Remuneration for Trustees and Principal Officers of Retirement Funds

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Introduction

Introduction

- Interesting stats on BoT and PO remuneration
- Regulatory framework regulating BoT and PO remuneration
- Clarity of different roles and responsibilities helps understand remuneration decisions
- The five factors that really determine PO and trustee remuneration
- The four labour markets in retirement funds
- Conflict of interest risks

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PWC Retirement Fund Survey (2026)

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PWC Retirement Fund Survey 2026

52
Participants

22
Standalone funds

30
Specialised funds

17% - AUM greater than R30bn

71% - AUM greater than R50m

Balance less than R50m

45%
Fixed fee per meeting

28%
Hourly basis

27%
Retainer basis

79%
All / some should be remunerated

8
Average # board members

50%
Rem by ER or sponsor

4
Average # BoT meetings p/a

4 Sub-committees:
- A&R (3 times p/a)
- Investment (4 times p/a)
- Benefits (5 times p/a)
- Communication (4 times p/a)

Average and maximum rem of board members

	2026				2023			
Chairperson	**Stand-alone funds**		**Specialist funds**		**Stand-alone funds**		**Specialist funds**	
	Average	**Maximum**	**Average**	**Maximum**	**Average**	**Maximum**	**Average**	**Maximum**
Retainer per annum	R371,934	R655,920	R381,160	R1,350,000	R375,550	R612,800	R422,463	R683,600
Fixed fee per meeting	R15,303	R25,182	R14,069	R28,957	R7,970	R15,000	R8,237	R15,000
Rate per hour	R4,727 **	R6,820 **	R3,383	R3,901	R3,782	R3,800	R3,909	R5,275
Increase of the rate per hour (3 years)	25.0%		(13.5%)[a]					

[a]This decrease is specifically attributed to 2 funds included in the 2023 survey at high rates, and did not particiapte in the current year.

	2026				2023			
Independent/professional board member	**Stand-alone funds**		**Specialist funds**		**Stand-alone funds**		**Specialist funds**	
	Average	**Maximum**	**Average**	**Maximum**	**Average**	**Maximum**	**Average**	**Maximum**
Retainer per annum	*	*	R143,071	R258,300	R301,046	R499,992	R301,190	R410,159
Fixed fee per meeting	R11,455	R19,491	R13,774	R23,116	R7,066	R9,600	R7,300	R10,000
Rate per hour	R4,000 ***	R4,000 ***	R2,929	R4,000	R3,178	R3,200	R4,503	R4,748
Increase of the rate per hour (3 years)	25.9%		(35.0%)[a]					

Source: PwC analysis

Average and maximum rem of board members

	2026				2023			
Employer appointed/member elected board member	**Stand-alone funds**		**Specialist funds**		**Stand-alone funds**		**Specialist funds**	
	Average	**Maximum**	**Average**	**Maximum**	**Average**	**Maximum**	**Average**	**Maximum**
Retainer per annum	R249,115	R374,046	*	*	*	*	*	*
Fixed fee per meeting	R7,690	R25,182	R600***	R600***	R6,133	R11,000	R6,950	R10,400
Rate per hour	R3,446 **	R6,820 **	*	*	R1,922	R2,750	R2,083	R3,467
Increase of the rate per hour (3 years)	79.3%							

Source: PwC analysis

Table 3.2: Average and maximum remuneration of pensioner representative for serving on the board

	2026		2023	
	Stand-alone funds		**Stand-alone funds**	
	Average	**Maximum**	**Average**	**Maximum**
Fixed fee per meeting	R12,911	R24,000	R7,950	R13,700
Rate per hour	**	R6,820	R2,013	R3,425
Retainer per annum	**	R374,046	*	*

