

PFR13-PENSION FUND
MEMBER RIGHTS RULES
2024

NBFIRA/RS/RF/RUL013

NBFIRA

Non-Bank Financial
Institutions Regulatory
Authority



CONTROL TABLE



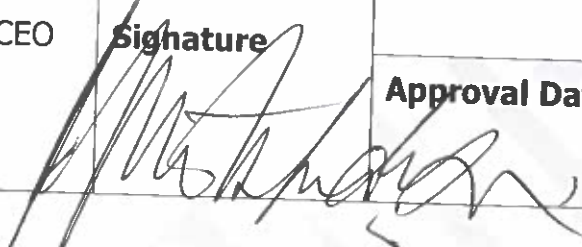
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1. PURPOSE

1.1 The purpose of these Rules is to outline Retirement Fund member core rights and ensure protection of Retirement Fund members, that they are provided with sufficient information and knowledge to make informed decisions about their pension benefits and retirement planning matters, accurately, consistently, and regularly.

1.2 These Rules aim to provide for certain measures to ensure Retirement Fund member core rights are protected by ensuring that Retirement Funds and related businesses conduct business and render service to members in a fair, fiduciary manner and with due care. Retirement Fund member core rights are provided through non-discriminatory practices and member education.

1.3 These Rules are issued in terms of Section 64 of the Retirement Funds Act, 2022

2 SCOPE

2.1 These Rules apply to all Retirement Funds licensed in terms of the Act.

2.2 These Rules are not exhaustive and should be read in conjunction with the Act, the NBFIRA Act, other relevant Acts, Regulations and other Rules.

3 ASSOCIATED DOCUMENTS

Document	Reference
Retirement Funds Act and its Regulations	
Fund Rules	
Other Rules	

4 DEFINITIONS

Terms	Definition
Act	means the Retirement Funds Act, 2022 or as amended from time to time.
Beneficiary	means a member receiving or entitled to receive a benefit and third parties such as spouse and children, even upon death of a member.

Benefit Payable	means an amount commutable in terms of the Income Tax Superannuation Regulations and payable to a member upon resignation, dismissal, retrenchment, retirement or an amount payable from a member's preserved benefit.
Member Accrued Benefit	means a member's fund credit including all interest earned (e.g. investment returns).
NBFIRA Act	Means the NBFIRA Act, 2023 or as amended from time to time.
Reasonable Cost	means market comparable, competitive fees and or expenses for a particular service, which cost does not significantly inhibit a member's choice, participation or decision.
Retirement Date	means as defined in the Act.

5 ABBREVIATIONS

Abbreviation	Full Phrase
OECD	means the Organisation for Economic Co-operation and Development.
NBFIRA	means the Non – Bank Financial Institutions Regulatory Authority.

6 RESPONSIBILITY

All licensed Retirement Funds.

7 PFR13 - PENSION FUND MEMBER RIGHTS RULES

7.1 Principles of Retirement Fund Member Core Rights

7.1.1 These Rules are based on the "Fifteen Principles for the Regulation of Private Occupational Pensions Schemes" approved by OECD, aligned with the Act and Fund Rules.

7.1.2 Based on these principles, Retirement Fund member core rights arise in the following areas:

- (a) That there is a right to access Retirement Fund membership, equal member treatment and entitlements under a Retirement Fund;

- (b) That there is member benefit accrual and vesting rights under a Retirement Fund;
- (c) That there is pension transferability and member rights upon transfer or exiting a Retirement Fund;
- (d) That there is a right of disclosure and availability of information to a member of the Retirement Fund and;
- (e) That there is a proper member education, benefit entitlement, member complaint resolution processes by a Retirement Fund.

7.2 Access to Retirement Fund Membership, Equal Treatment and Entitlements

- 7.2.1 A member shall be treated equitably under the Fund Rules with respect to membership rights, disclosure requirements, member education, fund governance and complaint resolution.
- 7.2.2 Eligibility to membership of a Retirement Fund shall be clearly defined in the Fund Rules and shall not be discriminative in terms of race, gender, marital status, nationality etc.
- 7.2.3 In particular, an occupational type of Retirement Fund and/or an employer, shall inform an eligible member or employee about the type of Retirement Fund the employer has set up, the contribution rates and the retirement benefits to be afforded to the member or employee.

7.3 Member Benefit Accrual and Vesting Rights Under A Retirement Fund

- 7.3.1 A member's entitled benefits shall vest immediately upon becoming a member and contributing into a Retirement Fund.
- 7.3.2 A member's accrued benefits shall be protected from the creditors of the sponsor and its service providers, including any financial institutions or other entities managing the Retirement Fund assets or acting as a custodian of Retirement Fund assets, at a minimum by the legal segregation of the Retirement Fund assets and as protected in terms of Section 49 of the Act.
- 7.3.3 A member's accrued benefits shall also be protected when the sponsor and its service providers change ownership due to amalgamation or other corporate action.
- 7.3.4 A member shall complete a beneficiary or nominee form upon joining membership of a Retirement Fund and whenever the member wishes to

change the dependents or beneficiaries and the desired portion of death distribution thereof.

