



Republic of South Africa

Government Employees Pension Fund

GEPF Policy Document

Transfer Policy

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Confidential

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Document Versions

Version	Revision Date	Prepared / Revised by	Business Unit	Status
1	29 May 2014	Benefits and Administration Committee		

Document Reference Library

Document File Name	Context and Relevance
Transfer Policy	The policy guides the board of trustees in the transfer of members and associated assets to and from the Fund

Business Areas impacted by this Policy

Name Business Unit / Area	Context and Relevance
Board of Trustees	The policy guides the board of trustees in the transfer of members and associated assets to and from the Fund
Benefit Administration	The Administrator must administer transfers in terms of the policy and notify the Board when any potential transfer falls outside the parameters set in this policy
Actuarial	The actuaries must provide the required information for each transfer

1. Policy Overview

- 1.1 The transfer of members and associated assets into or out of the Fund will be permitted, provided the transfer does not materially worsen the financial position of the Fund.
- 1.2 Where the transfer would materially affect the financial position of the Fund, the transfer will be referred to the Board for consideration.

2 Policy summary

- 2.1 Any proposed transfer into the Fund will automatically be accepted if the assets to be transferred (including any amount to be paid in terms of an Additional Financial Obligation) equal or exceed the value of the liabilities to be granted to members in the Fund.
- 2.2 Where the assets to be transferred into the Fund (including any amount to be paid in terms of an Additional Financial Obligation) are less than the value of the liabilities to be granted to members in the Fund, the proposed transfer must be referred to the Board for consideration and the Actuaries must set out the financial effect of accepting the transfer.
- 2.3 Providing the proposed transfer out of the Fund will not decrease the Minimum Funding Level of the Fund (as defined in the Funding Level Policy) by more than 0.25%, the assets to be transferred shall be equal to the transferring members' Actuarial Interest in the Fund.
- 2.4 For any proposed transfer out of the Fund, no portion of the solvency or other reserves held by the Fund shall be transferred, except as otherwise agreed by the Board.

3 GEP Law and the Rules

- 3.1 Section 29 and Section 32 of the GEP Law permit the Board to accept the transfer of members and associated assets into the Fund or to transfer members and associated assets to an approved retirement fund. The Sections, as are effective at the date of signature of this Policy, are set out in the Annexure to the Policy.
- 3.2 The definition of 'transfer benefit', Rule 12 and Rule 21 of the Rules of the Fund deal with transfers under different circumstances. The relevant definition and Rules, as are effective at the date of signature of this Policy, are set out in the Annexure to the Policy.
- 3.3 The Board of Trustees have adopted this Policy in order to give effect to the relevant sections of the GEP Law and Rules of the Fund, to set out the transfer process and which transfers may be automatically processed and which transfers must be referred to the Board for consideration.

4 Documentation and the Pension Funds Act

- 4.1 The Fund is not subject to the Pension Funds Act, although most of the transfers to or from the Fund are to or from funds that are subject to the Pension Funds Act.
- 4.2 Section 14 of the Pension Funds Act requires funds subject to that act to complete and submit prescribed documents to the Registrar of Pension Funds for approval prior to effecting a transfer. In the event of a transfer to or from the Fund, such funds must still complete their portion of the prescribed documentation.
- 4.3 In order to preserve a record of all transfers to and from the Fund, the Principal Officer and the actuaries shall complete the attached Form 1 in respect of transfers out of the Fund and the attached Form 2 in respect of transfers into the Fund.

5 Relevant transfers

- 5.1 Transfers that are to be considered in terms of this Policy are the transfer of one or more members into or out of the Fund as a result of any restructuring of the Fund or another fund or at the request of an employer who does or will participate in the Fund.
- 5.2 The transfer or payment of benefits on the retirement, death or other exit or entry of a member shall not fall within the scope of this Policy.