Source: PwC analysis

Average rem for serving on sub-committees

	2026				2023			
Fee per meeting	**Stand-alone funds**		**Specialist funds**		**Stand-alone funds**		**Specialist funds**	
	Average	**Maximum**	**Average**	**Maximum**	**Average**	**Maximum**	**Average**	**Maximum**
Chairperson	R7,941	R14,145	*	*	R6,197	R12,020	R7,015	R13,500
Increase of the fee per meeting (3 years)	28.1%							
Independent/professional board member	R13,050	R19,491	*	*	R5,525	R9,595	R6,846	R9,600
Increase of the fee per meeting (3 years)	36.0%							
Employer/member elected	R6,557	R11,160	*	*	R3,733	R5,400	R6,170	R10,000
Increase of the fee per meeting (3 years)	143.4%							

Source: PwC analysis

Average rem for serving on sub-committees

Table 5.1: Rate per hour earned by board members for serving on sub-committees

	2026	
Rate per hour	Specialist	
	Average	Maximum
Chairperson	R3,801	R3,901
Independent/professional board member	R2,827	R3,701

Table 5.2: Monthly retainer earned by board members for serving on sub-committees

	2026	
Monthly retainer	Specialist	
	Average	Maximum
Chairperson	R12,718	R31,805

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Regulatory Overview

What governs remuneration?

- **PFA**
  - Does not explicitly prescribe remuneration levels
  - Sets out key governance and fiduciary duties which may influence remuneration policies
  - BoT duties – S7A to S7C of the PFA (due care, diligence, independent, avoid conflict of interest)
  - Duties shape the expectations of competency and time commitment, influencing remuneration framework
  - PO duties – S8 – outlines statutory duties that justify compensation
  - S13 – **Rules** of the fund

What governs remuneration?

- **PF 130**
  - Good governance of retirement funds
  - Sets out governance standards and expectations of board, including independence and avoiding conflicts of interest
- Fund AFS – line item of remuneration
- **Companies Act**
  - Mandatory disclosure of director and prescribed officer remuneration

What governs remuneration?

- **King V** - widely referenced as the primary governance benchmarks for retirement funds
- Guidance Note – Application to retirement funds - **Principle 11 –** Remuneration
- Board ensures that the fund remunerates **fairly**, **responsibly** and **transparently** to promote sustainable value creation by the fund within its economic, social and environmental context
- Board should ensure that **all remuneration and fee structures** are **fair**, **reasonable** and aligned with the fund's purpose of maximising sustainable value for members
- Monitor whether service provider fees **reflect value for money** (board)
- Ensuring that **trustee remuneration is disclosed, justified** and **does not create conflicts of interest**
- Adopt a **remuneration policy / fee governance policy** in line with recommended practice

What governs remuneration?

- **Disclose** trustee remuneration in annual reporting, inline with FSCA guidelines and public interest expectations

PRINCIPLES	EXPLANATIONS AND DISCLOSURES
PRINCIPLE 11: The governing body ensures that the organisation remunerates fairly, responsibly and transparently to promote sustainable value creation by the organisation within its economic, social and environmental context.	**Exception declaration:** All the practices recommended in support of Principle 11 have been implemented, except for the following: › Recommended Practice No. [x] › Recommended Practice No. [x] *[ADDITIONALLY, THE ORGANISATION TO EXPLAIN WHY THE RECOMMENDED PRACTICES AS PER THE EXCEPTION DECLARATION HAVE NOT BEEN ADOPTED, AND WHICH COMPENSATING MEASURES HAVE BEEN IMPLEMENTED TO ENSURE ATTAINMENT OF THE OBJECTIVE SET BY PRINCIPLE 11.]* **Specific disclosures:** Disclosure in relation to **remuneration**: › Key decisions taken on remuneration, including reference to the internal and external factors that influenced these decisions. › The use and justification of remuneration benchmarks. › How it is ensured that the remuneration of executive management is fair and responsible in relation to overall employee remuneration. › A description of the performance measures and associated targets applied to the achievement of strategic objectives and the sustainable creation of value by the organisation within its economic social and environmental context, including the relative weighting of each target and the period over which it is measured. If these are deemed to be commercially sensitive in nature, the targets should be disclosed in arrears. › Whether discretion has been applied by the governing body in its decision making on remuneration, the impact of such discretion on pay outcomes and the factors considered when the decision(s) was made. › Details of any obligations in executive employment contracts which could give rise to payments on termination of employment or office. › Whether remuneration consultants have been used, and the view of the governing body of their independence and objectivity. › The results of any votes by shareholders on the remuneration policy and the remuneration outcomes and the steps taken to address significant shareholders' concerns. › Whether the governing body is satisfied that the remuneration policy has achieved its stated objectives. *[ADDITIONALLY, OR ALTERNATIVELY, THE ORGANISATION TO INSERT LINKS TO WHERE IN OTHER EXTERNAL REPORT(S) THE REQUIRED DISCLOSURES ON THE APPLICATION OF PRINCIPLE 11 ARE MADE.]*

