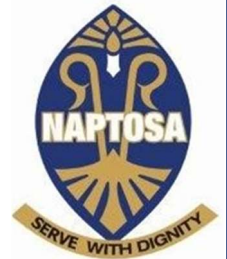


# NATIONAL NEWS FLASH



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## REMINDER: GEPF “CLEAN BREAK” ELECTION

PSCBC Resolution 1 of 2017 amended/improved a number of pension benefits and created new ones.

One of these amendments entailed a change to the application of the “clean break” principle when a member of the GEPF divorces. Before the amendment, a pension debt (with resultant interest) accrued to the GEPF member when a portion of his/her pension was paid out by the GEPF to his/her spouse as part of a divorce settlement.

The amendment, which came into effect in 2019, now ensures that rather than creating a debt, there will be an adjustment to the member’s pensionable service following the payment of a divorce settlement by the GEPF. In other words, when the employee retires, his/her number of years of pensionable service (which is one of the main elements in the calculation of pension) would have been reduced.

As part of the amendment, members of the GEPF who had divorced before the Pension Rule change was effected (1 August 2019) and to whom the debt and interest model had applied, were given the opportunity, until 22 May 2020, to make an election to remain with that model or to switch to the service reduction model. Members who fail to make an election within the time frame, will be automatically converted to the service reduction model.

**Members who fall in the above category, and who have not yet exercised their choice, are encouraged to do so before the cut-off date of 22 May 2020.**

For general information, please note that the GEPF announced a 3,6% increase for pensioners with effect from 1 April 2020.

**BASIL MANUEL  
EXECUTIVE DIRECTOR**