

Notice

Date: 01 September 2025

THE GOVERNMENT EMPLOYEES PENSION FUND (GEPF) TO IMPLEMENT REVISED ACTUARIAL INTEREST FACTORS FOLLOWING 31 MARCH 2024 STATUTORY ACTUARIAL VALUATION

The GEPF will implement updated actuarial interest factors with effect from 1 October 2025. These factors are derived from the assumptions adopted in the Fund's most recent statutory actuarial valuation as at 31 March 2024. The previous update to factors took effect on 1 November 2022.

The implementation of the revised factors follows the completion of a consultative process with employee organisations as at 31 July 2025 as required by the GEP Law and Rules.

Actuarial interest factors are used when the Fund must express a member's earned future pension as a present-day lumpsum Rand amount. When long-term expectations for investment returns rise relative to inflation, the money set aside today is expected to grow faster. In such an environment, less is required to be set aside now to meet the very same future pension promise. Conversely, if expected returns fall or longevity improves materially, more may be required. The forthcoming update reflects the revised assumptions adopted as at 31 March 2024 and therefore results in changes to these conversion factors with effect from 1 October 2025.

This update does not change the Fund's benefit promise or the way pensions at retirement are calculated under the Rules. Members who retire continue to receive a pension for life based on service and final average salary. The update ensures that, when a cash value is needed before retirement, it is measured using the most up-to-date and appropriate assumptions.

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The revised factors will be applied across all active member records, which means the balances reflected in all components of those records will be recalculated on the updated basis. Exit benefits, apart from resignations, where members leave with less than 10 years of total pensionable service, will be affected. All resignations, irrespective of service, will be affected. Pensioners' benefits are not affected by these revised factors.

The revised factors result in actuarial interest values that are on average 15% lower than those that would result from the 2021 factors. The extent to which individual members' actuarial interest will differ between the 2021 and 2024 factors depends on their age and category (i.e., whether they are Service members or not).

Failure of the Fund to implement the revised factors would result in exiting members being paid more than their fair share of the fund's assets thereby disadvantaging members who remain in the fund and ultimately those that retire within the fund.

In summary, the 2024 actuarial factors have reduced from the 2021 factors. The factors are lower due to the changing economic assumptions adopted for the 2024 statutory actuarial valuation. Changing the assumptions ensures the GEPF's members get paid their fair share of benefits and no one is disadvantaged. Updating factors in this way treats all members fairly, aligns cash-equivalent amounts with prevailing economic conditions, and helps protect the long-term financial soundness of the Fund without disadvantaging those who remain to retirement. In the coming weeks, the GEPF will advise on when members will be able to view updated benefit statements reflecting benefit entitlements using the 2024 factors.

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