FINANCIAL SERVICES BOARD

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Enquiries:
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FSB

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

LEVIES PAYABLE TO THE FINANCIAL SERVICES BOARD : 1995/1996

The Financial Services Board has made a concerted effort during 1994 to ensure effective containment of costs.

Projections to March 1995 reflect a 7,6% saving in costs against the approved budget and an increase of 6,1% in expenditure compared to the previous year's actuals. This is well below the average Consumer Price Index for the same period and the Financial Services Board will endeavour to achieve the same in the ensuing year. Management believes it will also be possible to phase out the subsidisation of the pensions department's expenses by other departments through a small increase in the levy per member of retirement funds from R1,60 to R1,65 per member per annum. The minimum levy of R171 and maximum of R31 350 per fund remains the same.

For self-administered funds the levy will therefore, as in the past, be payable not later than 15 April 1995 based on the fund's membership statistics on file with the Financial Services Board on 28 February 1995. Underwritten funds will, also as in the past, have to pay a portion of the levy based on the best estimate of membership by not later than 15 April 1995 and the final levy not later than 1 August 1995, based on the membership statistics for the year ended 31 December 1994 which have to be submitted to the Registrar by 30 June 1995.

The Financial Services Board also wishes to use this opportunity to inform you of the major developments envisaged for 1995 by the Pension Funds Department to improve supervision still further. Draft legislation will be submitted to Parliament on the following matters :

- Adjudicator for the retirement industry ("ombudsman"); and
- Compulsory board of management ("trustees").

Other aspects which have been documented to be send to the industry for final comments before preparing, where necessary, draft legislation, are the following :

- Disclosure of information to members; and
- Registration of administrators of funds.

Finally, the following recommendations of the Mouton Report have been prioritised and consultation with members of the industry will start in the near future :

- Transferability of benefits;
- Preservation of benefits;
- Alternative pension instruments; and
- One-step registration of pension funds.

The industry is reminded that the Financial Services Board is a non-profit statutory body and any surplus is ploughed back into the organisation for the benefit of the levy-payers.

P J Badenhorst

P J BADENHORST
EXECUTIVE OFFICER