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# **PRIVATE SECURITY SECTOR PROVIDENT FUND**

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## **POLICY COVERING EXEMPTION CRITERIA**

**(Revision 25/01/2019)**

<b>Introduction</b>	<p>Exemption Criteria is defined, in terms of the Fund rules and the Sectoral Determination as follows:</p> <p>An employer may apply for an exemption from the Security Sector Provident Fund provided that:-</p> <ul style="list-style-type: none"><li>a) An employer who prior to the publication of Government Notice No 306 of 30 March 2001, had an existing pension or provident fund registered with the Registrar of Pension Funds covering employees for whom minimum wages are prescribed in Sectoral Determination No 3, as amended or replaced.</li><li>b) An employer who prior to the publication of Government Notice No 306 of 30 March 2001, did not have an existing pension or provident fund registered with the Registrar of Pension Funds covering employees for whom minimum wages are prescribed in Sectoral Determination No 3, as amended or replaced, but before 30 March 2001, the employer and its employees have consulted in writing to commence negotiations for the establishment of a pension or provident fund for such employees.</li></ul> <p>The Fund will consider all applications for exemption from the provisions of the Security Sector Provident Fund.</p> <p>Applications will be in writing and addressed to the Fund of the Security Sector Provident Fund. Applications shall comply with the following requirements:-</p> <ul style="list-style-type: none"><li>a) Be fully motivated;</li><li>b) Be accompanied by relevant supporting data and financial information;</li><li>c) Applications that affect employees' conditions of service will not be considered unless the employees or their representatives have been properly consulted and their views fully recorded in an accompanying</li></ul>
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document;

- d) Indicate the period for which exemption is required;

In considering the application the Fund shall take into consideration all relevant factors, which may include, but shall not be limited to the following criteria:-

- a) Any special circumstances that exist;
- b) Any precedent that may be set;
- c) The interest of the industry as regards
  - (i) Unfair competition
  - (ii) Collective bargaining
  - (iii) Potential for labour unrest
  - (iv) Increased employment
- d) The interest of employees as regards
  - (i) Exploitation
  - (ii) Job preservation
  - (iii) Sound conditions of employment
  - (iv) Possible financial benefits
  - (v) Health and safety
  - (vi) Infringement of basic rights
- e) The interest of the employer as regards
  - (i) Financial stability
  - (ii) Impact of productivity
  - (iii) Future relationship with employees' trade union
  - (iv) Operational requirements

If the application is granted, the Fund shall issue an exemption certificate, signed by the chairperson, containing the following particulars:-

- a) The full name of the applicant
- b) The trade name of the applicant
- c) The period for which the exemption shall operate
- d) The date of issue
- e) The conditions of the exemption granted

If the exemption is refused, the Fund shall specify its reasons for not granting the application which will be communicated to the applicant.

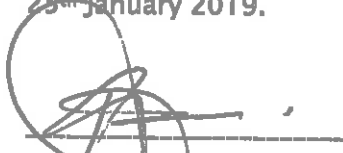
The Fund shall retain a copy of the

	<p>certificate and number each certificate sequentially. An employer to whom a certificate of exemption has been issued shall at all times have the certificate available for inspection at his establishment.</p> <p>Any application by an Employer for exemption shall in no way whatsoever affect the Employer's obligations, nor his employees' rights, with regard to the payment of all contributions and benefits in terms of the rules of that employer's retirement fund and/or his employees' conditions of employment.</p>
<i>Application</i>	The Exemption Committee has always applied that this implies that the employer applying for exemption must have had a fund on or before 30 March 2001 or been in the negotiation process to commence a fund and the benefits must be equal to or better at all times.
<i>Exemption Renewal</i>	An Employer in respect of which an existing exemption from the requirement to participate in Fund, as envisaged in the Sectoral Determination, is in place as at 1 May 2014 must apply for renewal of that exemption at least 60 (sixty) days prior to the expiry of the exemption certificate.
<i>Issues</i>	<p>Consideration must therefore be applied as follows:</p> <ul style="list-style-type: none"> <li>◦ Fund on or before 30 March 2001 - the commencement date of the fund will determine this;</li> <li>◦ In negotiation process - documentary proof must be provided by the employer - again, easy to determine;</li> <li>• Benefits equal to or better - The Rules and the Sectoral Determination mentions "<i>had an existing pension or provident fund registered with the Registrar of Pension Funds covering employees for whom minimum wages are prescribed in Sectoral Determination No 3</i>".</li> </ul> <p>Provided that an employer who</p> <ul style="list-style-type: none"> <li>f) Was registered after 1 September 2002 or;</li> <li>g) Is a participating employer in the Private Security Sector Provident Fund</li> </ul> <p>Will not be allowed to make application for an exemption.</p> <p>PSSPF has, at face value, determined whether the employer qualifies for exemption, i.e. benefits and contribution rates but has not perused more detail.</p>