6 Process for transfers out of the GEPF

- 6.1 The process for transfers out of the GEPF shall be:
 - 6.1.1 The Employer must provide the administrator of the Fund, namely the Government Pensions Administration Agency ('GPAA'), with the following:
 - a) Notice in writing of the intended transfer out of the GEPF.
 - b) A copy of the agreement reflecting the transfer of members to the approved retirement fund.
 - c) A copy of the communication sent to the members who are to be transferred.
 - d) A complete listing of the members to be transferred. The data for these members must be verified by GPAA and passed back to the Employer for confirmation.

- e) The certificate of registration of the approved fund.
- f) The banking details of the fund. These banking details must be verified by GPAA.
- g) A copy of the Section 14 approval by the Registrar of Pension Funds permitting the transfer to the approved fund.

6.1.2 GPAA must keep the Principal Officer informed on progress regarding the transfer.

6.1.3 GPAA must supply the Actuaries with a schedule of the transferring members for the Actuaries to calculate the transfer values of the relevant members. The transfer value shall be equal to each member's Actuarial Interest in the Fund, calculated using the Actuarial Interest factors as approved by the Minister of Finance, in force at the effective date of the transfer.

6.1.4 GPAA must make appropriate adjustments for any divorce debts and purchase of additional service.

6.1.5 The Principal Officer and the Actuaries of the Fund must complete and sign the attached Form 1.

6.1.6 Providing the proposed transfer will not decrease the Minimum Funding Level of the Fund by more than 0.25%, then:

- a) GPAA must make payment to the approved fund within 30 days after receiving all the completed required information.
- b) GPAA must provide a schedule of the transferring members and the assets for each member to the approved fund which reconciles to the total payment.
- c) GPAA must provide individual statements of their transfer values to be distributed to the relevant members.
- d) The Principal Officer must submit the completed and signed Form 1 to the next Board meeting for their records.

6.1.7 Where the proposed transfer will decrease the Minimum Funding Level of the Fund by more than 0.25%, then the proposed transfer must be referred to the next Board meeting for consideration by the Board.

7 Process for transfers into the Fund

7.1 The process for transfers into the GEPP shall be:

7.1.1 The Employer must provide the administrator of the Fund, namely the Government Pensions Administration Agency ('GPAA'), with the following:

- a) Notice in writing of the intended transfer into the GEPP.
- b) A copy of the agreement reflecting the transfer of members from the approved retirement fund.
- c) A copy of the communication sent to the transferring members.
- d) A complete listing of the members to be transferred.

- e) A copy of the Section 14 approval by the Registrar of Pension Funds permitting the transfer from the approved fund.

- 7.1.2 Where the assets to be transferred to the Fund are specified, GPAA must supply the Actuaries with a schedule of the assets and the transferring member details for the Actuaries to calculate the service that can be purchased in the Fund for each transferring member. The calculations shall be based on the Actuarial Interest factors as approved by the Minister of Finance, in force at the effective date of the transfer.
- 7.1.3 Where the service to be provided in the Fund for each transferring member is specified, GPAA must supply the Actuaries with a schedule of these service dates and the transferring member details for the Actuaries to calculate the required assets for each transferring member. The calculations shall be based on the Actuarial Interest factors as approved by the Minister of Finance, in force at the effective date of the transfer.
- 7.1.4 GPAA must keep the Principal Officer informed on progress regarding the transfer.
- 7.1.5 The Principal Officer and the Actuaries of the Fund must complete and sign the attached Form 2.
- 7.1.6 Members must contribute to the Fund for one complete month before the Fund may accept the transfer of any assets to the Fund.
- 7.2 Providing the assets to be transferred are equal to or exceed the liability value of the benefits to be granted to the transferring members in the Fund, then.
 - a) GPAA may accept payment from the approved fund.
 - b) GPAA must provide individual statements of their transfer values and service purchased under the Fund to the relevant members.
 - c) The Principal Officer must submit the completed and signed Form 2 to the next Board meeting for their records.
- 7.3 Where the assets to be transferred into the Fund are less than the liability value of the benefits to be granted to the transferring members in the Fund, the proposed transfer must be referred to the next Board Meeting for consideration by the Board and the Actuaries must set out the financial effect of accepting the transfer.

8 Precedence

- 8.1 The GEP Law and then the Rules of the Fund will take precedence in the event of any conflict between the provisions of the GEP Law, the Rules and the Policy.

