



To all AMAGP and GEPF members

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The worst financial decision of your life!

There are many horror stories about retirement funds and especially the Government Employees Pension Fund (GEPF). Many members of the GEPF have been advised by advisors to resign and withdraw their pension, based on the false claim that their capital will be lost upon death. *This is untrue*: as a member of a defined benefit fund like the GEPF, you do not have a personal capital amount that can be lost. Instead, you are guaranteed a lifelong growing pension.

Understand the difference between two types of pension funds:

- *Defined Contribution Funds*: You contribute until retirement, then use the accumulated funds to buy a private pension. The growth of your capital depends on market performance, and poor financial discipline can lead to poverty not only after 10 years but certainly before death. Growth is not guaranteed.

- *Defined Benefit Funds (like GEPF)*: You contribute while working, and upon retirement, receive a guaranteed lifelong pension. Market fluctuations do not affect your pension. If you resign before retirement, you receive the actuarial value at that time, but this is less advantageous than retiring normally. Growth is guaranteed.

Understand serious tax implications: Withdrawing funds before retirement leads to higher taxes (up to 35% of your pension payout!) and the favorable tax treatment on retirement only applies if you transfer your funds immediately to a retirement annuity or preservation fund first. Those funds are not available for you in cash to invest in a business or buy a house without a serious tax 'penalty'.

Upon death, your spouse is entitled to a lifelong pension, typically 50% of your pension, but you can choose to secure up to 75% for them at retirement, which comes at a cost. Finance this increased pension from your gratuity to maximize your own pension and save on taxes.

Ignore political scare tactics suggesting that your money will be stolen. Rather to focus on hard facts and be not swayed by political rhetoric. Retirement is for life, and the GEPF provides guaranteed lifelong benefits. Many true improprieties about the GEPF and PIC are reported in the media running into billions of rands based on political influences in investment decision

making. Fortunately, this affects only about 5% of the GEPF's R2.6 trillion portfolio and will not affect your pension security. This is what the AMAGP constantly monitor and advocate against in the interest of all pension members.

The GEPF is still very much a solvent pension fund with a 119% funding level. Join AMAGP which actively fight to rid the Fund from political influences and funding political projects.

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f/AMAGP NATIONAL EXECUTIVE COMMITTEE