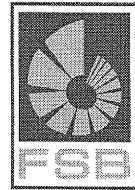


FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 347 0221 E-mail info@fsb.co.za
Toll free 0800 110443 Internet <http://www.fsb.co.za>



ENQUIRIES:	Alta Marais	D. DIALLING NO.:	012 428 8065
OUR REF:	12/12/1	FAX:	012 347 0874
DATE:	13 May 2013	E-MAIL:	Alta.Marais@FSB.co.za

(To all approved administrators, privately administered funds and insurers who underwrite pension funds)

INFORMATION CIRCULAR 2 of 2013

PENSION FUNDS ACT, 1956

SECTION 15G – RIGHT TO SHARE IN SURPLUS ACCOUNTS ON EXIT

PURPOSE

1. The Registrar of Pension Funds has become aware of instances where pension funds are not complying with the provisions of section 15G of the Pension Funds Act, 1956 ("the Act").
2. Section 15G of the Act was promulgated on 7 December 2001 and in terms of this section:
 - (1) *Notwithstanding anything to the contrary in the rules, members who cease to be members of the fund should receive, as part of their transfer values or benefit payments, a share of any credit balances in the member surplus account, the investment reserve account and such contingency reserve accounts as the board deems appropriate, in the ratio that the liability of the fund in respect of the past service of the members leaving the fund bears to the liability of the fund towards all its members in respect of past service at that date: Provided that the board may use a reasonable alternative if there are sound administrative reasons why such a calculation cannot be performed.*
 - (2) *Notwithstanding anything to the contrary in the rules, existing members and former members may not participate in the employer surplus account when they transfer out of a fund or when they become entitled to a benefit, unless the relevant employer so directs.*

3. Instances where a member who exits a fund does not receive a share of a credit balance in the Investment Reserve Account are of particular concern to the Registrar.
4. Where a pension fund has set up a member surplus account and/or an investment reserve account and any other such contingency reserve accounts in which members are to share, the board of the fund must ensure that the administrators include a proportionate share of such accounts in the exit benefit.
5. In cases where funds did not comply with the requirements as set out in section 15G of the Act, they are required to correct the position without any undue delay by paying the members that exited any additional amount to which they may be entitled to.
6. Where funds act contrary to the provisions of the Act, the Registrar may refer such cases for further investigation, which may result in the contravention being referred to the Enforcement Committee.
7. When applying section 15G of the Act, funds are reminded that pensioners are also members of the fund and hence also have a right to share in surplus accounts on exit, for example when pensioners are outsourced to an insurance company or transferred to another pension fund.

Yours faithfully



REGISTRAR OF PENSION FUNDS