9 Amendment of the Policy

- 9.1 The Board of Trustees may amend this Policy.
- 9.2 Any material change to the Policy, which may affect the funding obligations of the employers, may only be implemented after consultation with the office of the Minister of Finance.

Approval

MAJOR GENERAL AL DE WIT
CHAIRPERSON: BENEFITS AND ADMINISTRATION COMMITTEE
DATE:

Approved / Not Approved / Comments

DR R MOKATE
CHAIRPERSON: BOARD OF TRUSTEES
DATE:

ANNEXURE: Extracts from the GEP Law and the Rules

GEP Law

29 Duty and power of Board to make rules

- (2) (d) prescribe the circumstances in which and the basis and conditions on which the accrued benefits of:
- (i) a member of the Fund may be transferred to an approved retirement fund; or
 - (ii) a member of an approved retirement fund may be transferred to the Fund and the amount, including interest, which shall be paid to the Fund by the member concerned, the approved retirement fund, or the present or previous employer of the member in respect of such transfer, and the manner in which such amounts shall be calculated and paid;

32 Withdrawal from the Fund

- (3) Appropriate financial arrangements regarding the transfer of liabilities and assets from the Fund to such a separate fund referred to in subsection (2) shall be approved by the Minister with the concurrence of the Board : Provided that such arrangements shall not have a detrimental effect on the financial position of the Fund.

GEPF Rules

1 Definitions

'transfer benefit' for purposes of the Annexure to the rules shall mean a transfer benefit to an approved retirement fund payable in terms of the provisions of the Annexure equal to the aggregate of-

- (i) a gratuity calculated at 7,5% of the member's final salary multiplied with the period of his or her pensionable service, and increased by ten percentage points for each full year of pensionable service between 5 and 15 years of pensionable service, which amount shall become an entitlement of the member on the condition that he or she deposits the amount into the approved retirement fund immediately upon becoming entitled thereto; and
- (ii) the difference between the member's actuarial interest in the Fund and the amount referred to in paragraph (i), if any;

subject to such transfer being subject to the rules of the approved retirement fund specifying that, with reference to the transfer benefit, any subsequent lump sum benefit payable by that fund or any successor fund to the member and/or his beneficiaries shall be limited to one third of the said transfer benefit, with interest. The balance of the member's transfer benefit with interest, after deduction of any lump sum payment referred to above, shall be applied for the purchase of an annuity, albeit immediately or upon the member's ultimate retirement.

12 Transfers between funds

- 12.1 The following provisions are applicable upon the transfer of members of the Fund to a related fund, or conversely:
- 12.1.1 If a person who was a member of a related fund, excluding a fund referred to in rule 12.1.2, becomes a member of the Fund immediately after the termination of his or her membership of the related fund, or after such an interruption in his or her service as the Board in its discretion may condone, the following provisions are applicable:

- (a) The period of pensionable service of such a person in the related fund, is recognised to be pensionable service for the purposes of the Fund: Provided that if the pensionable emoluments of such person on admission to the Fund are higher than his or her pensionable emoluments on his or her termination of membership of the related fund, except if his or her employer requests otherwise, the period of pensionable service in the related fund of such a person is reduced in proportion to his or her pensionable emoluments at his or her termination of membership of the related fund to his or her pensionable emoluments on his or her admission to the Fund : Provided further that no such a proportional reduction shall take place if such a person's employer or such a person pays to the Fund the additional costs for the Fund as determined by the Board, resulting from the nonapplication of the reduction referred to in the proviso above.
- (b) The related fund shall pay, subject to the provisions of subparagraph (c), to the Fund the amount that the related fund had at it's disposal in respect of the person at his or her withdrawal from the related fund together with interest as from the date on which the person ceased to be a member of the related fund up to and including the date on which the said amount is paid.
- (c) If a member referred to in this rule 12.1.1 owes an amount to the related fund, the amount is deducted by the related fund from the amount referred to in subparagraph (b), and all rights of the related fund in respect of the amount owing pass on to the Fund and the member in question shall pay the amount due to the Fund in such a manner as determined by the Board and in such a case the provisions of rule 11.5 shall apply *mutatis mutandis*.

