

**GEPF Transfer
Summary**

Independent financial adviser

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GEPF Transfer Summary

What is a GEPF transfer?

A GEPF transfer is when a Government Employees Pension Fund (GEPF) member moves their pension benefit from the GEPF to another retirement fund provider, such as Allan Gray. An advantage of this option is that the member pays no tax when they transfer their pension benefit, but they may have to pay tax if they withdraw a cash lump sum or when they retire from their retirement funds.

Who can transfer from the GEPF to Allan Gray?

We can accept transfers when the member of the GEPF:

- has resigned, or
- been discharged from employment.

We can further accept a non-member former spouse's pension interest benefit after their divorce from the member of the GEPF.

Resignation

When your client resigns from government employment they are allowed to take their full benefit as a cash lump sum from the GEPF or have the benefit transferred to an approved retirement fund (as explained on page 4).

Discharge

When your client is discharged from government employment due to reasons not of their own doing such as medical reasons, injury on duty, incapability, job restructuring, etc, their benefit will depend on whether they have fewer or more than 10 years of pensionable service.

- If they are discharged after fewer than 10 years of service, they will receive a once-off lump sum (gratuity).
- If they are discharged after more than 10 years of service, they will receive a once-off lump sum (gratuity), and a monthly pension called an annuity.

If your client is discharged due to misconduct or illness caused by their own doing, this will be treated as a resignation. They will be allowed to take their full benefit as a cash lump sum from the GEPF or have the benefit transferred to an approved retirement fund.

Divorce order

When a member of the GEPF divorces their spouse, their non-member former spouse may be entitled to a portion of their pension interest in terms of the divorce order granted by the court. The GEPF will pay this divorce pension interest to the non-member former spouse as a cash lump sum or transfer it to an approved retirement fund of the non-member former spouse's choosing.

What approved retirement funds can my client transfer their pension benefit into at Allan Gray?

Allan Gray may only accept transfers from the GEPF into the Allan Gray Pension Preservation Fund or the Allan Gray Retirement Annuity Fund.

My client has retired from the GEPF; can they transfer their benefit to Allan Gray?

The GEPF's Fund Rules prevent a member from transferring their benefit once they have retired from the GEPF. The GEPF rules only allow for transfers due to resignation, certain discharge benefits and divorce orders.

However, as stated above, your client may transfer their GEPF benefit to the Allan Gray Pension Preservation Fund or to the Allan Gray Retirement Annuity Fund before their retirement date, then retire into a compulsory annuity such as the Allan Gray Living Annuity once they reach their retirement date.

How long does the transfer take?

It can take 8 to 12 weeks to finalise the transfer from the time the GEPF confirms that it has received your client's documents (provided that all your client's documents are in order).

What do I need to submit to the GEPF to start the transfer?

It is important to note that once your client starts the transfer process, the transfer instruction cannot be changed or cancelled. In addition, the GEPF will only accept original documents, unless otherwise specified. Documents that are faxed or emailed will be rejected.

The following documents need to be submitted to your client's human resources department:

- A completed Z1525 form*, signed by your client and an Allan Gray representative or yourself with a valid FAIS number.
- A certified copy, which is not older than three months, of your client's ID or passport (if foreign national).
- A completed Z864 form.*
- A completed Resignation/Discharge Choice form.
- If your client is married, a certified copy of their marriage certificate.
- If your client has children, certified copies of their birth certificates.

* Download these forms from the GEPF's website at: www.gepf.gov.za/index.php/forms

What do I need to submit to start a transfer with Allan Gray?