What governs remuneration?

- Leadership (Principle 1) – **avoid conflict of interest** by refraining from situations where personal interest may conflict with the interest of the fund, if avoidance is not possible, disclose conflict
- **Directive 8** - Prohibited Gratification

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5	Conflict of interest risks and Closing thoughts

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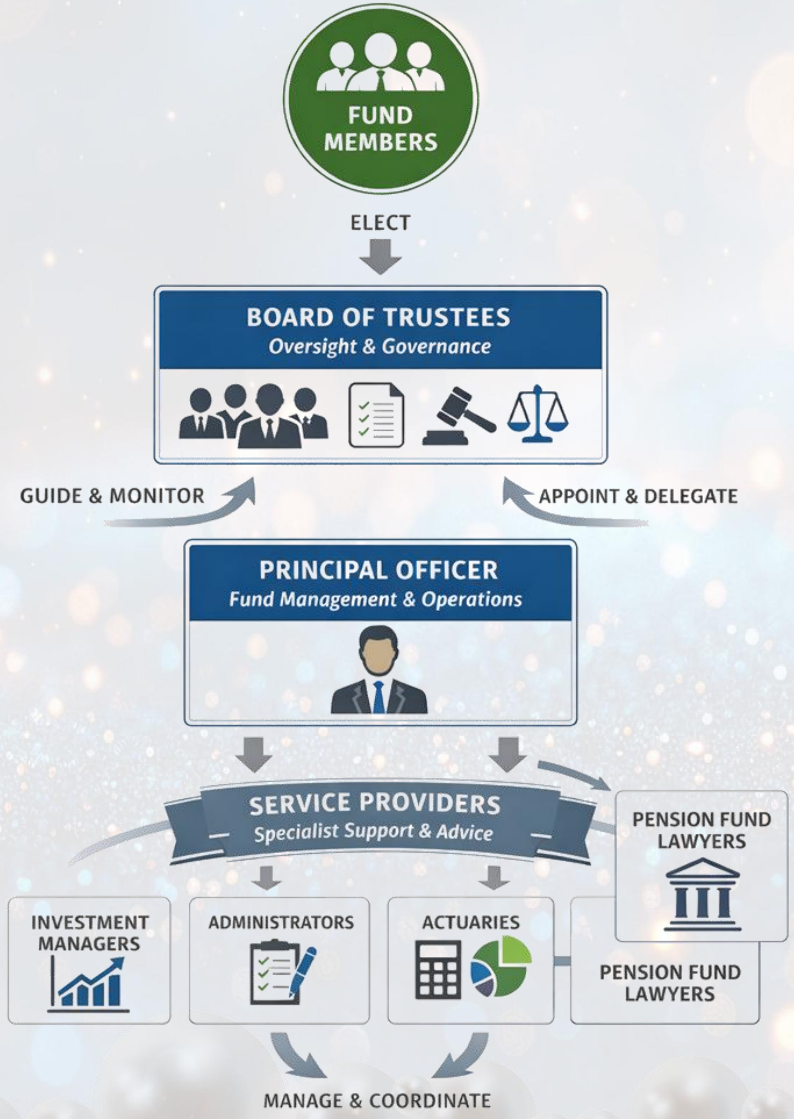
Clarity of different roles and responsibilities helps understand remuneration decisions

