SUID-AFRIKAANSE ONDERWYSERSUNIE
SOUTH AFRICAN TEACHERS' UNION
MPUMALANGA

SAOU

Nuusbrief / Newsletter

SAOU (MPUMALANGA) NUUSBRIEF 2 VAN 2016	**SAOU (MPUMALANGA) NEWSLETTER 2 OF 2016**
HRM DIRECTIVE NO 1 OF 2016: CLARITY PERTAINING TO THE IMPACT OF THE RETIREMENT REFORMS EFFECTIVE AS FROM 1 MARCH 2016, ON GOVERNMENT EMPLOYEES	**HRM DIRECTIVE NO 1 OF 2016: CLARITY PERTAINING TO THE IMPACT OF THE RETIREMENT REFORMS EFFECTIVE AS FROM 1 MARCH 2016, ON GOVERNMENT EMPLOYEES**
Die bovermelde direktief is aangeheg ter inligting.	The above-mentioned directive is attached for your information.

education
MPUMALANGA PROVINCE
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Litiko le Temfundvo, Umnyango we Fundo Departement van Onderwys Ndzawulo ya Dyondzo

TO ALL: SENIOR MANAGERS - HEAD OFFICE
DISTRICT DIRECTORS
HEAD OFFICE - AND DISTRICT OFFICIALS
CIRCUIT MANAGERS AND CIRCUIT OFFICIALS
PRINCIPALS OF PUBLIC SCHOOLS
EDUCATORS AND OFFICIALS IN PUBLIC SCHOOLS
SCHOOL GOVERNING BODIES
ORGANISED LABOUR

HRM DIRECTIVE NO 1 OF 2016

CLARITY PERTAINING TO THE IMPACT OF THE RETIREMENT REFORMS EFFECTIVE AS FROM 1 MARCH 2016, ON GOVERNMENT EMPLOYEES

1. PURPOSE

1.1. The purpose of this HRM Directive is to ensure that all employees within the Mpumalanga Department of Education is aware that the Taxation Laws Amendment Act, 2015 that was signed by the President on 24 December 2015 **does not affect members of the Government Employees Pension Fund (GEPF) in any way.**

2. DISCUSSION

2.1. The Department has noted with great concern that some educators and other employees may be in the process of hastily resigning their positions following the retirement reforms which will come into effect on 1 March 2016.

2.2. Employees should note that these reforms seek to make provident funds (which operate in the private sector) similar to pension funds and retirement annuity funds in terms of contributions and benefits at retirement. As a defined benefit pension fund, the retirement benefits of the GEPF have always been taken as one third lump sum gratuity and the rest as an annuity (monthly pension). Provident funds will structurally become similar to pension funds like the GEPF, and members of provident funds will now also receive retirement benefits accumulated after 1 March 2016 as one third lump sum and two thirds pension. Resignation benefits will on 1 March 2016 continue to be payable as a cash lump sum – also in respect of GEPF members.

2.3. Employees who seek to obtain more details about the GEPF pension benefits can contact the GEPF on 0800 117 669 or visit the GEPF Website at www.gepf.gov.za.

2.4. In order to provide clarity and authoritatively dispel any unfounded rumours pertaining to the impact of the March 2016 pension on Government Employees, the Director-General of the National Treasury and the Director-General of the Department of Public Service and Administration issued a joint Circular on 19 January 2016, which is also attached.

3. WAY FORWARD

3.1. The Department wishes to - in the strongest terms - caution its employees against resigning due to rumours that their pension dispensation and benefits will be affected by the implementation of the retirement reforms.

3.2. As confirmed by the Principal Executive Officer of the GEPF, members of the GEPF will be able to access their pensions after 1 March 2016 in exactly the same way as these can be accessed currently. There are very strict rules about the kind of benefits that must be paid by the GEPF which are spelled out in the Government Employees Pension (GEP) Law 21 of 1996, and the GEPF Rules. None of the existing calculations and benefits will change as a result of the retirement reforms which will come into effect on 1 March 2016.

3.3. Educators and other officials who now hastily prior to 1 March 2016 resign or take early retirement - simply because they are concerned about the March 2016 pension reforms or other unfounded rumours pertaining to Government nationalizing pension savings - will therefore be surrendering their employment and job security <u>for no good reason at all</u>.

