at least two third of retirement benefit unless total benefit is less than R247 500. However this does not apply to those over 55 years of age if they stay a member of the same provident fund until retirement. Members of provident fund could take their full retirement benefit as full cash lump sum that is contributed before the new tax reform. Any amount contributed to provident fund will not be tax deducted after 01 April 2018.

It was pointed out that there is a big concern for GEPF of high resignation amongst those who are over 50 years of age with long service; when they resign before retirement age they lose 30% of benefit.

GEPF explained that death shortly after retirement has a 5 year guarantee period; if a retired member dies within the first 5 years benefits get paid to spouse and children. The benefits get paid as a lump sum and thereafter the spouse is paid for life. GEPF has also proposed to increase the age of children who benefit from 18 to 22 years.

*– Issued by the Office of the General Secretary*