



Financial Sector  
Conduct Authority

**PSSPF WEBINAR**

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**Financial Sector Conduct Authority**

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# FSCA CONDUCT STANDARD 1 OF 2022 (RF)

## Background to the Conduct Standard

- The FSCA identified various shortcomings in Regulation 33 of the Pension Funds Act, 1956 (No. 24 of 1956) ('Regulation 33') and took a decision to revise it with the intention to address the identified shortcomings (see *Statement Supporting the Conduct Standard*) and replace it with a Conduct Standard.
- Regulation 33 set out the requirements relating to the payment of contributions by employers to pension funds.



# PURPOSE OF THE CONDUCT STANDARD

- Replace Regulation 33 with the necessary drafting improvements and propositions, which includes, inter alia:
  - **Standardization** of the manner and format of reporting on matters relating to section 13A and Regulation 33;
  - The **rate of interest** payable on arrear contributions;
  - set a **standard format** in which a fund must inform a participating employer of its duties and obligations under section 13A of the Act; and
  - **Outsourcing** of the recovery of arrear contributions



# NOTABLE DIFFERENCES BETWEEN REG 33 AND THE CONDUCT STANDARD

- Definitions
- Notification to employers
- Communication – **written**
- Prescribed reporting **formats**
- Late payment interest
- Outsourcing of the recovery of arrear contributions



# DEFINITIONS IN THE CONDUCT STANDARD

## “contribution statement”

means a statement containing the minimum information that must be furnished, as referred to in section 13A(2) of the Act, to a fund by an employer with regard to payment of contributions by the employer to the fund in terms of section 13A(1) of the Act

## “initial contribution statement”

means the first contribution statement to be provided to a fund by an employer after the employer started participating in the fund



# DEFINITIONS IN THE CONDUCT STANDARD

## “monitoring person”

means an authorised person referred to in section 13A(6)(b) of the Act

## “subsequent contribution statement”

means any contribution statement provided to a fund by an employer subsequent to the initial contribution statement

## “writing”

includes any communication by any appropriate electronic medium that is accurately and readily reducible to written or printed form. The communication must be clear, concise, comprehensive and in a language that is easily understood.



## EMPLOYER ESTABLISHING OR PARTICIPATING IN A FUND

- A fund must notify every employer **prior** to the commencement of such employer's participation in the fund, and on an **annual basis** thereafter, of the employer's duties, obligations and liability under section 13A of the Act and the Conduct Standard.
- Notification must be made in the format determined by the Authority.  
(the notification is made in the form of **Annexure A**)



# MINIMUM INFORMATION IN CONTRIBUTION STATEMENT

- (1) Initial contribution statement must include –
- (a) the name of the fund;
  - (b) the fund registration number;
  - (c) the period in respect of which the contribution is payable;
  - (d) the name and address of the employer;





# MINIMUM INFORMATION IN CONTRIBUTION STATEMENT

## Cont.

### (1) Initial contribution statement must include (cont.) –

- (e) where an employer has multiple pay-points, the pay-point which made the deduction
- (f) the contact person responsible at the employer or pay-point dealing with enquiries relating to contribution statements and payment of contributions
- (g) the identity of the person envisaged in section 13A(8) of the Act, as requested from the employer by the fund in terms of section 13A(9)(a) of the Act

# MINIMUM INFORMATION IN CONTRIBUTION STATEMENT Cont.

(1) Initial contribution statement must include (cont.) –

## (h) in respect of each member, the following

(i) full name	(viii) e-mail address (where available);
(ii) date of membership;	(ix) postal address;
(iii) date of birth;	(x) residential address;
(iv) South African identity number or passport number;	(xi) annual pensionable emoluments;
(v) employer pay or industry number;	(xii) percentage and amount of contributions;
(vi) income tax number;	(xiii) split between member and employer contribution;
(vii) contact number, including (where available) cellular phone number;	(xiv) details of any additional voluntary contributions paid.



# MINIMUM INFORMATION IN CONTRIBUTION STATEMENT Cont.

(3) subsequent contribution statement must include –

- (a) the information referred to in subparagraph (2), provided that the information in subparagraph (2)(g) must only be provided if the identify of such person has changed compared to the identity of the person reflected in the previous subsequent contribution statement;
- (b) the **membership number** allocated to each member by the fund; and
- (c) an indication of any **changes** as compared to the contribution statement for the previous period showing any differences in the data, including additions as a result of new members, reductions as a result of membership terminations, adjustments as a result of changes in pensionable emoluments, the payment of additional voluntary contributions, corrections due to error or any other information that may be relevant.



# MINIMUM INFORMATION IN CONTRIBUTION STATEMENT Cont.

## (4) Declaration by employer

All information to be provided under paragraph (2) and (3) must be accompanied by a declaration by the employer that **all employees eligible to be members of the fund are accurately reflected in the minimum information.**

