Replaced with PF Circ 78

FINANCIAL INSTITUTIONS OFFICE
Private Bag X238
PRETORIA
0001
October 1988

CIRCULAR P.F. NO. 68
(To all self-administered pension funds and all insurers who underwrite pension funds)

SECTION 14 OF THE PENSION FUNDS ACT, 1956: AMALGAMATIONS AND TRANSFERS

1. In order to enable this Office to prepare and issue the certificate prescribed by section 14(1)(e) of the Act and to forward it to the principal officer of every pension fund that is to participate in a proposed transaction, the following minimum particulars must be furnished in writing in terms of the provisions of section 14(1) of the Act:

1.1 By the principal officer of the transferor fund:

(a) the purpose of the scheme inclusive of a description of the manner in which the amount to be transferred has been calculated. For example, the actuarial reserve at the effective date of the proposed transaction (calculated on the same basis as that employed at the last valuation of the fund for the purpose of section 16 of the Act) in respect of the members to be transferred;

(b) a reference to the rules of the fund in terms of which the proposed transaction will be effected;

(c) the effective date when the proposed transaction will come into force;

(d) the amount or value of assets to be transferred;

(e) the number of members who will be transferred; and

(f) a certificate signed either by the valuator or the person managing the business of the fund (when the fund is not subject to actuarial scrutiny) to the effect that the proposed transaction will not render the fund unable to meet the requirements of the Act, or to remain in a sound financial condition. If the proposed transaction will have the effect that the fund will cease to exist, the certificate must also indicate that there will be no members, assets or liabilities and that the registration should be cancelled as is provided in section 27(1)(a) of the Act.

1.2 By the principal officer of the transferee fund:

(a) a reference to the rules of the fund in terms of which the proposed transaction will be effected;

(b) the effective date when the proposed transaction will come into force;

(c) the amount or value of assets to be received;

(d) the number of members that will be acquired;

(e) the nature and extent of the benefits to be granted to the members by the fund. Reasons should be furnished as to why it is considered that the manner in which the amount or value of assets to be transferred is calculated and the nature and extent of the benefits to be granted in respect of the said amount or value of assets are fair to the fund and its members; and

(f) a certificate signed either by the valuator or the person managing the business of the fund (when the fund is not subject to actuarial scrutiny) to the effect that the proposed transaction will not render the fund unable to meet the requirements of the Act, or to remain in a sound financial condition.

2. The above particulars in respect of each fund participating in the proposed transaction must be submitted together with a certificate, signed as prescribed in regulation 20 of the Regulations framed under the Act, to the effect that the provisions in the rules of the funds have been complied with or that adequate arrangements have been made to comply with such provisions at such times as may be required by the scheme. The documents and particulars of all funds involved in the proposed transaction should be submitted to this Office by the principal officer of the transferee fund under a covering letter.

3. Kindly acknowledge receipt and confirm that a copy of this Circular has been handed to your valuator (if applicable) by signing and returning the attached acknowledgement to this Office.

REGISTRAR OF PENSION FUNDS
(Circular P.F. No. 67 was addressed to insurers who underwrite pension funds.)

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