<b><i>PSSPF Reserves</i></b>	<ul style="list-style-type: none"> <li>◦ Self Insurance Expense Reserve Account - The amount stated in the annual financial statements will be considered an additional benefit when making comparison between any competing fund.</li> </ul>
<b><i>Recommendations</i></b>	<p>Benefits equal to or better will be determined by PSSPF as follows:-</p> <ol style="list-style-type: none"> <li>a) <u>Only</u> the Employer is permitted and must provide written request motivating exemption application (Rule 3.3.3 a);</li> <li>b) The Employer to provide all Rules, Amendments and Policies covering benefits (Rule 3.3.3 b);</li> <li>c) Proof that employees/representatives have been consulted (Rule 3.3.3 c);</li> <li>d) Rule 3.3.3 b) also requires the employer to provide financial information and this is defined as follows :- <ul style="list-style-type: none"> <li>• Direct Fund expenses/costs (cost of death, disability and administration/consulting costs);</li> <li>• Ancillary benefit costs (funeral);</li> <li>• indirect fund expenses (auditor's fees, actuarial, legal, consulting, communication, ad hoc work, fidelity guarantee cover, FSB levies, Trustee/PO expenses, Investment consulting, SARB reporting, benefit statements &amp; newsletters, etc). This list is not exhaustive and employers are encouraged to provide all relevant expenses, confirm how these expenses are collected and the impact to members;</li> <li>• Commission earned on risk benefits and impact on rates (gross &amp; net rates to be provided);</li> <li>• Surplus accumulated and allowable in terms of the Act (Investment Reserve, Expense Reserve, etc) - also define the treatment and allocation to members;</li> <li>• Late payment interest payable on claims;</li> <li>• Investment return allocated to members since inception;</li> <li>• Last Audited Financial Statements;</li> <li>• Last Actuarial Valuation and subsequent Actuarial review/reports to determine interest rate allocations to members.</li> </ul> </li> </ol>
<b><i>Administrative impact</i></b>	Checklist (Annexure A) detailing above must be

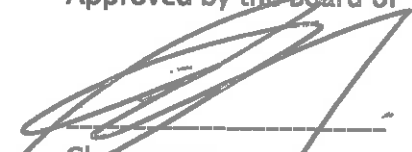
	<p>communicated to all employers applying for exemption and to employers who have been granted exemption when the annual review occurs.</p> <p>The PSSPF secretariat will do the preliminary checks and the Trustees will now be provided with much more information to make an informed decision.</p>
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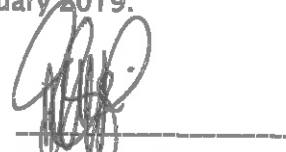
Recommendation approved by the Legal, Risk and Compliance Sub Committee on the 25<sup>th</sup> January 2019.

  
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Chairperson

  
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Trustee

Approved by the Board of Trustees on the 5<sup>th</sup> February 2019.

  
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Chairperson

  
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Principal Officer

## PRIVATE SECURITY SECTOR PROVIDENT FUND

### CHECKLIST FOR EXEMPTION APPLICATIONS

No.	Documentation	Yes	No	Remarks
1.	Employer Written request			
2.	Rules, Amendments and Policies covering benefits			
3.	Proof of consultation with employees/representatives			
4.	Direct Fund Expenses (expenses/costs (cost of death, disability and administration/consulting costs)			
5.	Direct Fund Ancillary benefit costs (funeral)			
6.	Indirect fund expenses (auditor's fees, actuarial, legal, consulting, communication, ad hoc work, fidelity guarantee cover, FSB levies, Trustee/PO expenses, Investment consulting, SARB reporting, benefit statements & newsletters, etc)			
7.	Confirm how the expenses in 6 above are collected and impact to members			
8.	Commission earned on risk benefits and impact on rates (gross & net rates to be provided)			
9.	Surplus accumulated and allowable in terms of the Act (Investment Reserve, Expense Reserve, etc) - also define the treatment and allocation to members			
10.	Late payment interest payable on claims			
11.	Investment return allocated to members since inception			
12.	Last Audited Financial Statements			
13.	13. Last Actuarial Valuation and subsequent Actuarial review/reports to determine interest rate allocations to members			

**Yes/No - tick appropriate box.**

**Remarks - Provide any explanations/comments.**