FINANCIAL INSTITUTIONS OFFICE
Private Bag X238
PRETORIA
0001
October 1988

CIRCULAR P.F. 67
(To all insurers who underwrite pension funds)

VALUATIONS IN TERMS OF THE PENSION FUNDS ACT, 1956

1. In view of the number of pension funds operating exclusively by means of a variety of insurance policies, this Office has reason to reconsider the exemption from the provisions of the Act relating to valuations, granted to funds in terms of section 2(3)(a)(ii) of the Act.

2. This Office is of the opinion that the financial condition of all registered pension funds should be investigated by a valuator in terms of section 16 of the Act and that exemption, whether in terms of sections 2(3)(a)(ii) or 17 of the Act, can only be considered after receipt of a certificate from a valuator, furnishing reasons why an investigation is not necessary.

3. This Office is aware of difficulties that may arise initially in preparing and furnishing these reports or certificates and is prepared to consider a phasing-in period for existing funds, as well as those still to be registered. For the smaller funds (say up to 10 members), an abbreviated version (similar to the format prescribed in Schedule F of the Regulations framed under the Act), can possibly be devised and submitted to this Office for consideration.

4. Insurers are therefore requested to submit, before the end of November 1988, schedules with the following details in respect of funds underwritten by them that are exempt from the operation of the provisions of section 16 of the Act and of which the rules do not provide for investigations by valuators:

   (a) the names and reference numbers of funds that will have to have their financial condition investigated by a valuator on the withdrawal of the exemption granted from the operation of the provisions of section 16 of the Act by this Office;

   (b) the proposed commencement dates for such first investigations;

   (c) the names and reference numbers of funds that will remain exempt from the operation of the provisions of section 16 of the Act and therefore will not have to have their financial position investigated by a valuator on the condition that they render certificates as contemplated in paragraph 2; and

   (d) the dates when these certificates will be furnished.

5. After the schedules mentioned in the foregoing paragraph have been approved by this Office, those funds affected thereby, will be advised by this Office whether section 16 of the Act applies to them and whether they will have to amend their rules to make provisions for investigations that must be executed by valuators or whether section 16 of the Act does not apply to them and they will have to submit the certificate contemplated in paragraph 2.

6. Every fund that applies for registration must comply with the provisions of section 4(2) of the Act in respect of the report by the valuator on the financial soundness of its rules or submit, when applicable, the certificate envisaged in paragraph 2, furnishing reasons why an investigation by a valuator is not necessary.

7. Funds are further advised that the provisions of sections 12, 14 and 18 of the Act are applicable to any fund, the financial condition of which has to be investigated by a valuator in terms of section 16 of the Act. It should also be noted that paragraph 6 of Circular PF 66 directs that paragraphs 3 and 4 of that Circular are also applicable to such funds.

REGISTRAR OF PENSION FUNDS

(Circular P.F. 66 was adressed to all self-administered pension funds and insurers who underwrite pension funds)

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