



NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 2470 [NW2727E]

DATE OF PUBLICATION: 25 August 2017

2470. Adv A de W Alberts (FF Plus) to ask the Minister of Finance:†

- (1) With reference to the clean break principle when a member of the Government Employees Pension Fund (GEPF) gets divorced, (a) how many members of the fund have been affected by this since the rule was instituted, (b)(i) what is the cumulative debt of all the members to the fund and (ii) what is the interest rate at which the debt is levied and (c) how many members have already expressed objections to the principle;
- (2) whether the principle will be retained and whether plans exist to abolish it; if not, (a) why not and (b) what are the full reasons and particulars in this regard; if so, (i) what are the concomitant particulars and time lines, (ii) with what will the principle be replaced and (iii) what happens to the members who have already incurred debt in terms of the clean break principle? NW2727E

REPLY:

1. (a) It is important to understand that there is no debt in the conventional sense of the word. The GEPF provides affected divorced members with a funding mechanism to replenish their benefit after paying out the non-member spouse without adversely affecting other members of the Fund.
 - (b) (i) as explained in (a) above, it is not correct to consider the so-called divorce debt in the GEPF context as conventional debt that accumulates. Divorced members choose to replenish their benefits or not.
 - (ii) The GEPF does not keep statistics of members who object as the use of this mechanism to replenish their benefit is a member's choice. However, the

GEPF is a respondent in a court application by a member on the application of the “clean break principle.”

2 Although there are no obvious negative effects of the current application of the clean break principle, it confuses members, and the Board has already decided to discard the current application of the clean break principle in its current form. After the GEPF consulted the employer and employee representative through the Public Service Coordinating Bargaining Council (PSCBC), the PSCBC has taken a resolution, Resolution 1 of 2017, to make the necessary changes to the GEP Law and rules. This is subject to the normal process of changing laws in the country

(i) The current mechanism for implementing the clean break principle will be replaced with a reduction of the member’s years of service commensurate with the amount paid to the non-member spouse in terms of the divorce decree.

(iii) Members who have already used the current the clean break principle mechanism to replenish their benefit will be given the option to have their years of service reduced commensurate with the amount paid to the non-member spouse in terms of the divorce decree.

2. Although there are no obvious negative effects of the current application of the clean break principle, it confuses members, and the Board has already decided to discard the current application of the clean break principle in its current form. After the GEPF consulted the employer and employee representative through the Public Service Coordinating Bargaining Council (PSCBC), the PSCBC has taken a resolution, Resolution 1 of 2017, to make the necessary changes to the GEP Law and rules. This is subject to the normal process of changing laws in the country.