12.1.2 If a person who was a member of the Associated Institutions Provident Fund, established under section 3 of the Associated Institutions Provident Fund Act, 1971 (Act 11 of 1971), or a related fund of which the benefits are determined on a similar basis as that in respect of the aforesaid fund, becomes a member of the Fund immediately after the termination of his or her membership of the funds referred to above, or after such an interruption in his or her service as the Board in its discretion may condone the following provisions apply:

- (a) The Associated Institutions Provident Fund or related fund concerned pays to the Fund the amount standing to the credit of the member in such a fund.
- (b) If the amount referred to in subparagraph (a) is less than the amount required by the Fund as determined by the Board in consultation with the actuary for the full recognition of his or her period of pensionable service in the Associated Institutions Provident Fund or related fund as pensionable service in the Fund, the member's pensionable service is reduced in the ratio which the amount referred to in subparagraph (a) bears to the amount that the Fund requires for the full recognition of such period as pensionable service.
- (c) The member may request in writing that his or her period of pensionable service in the Associated Institutions Provident Fund or related fund be recognised as pensionable service in the Fund on condition that the difference between the amount mentioned in subparagraph (a) and the amount required for the full recognition of his or her pensionable service period in the Associated Institutions Provident Fund or related fund as pensionable service in the Fund, be paid by him or her to the Fund in which case the provisions of rule 11.5 shall apply *mutatis mutandis*.

12.1.3 If a member of the Fund becomes a member of a related fund within six months of him or her terminating his or her membership of the Fund, the following provisions apply:

- (a) No benefit is paid to the member on his or her termination of membership of the Fund.
- (b) The Fund pays, subject to the provisions of subparagraph (c), to the related fund the amount that the Fund had at its disposal in respect of the member upon his or her termination of membership of the Fund, as determined by the Board after consultation with the actuary, together with interest as from the date on which the person ceased to be a member of the Fund up to and including the date on which the amount is paid.
- (c) If such member owes an amount to the Fund, the amount due is deducted by the Fund from the amount mentioned in subparagraph (b) and all rights of the Fund in respect of the amount owed pass on to the related fund.

12.2 If a person who was a member of an approved retirement fund becomes a member of the Fund, the Board may, in consultation with the actuary, approve special arrangements for the protection of such a member's accrued pension benefits. Such an arrangement may include the recognition of a previous period of service as pensionable service in terms of the rules, provided that the approved retirement fund pays an amount, as determined by the Board in consultation with the actuary, on behalf of the member to the Fund.

12.3 If a member resigns, retires or dies as contemplated in rules 14.3.2, 14.4.1 or 14.5.1, he or she has the right to transfer his or her actuarial interest in the Fund to an approved retirement fund: Provided that such transfer shall be subject to the provisions of rule 14.4.1 (b): Provided that the Employer shall for this purpose be deemed to be a participating employer of any approved and registered preservation fund.

21 Withdrawal of an institution or body or part or function thereof

21.1 An institution or body referred to in paragraph (a) and (c) of the definition of employer in section 1 of the Law or part of such an institution, body or function, which has members of the Fund in its service may, after negotiation and agreement, subject to a notice period of three months (or such shorter period as the Board approves) request the Board to cease participating in the Fund as regards membership of the Fund of members in its service or a part thereof subject to the provisions of the Law with specific reference to section 32 of the Law, in which case the Board deals with the appropriate part of the market value of the assets of the Fund which relate to such members on a basis decided by the Board acting on the advice of the actuary in terms of the wishes of such an institution or body or such part of such an institution or body and the affected members: Provided that the value of each member's interest will not exceed the funded position of such member's accrued interest in the Fund, based on market values, as determined by the actuary.

FORM 1

TRANSFER OUT OF THE GOVERNMENT EMPLOYEES PENSION FUND

Transferee Fund:

Reference number:

Effective date:

1. The purpose of the scheme of transfer out of the GEPF:

.....
.....

