

OFFICIAL STATEMENT TO MEMBERS

Impact of the retirement reforms on the private security sector provident fund members

The Private Security Sector Provident Fund (PSSPF) is extremely concerned by its members' current misinterpretation of the National Treasury's plans to address the country's retirement savings culture.

The PSSPF recognises that Government wishes to deal with one of the challenges faced by most funds in respect of its members saving towards retirement. Most members elect to cash in their retirement benefits upon resignation from employment. Every time an employee changes employment, they cash in their accumulated retirement savings and are left with no retirement or insufficient retirement savings.

The Fund, however, believes that the National Treasury should have broadly engaged and consulted with all stakeholders to minimise the confusion and challenges that are arising from the perceptions that Government will nationalise provident funds and prevent people from accessing their funds.

It is imperative to note that the new developments will have a nominal effect on PSSPF members. Some members will not be required to annuitise their retirement benefit as it will be less than the R150 000 threshold stipulated by the National Treasury when they reach retirement.

In addition, all contributions made by members up to 28 February 2015, will be able to be accessed in cash and members who are

at the age of 55 and older will not be impacted by the proposed reforms as their current and future contributions may be accessed in full.

The panic caused by false rumours is resulting in most members' discontent and threats of resignations and withdrawals from the provident fund. The PSSPF calls on its members not to panic as their monies are safe and that their current savings will not be affected by the changes. The Fund will keep its members abreast with the developments on this issue.

For the benefit of all members and other stakeholders of the PSSPF, the National Treasury's plans are aimed at attaining the following foundations with regards to retirement:

- Encouraging preservation and annuitisation. Members will be required to convert at least two thirds of their retirement savings into an annuity (subject to their retirement benefit being over R150 000).
- Encouraging preservation on existing or new employment-based funds and with a financial institution while still allowing access.
- Proposals are not to be implemented retrospectively.
- Encouraging annuitisation on the current provident funds who pay lump sum at retirement and can leave retirees vulnerable to poverty in later years.
- Reducing administration charges.

- Encouraging annuitisation of major portion of the provident/pension fund. This became law with the enactment of the Taxation Laws Amendment Act No. 31 of 2013.

- Aligning the benefits of provident funds to those of pension and retirement annuity funds and provident fund members. Provident fund members will get the same tax deduction on their contributions as pension fund members.

It should be noted that vested rights will remain protected which means members will have access to their benefits accumulated before the new law comes into effect.

Current members who are 55 or older are unaffected in terms of their accumulated credits as at 1 March 2015, and they can still withdraw 100% of their accumulated retirement benefit.

Members who are below 55 years on 1 March 2015, will not be required to annuitise their new contributions if the total of those new contributions is less than the R150 000 ("*de minimis* rule") threshold when they reach retirement. ■



SASA GOLD MEMBERS

- 24/7 Security Services
- 3MSouthAfrica (Pty) Ltd
- Access Security Systems
- Afri Guard (Pty) Ltd (SSEO)
- Alpha Security & Patrols
- Analytical Risk Management (Pty) Ltd
- Apcan Risk Management
- Bidvest Magnum (Pty) Ltd
- Blue Security
- Bona Electronics Solutions (Pty) Ltd
- Bosasa Security (Pty) Ltd
- Byers & Associates Security Services CC
- Callguard Security Services (Pty) Ltd
- Combined Private Investigations cc
- Corporate Security
- DDL Security T/A 24/7 Security Services (Pty) Ltd
- Digicore Electronic (Pty) Ltd
- D&K Management Consultants cc

- Doculam (Pty) Ltd
- E Magubane t/a Evening Flaming Trading
- Elvey Security Technologies
- Enforce Security Services (Pty) Ltd
- FBS Security Services (Pty) Ltd
- Fidelity Security Services
- G4S Secure Solutions SA (Pty) Ltd
- Gallagher Power Fence SA (Pty) Ltd
- Grinnell Security Services
- Guardforce International Transportation Limited
- Icon Security Services (Pty) Ltd
- iMvula Quality Protection (Africa) Pty Ltd
- IP Security and Automation Systems (SLA Group)
- IPSS Security Operations cc
- ISASA Security Training cc
- Izikathi Security (Pty) Ltd
- Jackcliffy Trading CC

- LAD Security Services
- Macsteel Trading (Pty) Ltd
- Malandela Security Services (Pty) Ltd
- Mantis Risk Solutions
- Maxim Security Services (Pty) Ltd
- Metro Security Services
- Nationwide Security Holdings (Pty) Ltd
- Omega Risk Solutions (Pty) Ltd
- Peaceforce Security Group (Pty) Ltd
- Protea Coin Group (Pty) Ltd
- Quatro Security Services
- Reagola Security and Projects cc
- Red Alert TSS (Pty) Ltd
- Red A Risk Consultants t/a Alpha Alert
- RR24 Group Security
- Saflec (Pty) Ltd
- Security Patrol Experts
- Securitas SA (Pty) Ltd
- Securitas Specialised Services (Pty) Ltd

- Servest Security - a Division of Servest (Pty) Ltd
- Sharks Protection Services
- Sinuku Security (Pty) Ltd
- SLA Group
- Sparks & Ellis (Pty) Ltd
- Stallion Security
- SW Africa Fencing Construction & Civils
- Symbiotix Group (Pty) Ltd
- Tactical Security Services CC
- Thorburn Security Solutions
- Triotic Protection Services (Pty) Ltd
- Tshedza Protection Services
- Tyeks Security Services
- Ummvemve Investments cc T/A Security-4-U
- Vikela Aluvin (Pty) Ltd
- X-Pert Security Services