Clarity of different roles and responsibilities helps understand remuneration decisions

Dimension	Trustees	Principal Officers
Primary Focus	Governance and oversight	Executive management and administration
Fiduciary Responsibility	Strategic oversight of fund assets	Operational implementation of board decisions
Decision Horizon	Long-term member outcomes	Day-to-day operational effectiveness
Regulatory Responsibility	Ensure fund complies with legislation	Ensure compliance systems operate effectively
Financial Literacy	Ability to understand investment strategy and reports	Advanced financial and operational understanding
Independence	High level of independence required	Executive accountability to board

Dimension	Trustees	Principal Officers
Stakeholder Engagement	Represent members and employers	Manage service providers and regulators
Risk Oversight	Identify governance and strategic risks	Manage operational and compliance risks
Strategic Thinking	Evaluate investment strategy and fund direction	Implement strategy and manage operations
Governance Knowledge	Board processes, fiduciary duties, committee work	Governance implementation and reporting
Leadership Style	Collaborative oversight	Executive leadership and decision making
Technical Expertise	Investments, governance, member interests	Fund administration, operations, regulation

Factor	Trustees	Principal Officer	Similarities
Employment Relationship	Usually not employees of the fund	Typically employed by the fund	Both serve the fund and its members
Remuneration Type	Fees (retainer, meeting fees, committee fees)	Salary + benefits + potential incentives	Both approved by the Board
Pay Structure	Flat fees; rarely performance-linked	Fixed pay + possible performance incentives	Must reflect responsibility and complexity


FUND
MEMBERS
ELECT
BOARD OF TRUSTEES
Oversight & Governance
GUIDE & MONITOR
APPOINT & DELEGATE
PRINCIPAL OFFICER
Fund Management & Operations
SERVICE PROVIDERS
Specialist Support & Advice
PENSION FUND
LAWYERS
INVESTMENT
MANAGERS
ADMINISTRATORS
ACTUARIES
PENSION FUND
LAWYERS
MANAGE & COORDINATE

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The 5 Factors That Really Determine Principal Officer Pay

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The 5 Factors That Really Determine Principal Officer Pay

Factor	What It Means	Why It Drives Pay	Impact on Pay
1. Fund Size (Assets Under Management)	Total value of assets managed by the pension fund	Larger funds require more sophisticated governance, investment oversight and risk management	The strongest driver of pay
2. Investment Model	Whether investments are outsourced or managed internally	Internal investment teams require executive leadership similar to an asset management firm	Internal investment models increase PO pay significantly
3. Organisational Complexity	Number of members, employers, and service providers	More complex funds require more operational leadership and coordination	Complex funds require higher executive capability
4. Regulatory & Governance Risk	Level of regulatory scrutiny and fiduciary accountability	The Principal Officer carries significant regulatory and personal liability risk	Higher compliance exposure increases remuneration
5. Talent Market Competition	Labour market from which the Principal Officer is recruited	Many Principal Officers are recruited from financial services or asset management sectors	Pay must compete with financial services executive salaries

The Structural Model

Principal Officer Pay

Pay Level

High end

Fund Size

Investment Model

Organisational Complexity

Regulatory Risk

Talent Market Competition

Low end

Pension Fund Scale

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The 5 Factors That Really Determine Pension Fund Trustee Pay

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The 5 Factors That Really Determine Pension Fund Trustee Pay

Factor	What It Means	Why It Drives Pay	Impact on Pay
1. Fund Size (Assets Under Management)	Total assets overseen by the board	Larger funds carry greater fiduciary responsibility and risk exposure	Larger funds generally pay higher trustee fees
2. Governance Workload	Number of board and committee meetings, preparation time, and oversight activities	Trustees of complex funds spend significantly more time on governance	Higher workload increases retainers and meeting fees
3. Fund Complexity	Investment structures, number of employers, member base, and service providers	Complex investment portfolios and multi-employer structures require more oversight	Complex funds justify higher trustee compensation
4. Committee Responsibilities	Additional roles such as Audit & Risk, Investment Committee, or Remuneration Committee	Committee chairs and members carry deeper governance responsibilities	Additional committee fees are common
5. Skills and Expertise Required	Level of financial, actuarial, legal, or investment expertise expected	Funds increasingly require highly skilled trustees with professional expertise	Specialist expertise commands higher fees