2. Summary of the membership and benefits to be transferred and the remaining membership of the Fund:

	Number transferring	Actuarial interest	Number remaining after the transfer
Active members			
Pensioners			
Deferred pensioners			
Unclaimed benefits			
Total			

3. Valuation summary based on the last actuarial valuation of the Fund as at:

	Prior to the transfer	Amount to be transferred	After the transfer
Liabilities:			
Active members			
Pensioners			
Deferred pensioners			
Unclaimed benefits			
Total liabilities			
Reserves			
Total assets			

Funding level			
---------------	--	--	--

4. Late payment interest on the amount to be transferred will be taken into account as follows:

.....
.....

5. Any outstanding debts or court orders in respect of the members to be transferred will be taken into account as follows:

.....
.....

CONFIRMATION BY THE PRINCIPAL OFFICER

6. The communication to the affected members was adequate to enable them to make an informed decision as to whether or not to object to the scheme of transfer.

OR

No communication was issued to the transferring members. I believe this is acceptable / unacceptable because:

.....
.....

(delete whichever is not applicable)

7. All members were given at least 30 days to object to the scheme of transfer and all objections were considered:

Number received:	
------------------	--

Percent unresolved:	
---------------------	--

OR

members were not given the opportunity to object to the scheme of transfer.

(delete whichever is not applicable)

8. All the necessary information and approvals have been received from the transferee fund and are in order.

Principal Officer

Date

CONFIRMATION BY THE ACTUARIES

9. The financial effect of the transfer based on the estimated valuation position before and after the transfer is as set out in point 3 above.

10. The effect of the transfer on the funding position of the Fund is as follows:

.....
.....

11. I am not aware of any issues that the Trustees need to consider in allowing the transfer.

OR

I recommend that the Board of Trustees consider the following issues before determining whether to permit the transfer:

.....
.....

(delete whichever is not applicable)

Actuary

Date

FORM 2

TRANSFER INTO THE GOVERNMENT EMPLOYEES PENSION FUND

Transferor Fund:

Reference number:

Effective date:

1. The purpose of the scheme of transfer into the GEPF:

.....
.....

2. Summary of the membership and benefits to be transferred and the remaining membership of the Fund:

	Number transferring	Amount received	Number after the transfer
Active members			
Pensioners			
Deferred pensioners			
Unclaimed benefits			
Total			

3. Valuation summary based on the last actuarial valuation of the Fund as at:

	Prior to the transfer	Amount to be received	After the transfer
Liabilities:			
Active members			
Pensioners			
Deferred pensioners			
Unclaimed benefits			
Total liabilities			
Reserves			
Total assets			

Funding level			
---------------	--	--	--

4. Late payment interest on the amount to be transferred will be as follows:

.....
.....

5. Any outstanding debts or court orders in respect of the members to be transferred have been provided by the transferor fund and will be taken into account as follows:

.....
.....

CONFIRMATION BY THE PRINCIPAL OFFICER

6. The communication to the affected members was adequate to enable them to make an informed decision as to whether or not to object to the scheme of transfer.

OR

No communication was issued to the transferring members. I believe this is acceptable / unacceptable because:

.....
.....

(delete whichever is not applicable)

7. All members were given at least 30 days to object to the scheme of transfer and all objections were considered:

Number received:	
------------------	--

Percent unresolved:	
---------------------	--

OR

members were not given the opportunity to object to the scheme of transfer.

(delete whichever is not applicable)

8. All the necessary information and approvals have been received from the transferor fund and are in order.

Principal Officer

Date

CONFIRMATION BY THE ACTUARIES

9. The financial effect of the transfer based on the estimated valuation position before and after the transfer is as set out in point 3 above.
10. The assets received from the transferor fund [are sufficient / are not sufficient] to fund the benefits to be provided to the transferring members in the Fund.
11. The effect of the transfer on the funding position of the Fund is as follows:

.....
.....

12. I am not aware of any issues that the Trustees need to consider in allowing the transfer.

OR

I recommend that the Board of Trustees consider the following issues before determining whether to permit the transfer:

.....
.....

(delete whichever is not applicable)

Actuary

Date