3.4. Managers in offices and schools are reminded that Public Service officials (PSS) who are paid on a monthly basis are required to give at least one month's written notice if they intend to resign. The Employment of Educators Act prescribes that educators may resign by giving 90 days (3 months) notice in writing. It is required that when an employee resigns, he or she should serve the prescribed notice period to allow sufficient time to prepare and hand over to the new incumbent. In case of an educator, the Department also requires fair opportunity to facilitate the employment of a replacement so as to ensure that learners are not left in class rooms without teachers.

3.5. Shorter notice may only be given if the delegated authority approves it at the request of the employee.

3.6. Where serving officials and educators have given due notice of their intention to resign, managers in offices and schools are requested to personally take urgent discussion with such employees with reference to this HRM Directive. Such employees – where they are still reporting for duty and where no fixed arrangements have been made for their replacement – may be afforded a once off opportunity to withdraw their notice of resignation in writing. The Department values its work force and would not wish to lose any employee as a result of a rash or uninformed decision.

3.7. Where employees remain intent on resigning, they are encouraged to seek financial advice and to preserve their exit benefits when they change jobs so as not to compromise their future financial security at retirement age.

3.8. It should be noted that the Department is the custodian of both the interest of its employees and the interest of the learners of this Province. The tendency of educators leaving the system, receiving their exit benefits and then seeking re-employment has in recent years had a hugely disruptive impact on service delivery and teaching and learning. Employees are therefore reminded that the stringent re-employment measures published in HRM Directive No 14 of 2015 in respect of educators who left /leaves the system as from 1 May 2015, remains effective.

3.9. Managers should ensure the urgent distribution and dissemination of this HRM Directive to all components and employees in his/her line management function.

MRS. TF NTULI
ACTING CHIEF FINANCIAL OFFICER

22/01/2016
DATE

MRS. LH MOYANE
ACTING HEAD OF DEPARTMENT

24/01/2016
DATE

MPUMALANGA
THE PLACE OF THE RISING SUN

national treasury

Department
National Treasury
REPUBLIC OF SOUTH AFRICA

the dpsa

Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

TO HEADS OF ALL NATIONAL AND PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

IMPLEMENTATION OF THE RETIREMENT REFORMS ON 1 MARCH 2016

1. Government would like to inform public sector employees that the Taxation Laws Amendment Act, 2015 that was signed by President Jacob Zuma on 24 December 2015 **does not affect members of the Government Employees Pension Fund (GEPF) in any way**.

2. Rumours have resurfaced that Government wants to nationalise pension savings and that employees will lose control of their money. These rumours are untrue. Employees are cautioned against resigning because of these rumours.

3. Government has not introduced any laws which prevent public service employees from accessing their pension monies when resigning or retiring. When retiring, GEPF members are entitled to a gratuity (equivalent to one-third of their pension savings) and the rest is annuitised, meaning they receive it in monthly payments/pension. **This has not changed**.

4. The reforms, coming into effect on 1 March 2016 seek to make provident funds similar to pension and retirement annuity funds in terms of contributions and benefits at retirement. The GEPF is a pension fund and will therefore not be affected by the reforms.

5. Pension funds are managed and controlled by a Board of Trustees which exercises a duty towards the fund and members, and have both employer and employees representatives. Government is not responsible for investment decisions.

6. Employees should be aware that withdrawing retirement benefits upon resignation has tax implications. This means that employees will get less than they would have received had they waited for retirement. Although there is currently no law forcing employees to preserve when they change jobs, workers are encouraged to seek financial advice and to preserve their money when they change jobs.

7 The retirement reforms contained in the TLAA seek to:

a. Encourage all employees to save for their retirement and to provide adequately for their own retirement and the needs of their dependents;
b. Simplify the retirement system and to lower charges in the savings and retirement industry;
c. Improve standards of fund governance, including trustee knowledge and conduct, protection of members' interest, accountability and disclosure of material information to members and contributors;
d. Encourage employees to leave their money in the system for longer so they can enjoy higher growth and higher pensions; and
e. Encourage all to use their retirement savings to provide an income in retirement, rather than spending it very quickly when they retire.

Lungisa Fuzile
Director-General: National Treasury
Date: 19/1/2016

Mashwahle Diphofa
Director-General: DPSA
Date: 19/01/2016