Remuneration Governance Model

Trustee Pay

High end

Pay Level

Low end

Fund size

Governance workload

Fund complexity

Committee responsibility

Skills required

Pension Fund Complexity

Additional Structural Drivers Often Considered

Driver	Description
Regulatory environment	Increased regulatory scrutiny raises governance responsibilities
Liability exposure	Personal fiduciary liability influences remuneration expectations
Board leadership roles	Chair and committee chairs usually receive higher fees
Market benchmarking	Trustee pay is often benchmarked against similar pension funds
Independence requirements	Independent trustees with specialist skills may receive higher remuneration

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The 4 Labour Markets in Pension Funds

The 4 Labour Markets in Pension Funds

Governance Layer	Role	Labour Market	Typical Pay Logic
Governance	Trustees	Non-executive director market	Fees for oversight time
Governance Leadership	Board Chair	Senior non-executive chair market	Retainer reflecting leadership of board
Executive Management	Principal Officer / CEO	Financial services executive market	Salary + incentives linked to performance
Specialist Expertise	Service providers	Professional Service Market	Commercial fees

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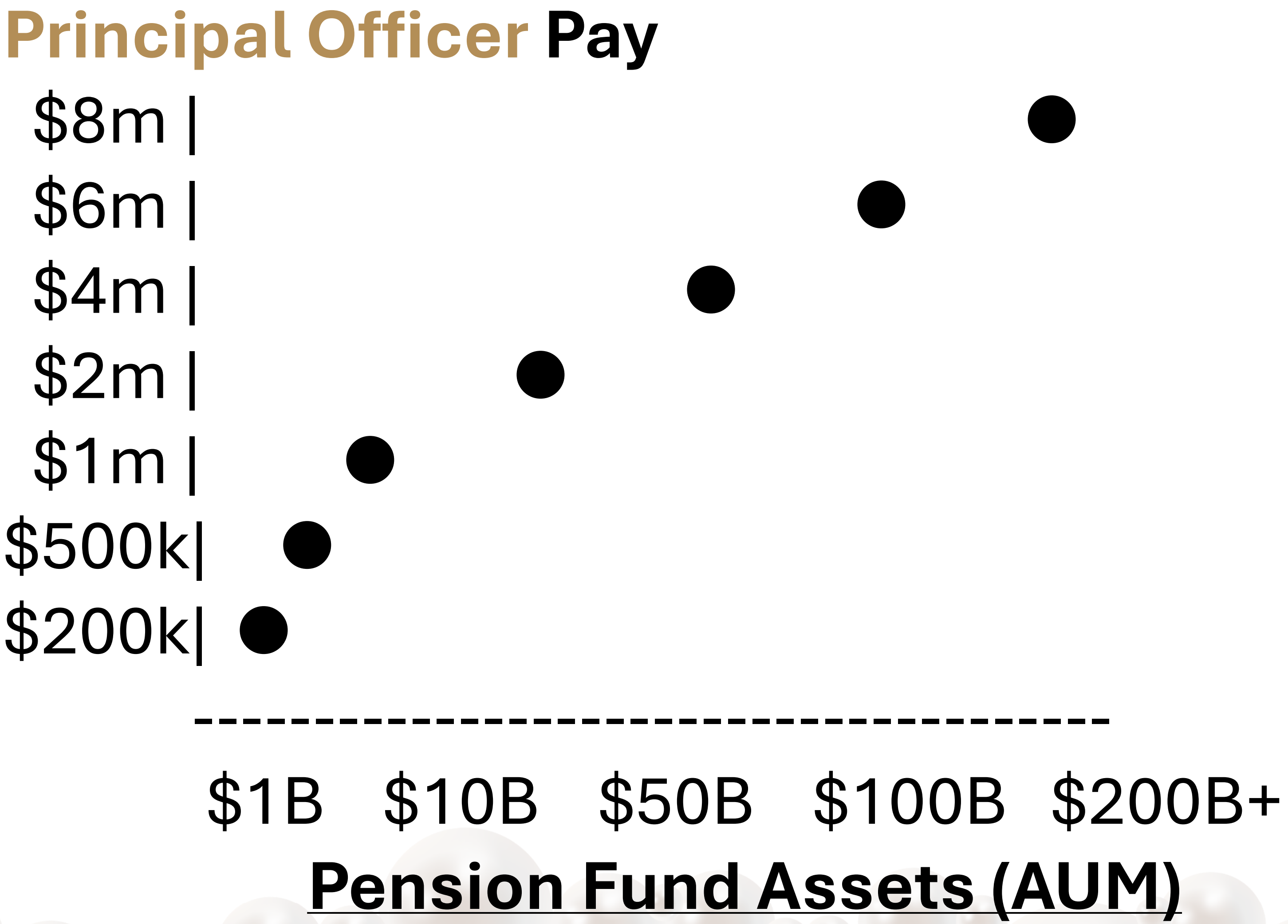
How Fund Size Drives Pay

