



# BETWEEN THE TIDES

THE 2012 PENSION LAWYERS ASSOCIATION CONFERENCE

## Beneficiary Funds – Update

### What works and What can work better?

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# Content

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- Where we started – 2008
- To place benefits in beneficiary funds or not
- Statistical information
- Transferring trusts to beneficiary funds
- Retirement Fund Trustees – duties, and the end thereof
- Unallocated assets
- Income & benefit payments determination
- Investments of beneficiary fund assets
- Age of Majority
- Unclaimed benefits
- Education & Communication

# Where we started - 2008

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- PFA amendments in 1989
- PFA amendments Sept 2008
- Admin 13B licence
- Beneficiary fund rules registration
- PFA Act compliance
- Regulations outstanding – powers of BF trustees?

# Statistical Update:

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## Beneficiary Funds:

- » Total Market Value R 3 776 102 919.43
- » Total Beneficiaries 40 490
- » Average R93 260

## Umbrella Trust of companies participating in the survey:

- » Total Market Value R 12bn estimate
- » Total Beneficiaries >250 000

# More Stats:

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## Educational stats:

- » 50% of kids starting school reach matric
- » 70% of them pass matric
- » Therefore overall 35% pass matric
- » 50% age-related grade

## Social stats:

- » 70% of 16m social grants – children (over 11m)
- » Child grant rose 13fold since inception

# To place benefits in BF or not

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- Interest of dependent
- Caregiver vs. legal guardian
- Competency of guardian
- Change of guardianship
- Size of benefit
- Term to majority

# RF Trustees – duties, and the end thereof

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- Education of retirement fund members
- Finalisation of death claim investigation and distribution
- No SLA with BF
- Service level Standard
- Monitoring & BF selection review process
- Terms and conditions from RF Trustees?

# Unallocated Assets

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- Deposits – no or limited information
- Information to refund to RF
- Refund Policy
- Legal opinion



# Income & Benefit payment determination

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- RF trustees vs BF trustees
- BF rules and powers of BF trustees
- Payments vs preservation
- Allocation towards education – 90%
- Affordability

# BF Investments

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- Reg 28 compliance – low risk
- Objectives – security of capital, income, capital growth
- Lifestyle modelling
- ESG
- CRISA

# Current Legal issues

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- PF 134
- Approved benefits vs Unapproved benefits vs Employee benefits
- Tax-free to BF's
- Majors' benefits

# Age of Majority

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- Change : Children's Act Jul 2007 from 21 to 18
- Education levels in SA
- Social realities, expectations and pressures
- Commercial retention of assets?
- Age of majority – legal opinion
- Exemption for EB Trusts & BF's

# Unclaimed Benefits

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- Definition – COE o/s, termination
- Legislation, Governance
- Tracing of children vs adults - capabilities
- Success rate – database management

# Education & Communication

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- PF130 compliance
- Members of Retirement Funds education
- Guardians Counseling
- Literacy, Languages
- Guardians & Beneficiary workshops



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» Thank you

» Questions?