# MINIMUM INFORMATION – MEMBER LEVEL

## Initial contribution statement

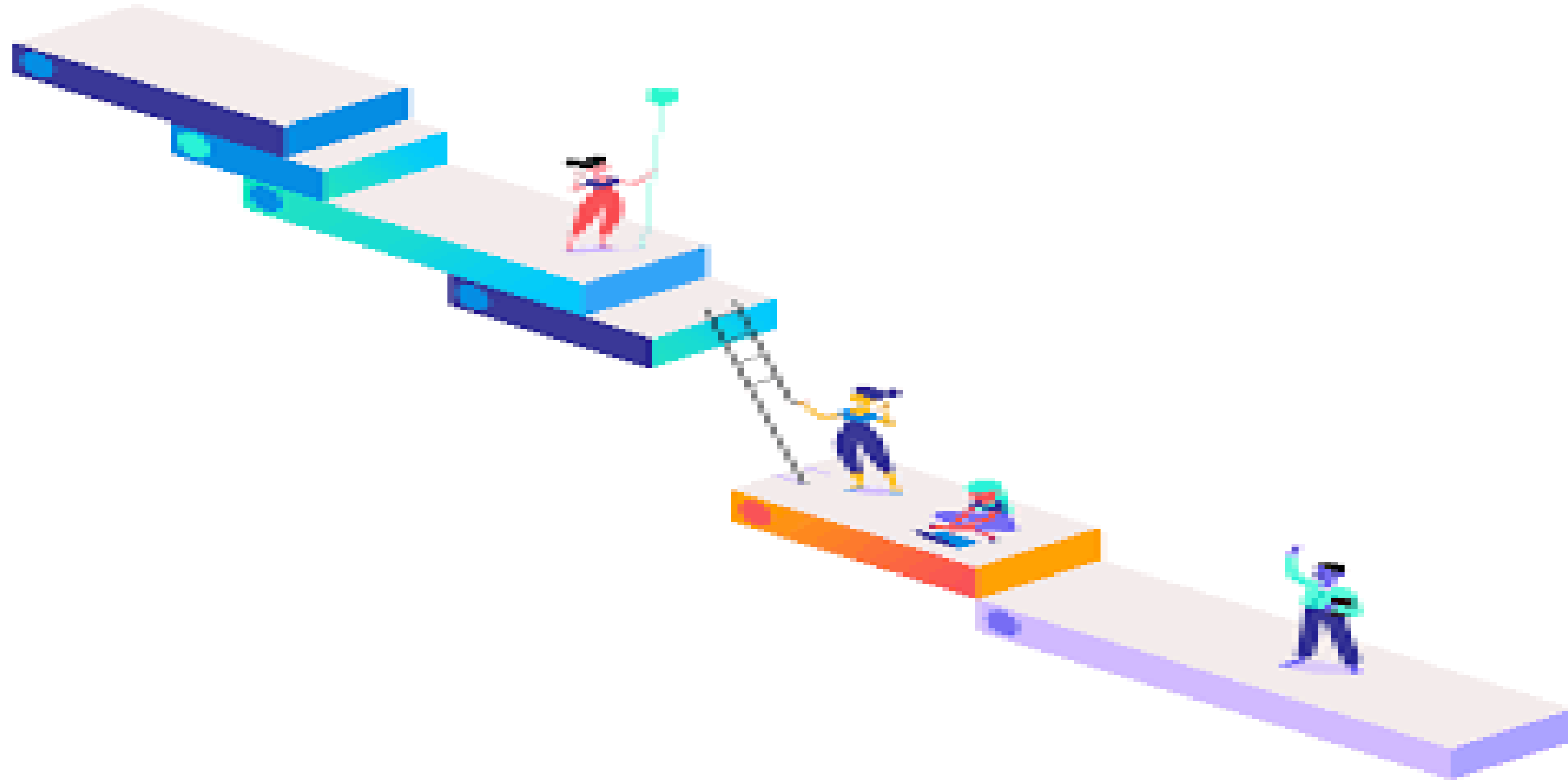
- full name;
- date of membership;
- date of birth;
- South African identity number or **passport number**;
- **employer pay or industry number**;
- **income tax number**;
- **contact number, including (where available) cellular phone number**;
- **e-mail address (where available)**;
- **postal address**;
- **residential address**;
- annual pensionable emoluments;
- percentage and amount of contributions;
- split between member and employer contribution; and
- details of any additional voluntary contributions

## Subsequent contribution statement

- **Membership number**



# REPORTING – A TIMELINE



## Reporting Timelines (Clause 4)

Within 7 or 15  
days of the  
following month

- Receipt of payment within 7 days – s13A(3)(a)(ii)
- Receipt of contribution statement within 15 days – s13A(2)(b)
- *Eg: May contributions must be received by 7 June & statement by 15 June*

Within 15  
days

- Responsible person for the receipt of contributions submits a written report to principal officer or monitoring person
- *Eg: report by 30 June*

Within 7  
days

- Principal officer or monitoring person reports to the board
- *Eg: report by 7 July*

Within 30  
days

- Board must inform members
- Board must report to the Authority
- *Eg: inform/report by 6 August*



Within 7 or 15 days  
of the following  
month

- Receipt of payment within 7 days – s13A(3)(a)(ii)
- Receipt of contribution schedule within 15 days – s13A(2)(b)
- *Eg: May contributions must be received by 7 June & statement by 15 June*

After 90 days

- No receipt of contributions and/or contribution schedule
- *Eg: contributions/schedule still outstanding on 13 September*

Within 14 days

- Board reports matter to **South African Police Service**
- Board inform members of action taken
- *Eg: report/inform by 27 September*



# INTEREST ON LATE PAYMENTS

- Calculated from the **first day following the expiration of the period** in respect of which the contributions became due until the date of receipt by the fund
- Prescribed to be the **prime rate plus 2 percent**



# OUTSOURCING OF THE RECOVERY OF ARREAR CONTRIBUTIONS

- Boards must ensure that conflict of interest is avoided in the selection and appointment of the collecting attorney
- Fees –
  - Must be reasonable
  - Does not hinder fair outcomes for the members and the fund



# OUTSOURCING OF THE RECOVERY OF ARREAR CONTRIBUTIONS – cont.

- Minimum requirements for the agreement between the attorney and fund:
  - Attorney collected arrear contributions must be paid into the fund's bank account within **seven business days** of receipt by the attorney
  - **Fee structure**
  - **Steps to be taken** by the attorney in the event the employer does not pay over the arrear contributions on demand
  - **Timelines for the recovery** of the arrear contributions
  - **Frequency of status reporting** by the attorney to the fund

**END.**  
**THANK YOU.**