Pension Fund Size (AUM)	Typical Principal Officer Pay (10x)	Typical Trustee Chair Pay (4x)	Typical Trustee Pay (1x)	Why Pay Increases
< $1 billion	$150k – $400k	$10k – $40k	$5k – $20k	Small administration-focused funds
$1 – $10 billion	$300k – $800k	$30k – $80k	$10k – $40k	More investment oversight and governance complexity
$10 – $50 billion	$700k – $2 million	$50k – $120k	$20k – $60k	Sophisticated investment portfolios and multiple service providers
$50 – $200 billion	$1.5m – $4 million	$100k – $250k	$40k – $100k	Global investment programs and internal investment teams
> $200 billion	$3m – $8m+	$150k – $350k	$60k – $150k	Global asset manager-scale complexity

As pension funds grow, the Principal Officer role evolves from administrator → executive → investment CEO



Why Pay Rises With Fund Size

Driver	Explanation
Investment complexity	Large funds manage multi-asset portfolios including private equity, infrastructure and derivatives
Internal investment teams	Many large funds run in-house asset management organisations
Global operations	Investments across multiple jurisdictions and markets
Regulatory burden	Larger funds face significantly higher regulatory scrutiny
Operational scale	Thousands or millions of members and complex administration
Risk exposure	Larger funds have greater financial and reputational risk

Conflict-of-Interest Risks

- Excessive pay compromising independence
- Payments from service providers
- Performance incentives creating bias
- Mitigation through disclosure and governance

Need for Regulatory Standards

- Current limited legislation
- Arguments for clearer standards: fairness, consistency
- Arguments against one-size-fits-all risks
- Middle ground: principles-based guidance

Closing thoughts

A $200 billion pension fund is not a pension fund anymore — it is an asset management company with a retirement purpose.

Principal Officer pay is not primarily determined by the individual.
It is determined by the complexity of the institution they lead.

The bigger and more complex the fund, the more the Principal Officer role starts to resemble the CEO of an investment firm.

Pension fund governance works when trustees ask the right questions, the principal officer runs the organisation, and expert advisers provide independent advice.

Closing thoughts

Trustee pay is determined by governance responsibility, not operational management.

Unlike Principal Officers, trustees are remunerated for oversight, judgment, and fiduciary accountability, not for running the fund.

Trustees are not paid for the number of decisions they make —
they are paid for the consequences of the decisions they oversee.

Good governance in pension funds is not about preventing bad people — it is about designing systems that prevent bad decisions.

Conclusion

- Fair remuneration supports good governance
- Transparency and contribution essential
- Industry guidance increasingly important


ARE WE ALMOST THERE ??
GRED

THANK YOU