



Child's Pension replaces Orphan's Pension

GEPF Introduces new Child's Pension

GEPF has introduced a new Child's Pension, with effect from 1 June 2018. The Child's Pension has replaced what was known as the Orphan's Pension. This positive development is aimed at bridging the gaps that have been identified in the implementation and processing of the old orphan's pension.

The concern about orphan's pension application was that both parents had to be deceased for a child to qualify for the pension. This was considered to be unfair, particularly in the situation of single parents whose partners could not be traced or confirmed either dead or alive.

With the new Child's Pension, if a member or a pensioner dies, the child/children can apply for a Child's Pension. In other words, if one parent dies and the other is still alive, traceable or not, the child or children can apply for a Child's Pension. This is unlike in the past where proof of both parents' deaths was required in order for the child or children to apply for the pension.

What are the main differences between the Orphans Benefit and the Child's Pension?

To qualify for a Child's Pension, the requirement that both parents should be deceased **falls away** – to qualify for a Child's Pension, only the member or pensioner needs to be deceased. A child qualifies for Child's Pension up to the age of 22 years – regardless whether or not the child is a student.

What happens to the existing orphans?

Children who became entitled to an orphan's pension prior to 1 June 2018 and were receiving an Orphans Pension on 1 June 2018, have been converted to child pensioners. Their benefits were recalculated in terms of the new rules, but only from the date on which the new legislation came into effect (1 June 2018). In terms of the Child's Pension rules, most of the orphans will now receive bigger monthly pensions.

How are the benefits going to be calculated?

If the member or pensioner passed away prior to 1 June 2018, the claimant (orphan) must satisfy the rules for an orphan's pension (i.e. both biological or adoptive parents must be deceased, children between 18-22 years of age must be full time students, etc.). If the member or pensioner passes away on or after 1 June 2018, the claimant must satisfy

the new Child's Pension rules (i.e. only one parent needs to be deceased, benefit payable until 22, etc.)

Where the member or pensioner passed away prior to the date the new rules came into effect, the benefit is calculated according to the orphans formulas until the commencement date of the Child's Pension. The remainder of the benefit is calculated according to the Child's Pension rule.

In the case of the death of a contributing member, the Child's Pension is calculated as a percentage of the annuity amount which the member would have received if he or she had retired on the date of death.

In the case of the death of a pensioner, the Child's Pension is calculated as a percentage of the standard pensioner annuity amount on the date of death.

The benefit percentages payable is reflected in Rules 14.5.4 and 14.6.3 of the Government Employees Pension Law, 1996 (Proclamation 21 of 1996 as amended) respectively.

What happens with disabled children?

Disabled children will receive the Child's Pension regardless of their age. The child must prove (or assisted to prove) that they are physically or mentally disabled and not capable of providing for themselves financially.

How must a child apply for the benefit?

There will be a new Child Pension application form available on the GEPF website that must be used for the Child's Pension applications. The form number is CHP1. The existing Z143 application form will not make provision for the new Child's Pension.

How are payments made?

Payment to minors is made to the guardians of the children. Children between the ages of 18-22 are paid to their own account. GPAA will notify the guardian to change banking details 3 months prior to the 18th birthday of the child. If the banking details are not changed, payment will be suspended.

(Section 21 of the GEP Law prohibits us from paying benefits to a third party).

If a child is a major and cannot administer their affairs, a curator or guardian must be appointed by the High Court and the Master of the High Court must issue an appointment certificate

What happens with late claims?

If a Child's Pension has already been awarded, and another child claims and is subsequently approved to be a dependent of the deceased member or pensioner, the benefits due to all the child pensioners will be recalculated based on the number of children qualifying. The new child will only receive benefits from the date the claim is received. If the benefits of the other children have to be reduced, that will be done from the date that the new claim is received. No overpayments will be deducted from the children receiving benefits.

Are enhanced spouse pensions taken into consideration if a pensioner passes away?

No, the Child's Pension is calculated as a percentage of the standard member or pensioner benefit. The reason for this is that the pensioner on retirement pays for an enhanced spouse benefit – not an enhanced Child's Pension.

Is interest payable on Child's Pension?

Yes, subject to the rule that interest must never be more than the monthly pension payable.

Is tax payable on the Child's Pension?

Yes, the benefit is subject to tax. If the child does not have a tax number, the GPAA will register the child as a tax payer with SARS and inform the child/guardian of the tax number. Tax certificates will be issued annually.



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