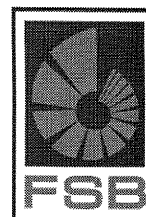


FINANCIAL SERVICES BOARD

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INFORMATION CIRCULAR PF NO. 2 OF 2016

MEMBER PERSONAL DETAILS FOR PURPOSES OF MEMBER COMMUNICATION AND PAYMENT OF BENEFITS

1. Introduction

Many complaints received by the Registrar's office and the office of the Pension Funds Adjudicator relate to complaints in respect of the benefits paid or payable to members or their beneficiaries. It is evident from these complaints that members are not fully aware of their rights, the types of benefits provided by a fund and how such benefits are computed. Further, it is clear from the increase in the number and amount of benefits that remain unclaimed in funds that many funds are not informed at inception of a member's membership and personal and contact details or do not properly maintain member contact details as and when they change or do not communicate properly to members the correct process to follow when claiming benefits due in terms of the rules of a fund.

2. Member communication

2.1 Section 7C(2) of the Pension Funds Act, 1956 ('the Act') imposes the following obligations on the board of every fund registered in terms of the Act:

"(2) In pursuing its object the board shall -

- (a) take all reasonable steps to ensure that the interests of members in terms of the rules of the fund and the provisions of this Act are protected at all times, especially in the event of an amalgamation or transfer of any business contemplated in section 14, splitting of a fund, termination or reduction of contributions of members and withdrawal of an employer who participates in a fund;*
- (b) act with due care, diligence and good faith;*
- (c) ...*

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime
Prof PJ Sutherland FE Groepe D Turpin HMM Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

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- (f) *have a fiduciary duty to members and beneficiaries in respect of accrued benefits or any amount accrued to provide a benefit, as well as a fiduciary duty to the fund, to ensure that the fund is financially sound and is responsibly managed and governed in accordance with its rules and this Act; and*

2.2 Section 7D(1)(c) of the Act determines that one of the duties of the board shall be to -

- “(c) ensure that adequate and appropriate information is communicated to the members and beneficiaries of the fund informing them of their rights, benefits and duties in terms of the rules of the fund, subject to such disclosure requirements as may be prescribed;”*

2.3 Regulation 33(4)(a) determines that the board shall ensure that-

- “(a) the monitoring person indicated in section 13A(6) of the Act brings the infringement of section 13A(2)(b) or section 13A(3)(a) to the attention of the members of the fund in respect of whom the contributions are payable; and”*

2.4 In addition, circulars PF No. 86 and 90 provide guidance to funds on the minimum information to be provided to members, pensioners, deferred pensioners and dependants.

3. From these provisions in the Act, regulations and circulars it is clear that the board of a fund has an obligation to act with due care, diligence and good faith, to ensure that members' rights are protected at all times, and a duty to communicate appropriate and proper information to members and beneficiaries in respect of their rights, benefits and duties in terms of the rules of the fund. Funds should therefore ensure that all of this is done timeously and in a manner that is transparent, understandable and easily accessible to all members.

4. Member records and contact details

- 4.1 The Registrar is aware that many funds do not have the updated personal information of its members. This maybe because a consultant or broker acts as middle man and fails to provide the relevant information to the fund. All funds are therefore urged to review the member information they possess to ascertain whether they are current. Where it is necessary, a fund must take steps to obtain their members' latest contact details and to update and maintain their member records accordingly.
- 4.2 Apart from the legal obligation a board of a fund has towards its members to maintain proper and adequate member records and contact details, funds will be in a better position to pay benefits when they become due and payable to their members, which in turn will reduce unclaimed benefits. This will also reduce the number of complaints as members will be duly informed about their rights, benefits and duties in respect of the fund and the procedure to follow when lodging a claim after benefits become due to them.

5. Conclusion

Boards of funds are therefore reminded that they are legally obliged to ensure that they regularly communicate with their members and have sufficient and updated member details to comply with the relevant sections of the Act. This will assist a fund to contact a member when a benefit becomes due and payable, as well as ensure that the member receives the relevant communication from the fund as required by the Act.

Yours sincerely

A handwritten signature in black ink, appearing to read 'DUBE TSHIDI', is written over a horizontal line.

DUBE TSHIDI

REGISTRAR OF PENSION FUNDS