



NAPTOSA NORTH WEST

VISIT OUR WEBSITE www.naptosa.org.za (Go to "Provincial" then "North West")
Tel: 014 592-4447 Fax 014 597-0991 e-mail infonw@naptosa.org.za



1 APRIL 2014

NF 13/14

NEWS FLASH

Exit management: Employer duties in the event of a retirement

In terms of PSCBC Resolution 1 of 2012 the employer gave a commitment to inter alia review the exit management system in order to expedite the processing of pension pay-outs within 30 days. To date this has not been done. In order to assist the employer in this regard the Government Pensions Administration Agency (GPAA) has issued a Practice Note setting out the employer's duties in the event of an employee's retirement (**the Practice Note is attached for information**).

Members who will be retiring should be encouraged to take the initiative in line with the GPAA guidelines by-

- Timeously announcing to the employer when they intend retiring
- Ensuring that the employer provides them with the relevant documentation to be completed (see par. 4.1.2 of the Practice Note)
- Requesting the employer to explain all the issues mentioned in par 4.1.4 of the Practice Note to them (GPAA proposes that this be done 6 months in advance of retirement).
- Attending the "Retiring Member Campaign" workshops held by GPA in the various province (see GEPF website for information in this regard).

TO ALL PARTICIPATING EMPLOYERS OF THE GOVERNMENT EMPLOYEES PENSION FUND

GPAA PRACTICE NOTE 1 OF 2014

EMPLOYER DUTIES IN THE EVENT OF RETIREMENT

1. Introduction

- 1.1 This practice note serves to inform employers of the minimum steps to be taken in the event that an employee retires from the employer.
- 1.2 In terms of item 13.1 of PSCBC Resolution 1 of 2012, the employer undertook to review its exit management systems in order to expedite the processing of pension pay-outs. The target set for payment was payment within thirty days of exit. The intension of this practice note is therefore also to assist the employer in taking the necessary steps to best facilitate compliance with item 13.1 of PSCBC Resolution 1 of 2012.
- 1.3 In terms of item 13.2 of PSCBC Resolution 1 of 2012, the employer is obliged to submit all exit documentation to the GEPF within thirty days of the employee's exit. Should an employer follow the provisions of this practice note,, it will submit the exit documentation before an employee exits on retirement, thereby exceeding the requirement of item 13.2 of PSCBC Resolution 1 of 2012.

2. Scope of application

- 2.1 This practical note applies only to retirements as meant in rules to the Government Employees Pension Law, Proclamation 21 of 1996 (GEP LAW). It also includes retirements for ill-health and contract expiry.

3. Employer obligation for the speedy payment of pension benefits

- 3.1 By law, the employer is obliged to ensure that it takes all steps necessary to ensure that a member, who retires, will receive his or her pension benefits timeously.
- 3.2 In item 13 of PSCBC Resolution 1 of 2012, the employer has contractually agreed to ensure that its systems are in order to ensure that the employee who exits employment receives his or her pension benefits within thirty days of exit. This undertaking given by the employer is in actual fact stricter than the requirement set in the GEP Law, which allows the Government Employees Pension Fund sixty days to pay. It is within this context that the employer should understand its strict contractual obligation to do its very best to ensure that the employee receives his or her pension benefits timeously.
- 3.3 In addition to item 13 of PSCBC resolution 1 of 2012, the employer is also bound by the provisions of the GEP Law and rules, As stated, these rules require the GEPF to pay within sixty days of exit, or else pay interest. The employer is an implicit and essential partner in the

process to ensure the timely payment of pension benefits and thereby compliance with the GEP Law and rules.

4. Practical steps in the event of a retirement

4.1 GPAA recommends that the following steps be taken by the employer:

4.1.1 Ensure that each official dealing the administration of pension benefits at the workplace, attends the pre-retirement workshop which is presented by the Client Liaison Officer of GPAA. This workshop is essential to ensure that the official understands the steps that follow.

4.1.2 Ensure that the following forms are always available at the workplace and the most recent:

4.1.2.1 Z101 Exit from Fund document

4.1.2.2 Choice form for reduced annuity in favour of spouse

4.1.2.3 Z894 bank form

4.1.2.4 Z864 personal information

4.1.2.5 Departmental liability debt form, and

4.1.2.6 WP1002 Nomination form.

4.1.3 Identify all employees who will reach retirement age within the next twelve months. Contact said employees to ascertain if they will be exercising their right to retire.

4.1.4 At least six months prior to the retirement of the employee:

4.1.4.1 Explain to the employee the applicable benefits that he or she will be entitled to at retirement – leave pay, post retirement medical subsidy, gratuity and monthly annuity.

4.1.4.2 Explain the forms that have to be completed – the forms, as applicable and listed in paragraph 4.1.2 above.

4.1.4.3 Explain what additional documents must be submitted: for example, a certified copy of ID document and certified copy of any relevant divorce order;

4.1.4.4 Explain to the employee the nature of any debt owed by the employee to the employer may request that the debt be recovered from the pension benefits of the employee (in certain circumstances), if still owing on date of exit.

4.1.4.5 Explain to the employee the tax implications of retirement.

4.1.4.6 Verify with the employee all periods of service – please also see paragraphs 5.1 and 5.2 below.

4.1.4.7 Check with the employee the correctness of all contact details and collect all future contact detail.

4.1.4.8 Issue the necessary forms that the employee is required to complete, at least six months before retirement

4.1.4.9 Complete all forms that the employer is required to complete, and

4.1.4.10 Immediately inform the CLO to collect the duly completed documents once they are ready.

5. GPAA initiatives

5.1 GPAA has taken, as a parallel process, the initiative to contact members who have been identified to be retiring through the **Retiring Member Campaign** and to:

5.1.1 Educate such members on the general retirement process

5.1.2 Explain member's retirement benefits based on the member's period of service, and

5.1.3 Update the member's details, including address and period of service, (subject to supporting documentation) on the GPAA system, to ensure speedy processing of retirement documents.

5.2 Officials of the employer dealing with the administration of pension benefits at the workplace must please assist members in updating their details with GPAA – particularly in respect of their periods of service which the member was prompted to update by the GPAA as part of the **Retiring Member Campaign**, as such were found to be incorrect. Employer officials must please promptly furnish the GPAA CLO with such supporting documents to prove the member's period of service for the CLO to submit for processing.

GREGG MASONDO

CHIEF EXECUTIVE OFFICER