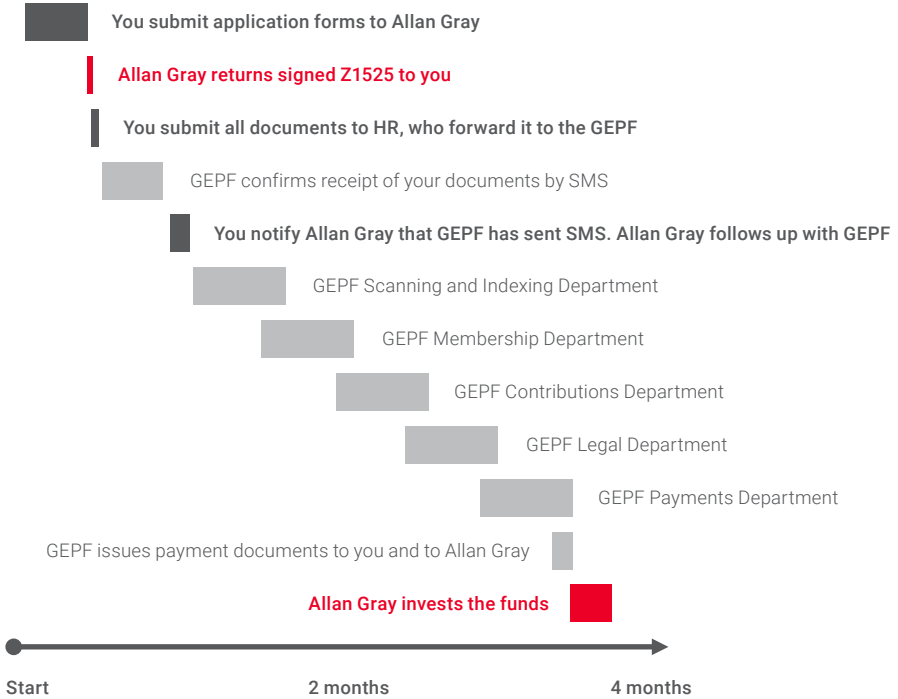
The following documents need to be submitted to Allan Gray in order to start your client's transfer:

- A completed Allan Gray Pension Preservation Fund or Allan Gray Retirement Annuity Fund application form
- A completed GEPF Transfer Details Form

* Download these forms from Allan Gray's website at: <https://www.allangray.co.za/forms-and-documents>

What happens during the transfer?

Start



What do I need to do during the transfer?

Step 1

Send completed Retirement Annuity or Pension Preservation Fund forms and GEPF Transfer Details to Allan Gray.

Step 2

Allan Gray returns Z1525 form to you or your client. Your client signs the form and sends it to their HR department along with supporting documents (see list on page 5).

Step 3

You notify Allan Gray that the GEPF has sent your client an SMS confirming receipt of their documents. If your client's documents are incomplete in any way, the process will need to be restarted.

Can my client withdraw a cash lump sum after the transfer has been finalised?

Once your client's GEPF benefit has been transferred to either the Allan Gray Pension Preservation Fund or to the Allan Gray Retirement Annuity Fund, the following fund rules and legislative restrictions apply regarding withdrawals:

Allan Gray Retirement Annuity Fund

Before retirement, your client may only withdraw if they:

- Have less than/equal to R15 000 market value of their interest in the fund across all investment accounts and there is no active debit order contribution to the fund.
- Have emigrated from South Africa, as recognised by the South African Reserve Bank (SARB) for the purposes of exchange control, and their emigration application was submitted on or before 28 February 2021 and approved by the SARB on or before 28 February 2022; or they have not been a South African tax resident for an uninterrupted period of at least three years on or after 1 March 2021.
- Are a non-resident who has left South Africa because their work or visit visa has expired, as contemplated in the Income Tax Act.

At retirement, your client is allowed to take up to a third of their account as a cash lump sum. The balance must be used to buy a compulsory annuity, such as a living annuity or a guaranteed annuity. They may take their full benefit as a cash lump sum if their fund value is less than or equal to R247 500 at retirement.

Allan Gray Pension Preservation Fund

Before retirement, your client is allowed to take up to a third of their account as a cash lump sum.

At retirement, your client is allowed to take a further cash lump sum which is limited to a third of their account's value. The balance must be used to purchase a compulsory annuity, such as a living annuity or a guaranteed annuity.

How long will the withdrawal take?

