12/12/1

FEBRUARY 1990

CIRCULAR P.S. NO 70
(To all self-administered pension funds)

PENSION FUNDS ACT, 1956: COMPLIANCE WITH REGULATION 28

1. Funds were advised in paragraph 5 of Circular P.F. 69 that this Office would prescribe an appropriate return for the purpose of:

   (a) having their investment portfolios reported on annually by their auditors; and (where applicable)

   (b) the valuators' comments annually on the structure of their assets and their appropriateness in relation to matching the liabilities.

2. The enclosed return, Statement 14, inclusive of the auditor's report gives effect to the requirements in sub-paragraph (a) above and must be submitted as part of the annual financial returns of funds which have financial years ending after 1 October 1989. Funds that have already submitted their annual financial returns are required to furnish Statement 14 as soon as possible.

3. This Office has decided that a separate return should be utilised for the comments of the valuators as required in paragraph 1(b) above and a further communication on this aspect will be addressed to pension funds in due course.

4. Funds are also reminded that they must obtain the appropriate certificates from the insurers' valuators in respect of any policies of insurance held in order for them to complete the attached Statement 14 and for their auditors to finalise their reports.

5. This Office wishes to emphasise that the investments by funds in all insurance policies must be shown in the prescribed returns against item 4(g) in the Balance Sheet (Schedule "A") and on Statement 10 (Schedule "D") at book values. Policies, whether linked or not, in respect of which the insurers issue certificates as contemplated in regulation 28(2), are excluded from the assets of funds for the purposes of calculating the investment limits in the attached Statement 14 by deducting the book values of these policies from the total value of assets of the funds (by entering these book values against item A(ii) of Statement 14). The value of linked policies, in terms of the provisions of regulation 28(3) must be accounted for at the market values of the underlying assets of such policies in the Categories of Assets Nos. 1 to 9 in the attached Statement 14.

6. Kindly acknowledge receipt of this circular and confirm that a copy thereof was handed to the fund's auditor by signing and returning the attached acknowledgement form to this Office.

REGISTRAR OF PENSION FUNDS

0297I(1-2)