Financial Institutions Office
Private Bag X238
PRETORIA
0001

October 1984

CIRCULAR PF. NO. 61

(To all self-administered pension funds
and insurers who underwrite pension funds).

FINANCIAL INSTITUTIONS AMENDMENT ACT, NO. 86 OF 1984

1. Attention is drawn to the amendments of the Pension Funds Act, 1956, contained in sections 14 to 19 of the abovementioned Act which, with the exception of section 17 which took effect on 1 May 1984, came into operation on the date of publication of Government Gazette No. 9313 of 18 July 1984.

2. The more important effects of the amendments are briefly summarised hereunder -

2.1.1 The fee to be paid for the registration of a new pension fund in terms of section 4(2) of the Act has been changed from "one pound" to a fee "prescribed by regulation".

2.1.2 A new paragraph (bA) has been added to section 36 of the Act empowering the Minister to make regulations -

> "prescribing matters in addition to those contemplated in any other provision of this Act, in respect of which fees shall be payable and the fee payable in respect of each such matter".

2.1.3 In accordance with the amendment to section 4(2) and the new section 36(bA), read in conjunction with the existing sections 36(a) and 36(c), new regulations were published in Government Gazette No. 9437 (Regulation Gazette No. 3749) on 28 September 1984. The new fees are effective from the date of publication of the said regulations and the following changes are of immediate importance:

(a) Registration fees for new funds increased from R2,00 to R20,00 payable by cheque, postal order, etc., but not by means of revenue or postage stamps.

(b) Registration of amendments to rules of funds and registration of revised rules are at present free of charge, but under the new regulations will cost R5,00 per resolution (irrespective of the number of amendments involved) payable by means of revenue stamps.

The other new fees in respect of, for example, inspection of documents, copies of documents, appear for information in the annexure to this circular and are also payable by means of revenue stamps.

Funds are cautioned that all applications for the registration of new funds, of amendments to rules of funds, and of revised rules which are not accompanied by the new prescribed fees will be returned by unregistered mail.

2.2 A new section 13A has been inserted in the Act in terms of which pension fund contributions payable in respect of any member of the fund (i.e. the employers' contributions and, where applicable, the members' contributions) shall be paid directly to the fund, normally by the employer, within a period of seven days after the expiration of the period in respect of which the contribution is being paid, and the person managing the business of the fund shall not later than the first business day following the day on which the fund received the contribution, deposit the contribution in the name of the fund with an institution registered under the Banks Act, 1965, or the Building Societies Act, 1965. In the case of funds exempted in terms of section 2(3)(a)(ii) of the Pension Funds Act, 1956, the contribution may within the said seven days be paid directly to the insurer administering the fund instead of being deposited in the name of the fund. In regard to exempted funds, my circular letter PF.110 of 8 August 1980 must be regarded as amended to this effect. It should be noted that section 37 of the Act has also been amended to make non-compliance with section 13A an offence.

2.3 Section 16 of the Act has been amended and in terms of subsection (1) the actuarial valuation must be done at least once in every three years instead of once in every five years. It further provides that the fund shall send a copy of every valuation report or a summary thereof, prepared by the valuator in the form prescribed by Regulation and signed by him, to every employer participating in the fund. The form of such summary will be published shortly.

2.3.1 In terms of subsection (3) of section 16 a fund which caused its financial condition to be investigated before 18 July 1984 may cause the next investigation to be done within five years from the date of that previous investigation but thereafter it must adhere to the three year period requirement.

2.3.2 The new subsection (3A) of section 16 deals with funds which before 18 July 1984 had not caused their financial condition to be investigated for the first time. These funds must have their financial condition invest- igated at the end of their third financial year after 18 July 1984 or at the end of the fifth financial year after registration, whichever is the earlier.

2.3.3 According to subsection (4) of section 16 funds other than funds mentioned in sub- section (3) or (3A) must cause their financial condition to be investigated for the first time at the end of their third financial year after registration.

2.3.4 All funds are allowed to select an earlier year-end than the afore-mentioned third or fifth year-end in order to cause their financial condition to be investigated.

2.3.5 Subsection (7)(c) of section 16 has been amended to make it clear that particulars in the valuator's report, indicative of the values of assets held by the fund, must be given as at the expiration of the financial year concerned.

2.3.6 The amended subsection (7)(d) of section 16 requires that sufficient particulars of the basis of valuation of each kind of asset be disclosed so as to enable an independant valuator to judge the financial soundness of that basis.

2.3.7 The certificate to be submitted by the person managing the business of the fund and by the principal officer together with the valuation report must, in terms of the amendment of subsection (8) of section 16, <u>also</u> state, where applicable, that copies of the valuation report or a summary thereof, were sent to every employer participating in the fund.

2.4 In terms of section 17 of the Financial Institutions Amendment Act, 1984, the proviso to section 19(i), whereby a fund had to hold twenty and one-half per cent of the aggregate value of all its assets in certain prescribed bills, bonds or securities, was deleted with effect from 1 May 1984. See circular PF.60 of June 1984 in this connection.

2.5 Penalties in terms of the amendments to section 37(1)(f)(i) to (iv) of the Act, have been increased.

3. In view of the amendments made to the Act, pension funds are obliged, to bring their rules into conformity with the provisions of the Act. In the meantime it must be remembered that the Act prevails and must be complied with notwithstanding anything to the contrary in the rules of a fund.

4. Kindly acknowledge receipt and confirm that a copy of the circular was handed to your auditor by signing and returning the attached acknowledgement form to this Office.

REGISTRAR OF PENSION FUNDS

(Circular P.F. No. 60 of June 1984 was addressed to all self-administered pension funds)

(Afrikaans agterop)

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ANNEXURE TO CIRCULAR PF. 61

"SCHEDULE E"

INSPECTION OF DOCUMENTS AT THE OFFICE OF THE REGISTRAR AND THE TAKING OF EXTRACTS THEREFROM.

PRESCRIBED FEES

		Fee payable K
(a)	For inspection of or making copies of or taking extracts from any one or more of the following documents relating to any one fund	2,00
	(i) Rules of the fund	
	(ii) Last revenue account and balance sheet	
	(iii) Last report by a valuator	
	(iv) Last statement of assets and liabilities in terms of section 17 of the Act	
	(v) Any scheme under the provisions of section 18 of the Act.	
(b)	For any photostatic or double-spaced typewritten copy of or extract from any of the documents mentioned in (a) above made by the Registrar, per A4 page or portion thereof	0,50
(c)	For authentication by the Registrar of any copy made or extract taken under (a) or (b) above, per A4 page or portion thereof	1,00
(d)	For amendment of the rules of a fund, per resolution	5,00
(e)	For certifying or confirming that a fund is registered in terms of subsection (3) or (4) of the of section 4 of the Act or that its name has been changed or its rules amended [except for purposes of item (d)]	1,00
(f)	For search fee per fund for service rendered in respect of items (a), (b) or (c) above	2,00
(g)	For perusal of documents for the purposes of item (c) above, per A4 page or portion thereof	1,00

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