The withdrawal process takes 10 business days to finalise, provided all requirements are met. Once Allan Gray has received your client's completed withdrawal form, the consultant will start the process of withdrawing the funds.

What do I need to submit to the GEPF if my client has a benefit claim from a divorce order?

For divorce orders, the non-member former spouse needs to submit the following documents to the GEPF:

- Certified copy of the final divorce order.
- Certified copy of the settlement agreement.
- Certified copy of the marriage certificate.
- Cover letter providing contact details of the non-member former spouse: cell number, landline number, email address, and postal address.

Once the GEPF is satisfied that the order requires that it pay pension interest to the non-member former spouse, it will send a Choice form to the former spouse. Once the former spouse receives this form, they need to submit the following documents to the GEPF:

- A completed choice form
- A certified copy of their ID
- A certified copy of any document providing proof of their tax number

What tax will my client pay when they make a withdrawal?

When you make a withdrawal before retirement, you will be taxed according to SARS withdrawal tax tables.* If you joined the GEPF before 1 March 1998, a portion of any cash withdrawal you make may be tax-exempt as the benefits of the GEPF were tax-free before that date. The tax-free portion applies if you take a cash lump sum directly from the GEPF or if you transferred directly from the GEPF to Allan Gray on or after 1 March 2006.

The pre-1 March 1998 tax-free portion of your cash lump sum will also apply if you transferred from the GEPF to another retirement fund and thereafter to Allan Gray, but only if the second transfer occurred on or after 1 March 2018. If a benefit is paid to the non-member former spouse (in the case of a divorce order), the tax-free benefit also applies.

Your tax-free portion is calculated at the time you leave the GEPF as follows:

(Completed years before 1 March 1998 / total completed years while contributing to a public sector fund) * GEPF benefit

The following is taken into account when calculating the tax-free portion when you retire or make a withdrawal:

- Any lump sum retirement benefits received from 1 October 2007.
- Any lump sum withdrawal benefits received from 1 March 2009.
- Any severance benefits received from 1 March 2011.

You can request a SARS tax directive simulation from Allan Gray, which will give you an estimate of the tax you may have to pay if you retire or withdraw.

* Visit the SARS website to see these tables: www.sars.gov.za or speak to your financial adviser for assistance.

What negotiable fees must be paid to the financial adviser for GEPF transfers?

Initial fees

A maximum of 3.0% (excluding VAT) is allowed on the investment account.

The combined initial fee cap when your client retires from the Allan Gray Pension Preservation Fund or the Allan Gray Retirement Annuity Fund if the source fund was the GEPF, into the Allan Gray Living Annuity is 3% within a 12-month period from finalising the transfer.

Example: If at transfer stage from the GEPF a 3% initial fee was selected, no initial fees can be charged at retirement into the Allan Gray Living Annuity where retirement happens within 12 months of the transfer being finalised.

If 1.5% initial fee is charged at transfer stage, then 1.5% maximum fee can be selected for the Allan Gray Living Annuity.

Annual fees

A maximum of 1.0% (excluding VAT) is allowed on the investment account. Where the initial fee is more than 1.5%, the maximum annual fee is 0.5%.

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Information for retirement fund members

The Allan Gray Retirement Annuity Fund and Allan Gray Pension Preservation Fund are administered by Allan Gray Investment Services (Pty) Ltd, an authorised administrative financial services provider and approved pension funds administrator under section 13B of the Pension Funds Act 24 of 1956. Allan Gray (Pty) Ltd, also an authorised financial services provider, is the sponsor of the Allan Gray retirement funds. The underlying investment options of the Allan Gray individual products are portfolios of collective investment schemes in securities (unit trusts or funds).



Business address

1 Silo Square
V&A Waterfront
Cape Town
8001

Postal address

P O Box 51605
V&A Waterfront
Cape Town
8002

Client Service Centre

T 0860 000 654 or +27 (0)21 415 2301
F 0860 000 655 or +27 (0)21 415 2492
E info@allangray.co.za
www.allangray.co.za