7.4 Transferability And Rights Upon Transfer or Exiting A Retirement Fund

- 7.4.1 A member who changes employment shall be able, if so chooses, upon authorising a Retirement Fund including a defined benefit fund, to transfer the value of a member's accrued benefit to either a Retirement Fund of their current or new employer, or an individual retirement fund or a preservation fund or an annuity insurance policy issued by a life insurer.
- 7.4.2 A similar pension transferability right shall also be made available to a member of a defined benefit fund or individual retirement fund or a pension member switching a drawn down pension facility or living annuity to another annuity provider.
- 7.4.3 A member shall have the right to timely processing of the request to transfer their member accrued benefit to another Retirement Fund or annuity insurance policy of their choice.
- 7.4.4 With respect to a defined benefit fund benefit, the actuarial and interest rate assumptions used in valuing a member's accrued benefit that is to be transferred should be fair and reasonable. These assumptions shall be made readily available to the member transferring the accrued benefit.
- 7.4.5 A pension or living annuity transferability right shall not be inhibited by the application of unreasonable charges or fees, such as excessive transaction charges or excessive back-end fees. At a minimum, a Retirement Fund member and beneficiaries shall be informed of the presence of any such charges or fees in advance.
- 7.4.6 A member shall not be required to exercise a pension transferability right if they choose to leave their member accrued benefit in the Retirement Fund. If a Retirement Fund does not permit deferred members, a member shall be given ninety (90) days' notice to indicate where their benefits should be transferred, if the ninety (90) days' notice elapses, the Retirement Fund shall inform the member in writing where their benefit has been transferred to.

7.5 Disclosure And Availability of Information to A Member

- 7.5.1 A member and a beneficiary in a Retirement Fund, as well as a potential member, shall have the right to ready-made access or disclosure to basic information about the Retirement Fund.

- 7.5.2 A Retirement Fund shall inform members of the appointment or change of an auditor, actuary, fund administrator, asset consultant, investment manager and/or custodian, providing the contact information of such service providers, including the type of service rendered or to be rendered to the Retirement Fund.
- 7.5.3 The minimum information that shall be communicated by a Retirement Fund to members shall include an explanatory pamphlet on admission and a benefit statement to be provided at least once a year thereafter, which shall include the following:
- (a) details of the fund name, contact person and registration number;
 - (b) details of benefits payable to the member;
 - (c) rate of contribution by the member and the employer;
 - (d) general information such as where to access the Fund Rules and financial statements;
 - (e) a projection of the likely benefits on retirement in current purchasing power terms assuming realistic rates of expenses and investment return in excess of inflation; and
 - (f) the rates of expense and investment return in excess of inflation and any other relevant assumptions must be stated in the projection document.
- 7.5.4 The disclosure of basic information about the Retirement Fund shall include adequate information regarding member right of access, anticipated contribution and or rate of return, vesting schedules, investment policy, the names and process of contacting responsible parties for Retirement Fund governance and administration, and claims processes or procedures.
- 7.5.5 Relevant Retirement Fund documents, annual financial statements, actuarial reports and benefit statements if not automatically disclosed, shall be made readily available to a Retirement Fund member (and to beneficiaries where relevant) for copying at no more than reasonable cost or fee.
- 7.5.6 A member shall be notified by the Principal Officer, within thirty (30) days whenever employer and member contributions have not been remitted to the Retirement Fund.
- 7.5.7 A member or beneficiary has the right to be provided with an annual audited benefit statement within thirty (30) days after completion of the Audited Financial Statements of the Retirement Fund as a hard copy or

in an electronic form. A member shall be entitled to their unaudited benefit statement upon request as a hard copy or in an electronic form.

- 7.5.8 The information included in the benefit statement shall enable the member to identify current accrued benefits. The information shall also include the date and value of contributions made to the account, investment performance and earnings or losses.
- 7.5.9 Where expenses for the Retirement Fund are directly paid from member funds, a record of all transactions including expenses occurring in the member's account during the relevant reporting period shall be provided in the benefit statement. This information and other similar personal data shall be maintained and delivered in a manner that takes full account of its confidential nature.
- 7.5.10 A member shall be provided with adequate information about the Fund Rules associated with the transferability of a member accrued benefit, especially where the transfer of these assets may entail a loss of certain benefits or rights that were associated with the Retirement Fund in which the benefit originated.
- 7.5.11 The disclosure materials shall be written in a language expected to be readily understood by the member or beneficiaries to whom they are directed.
- 7.5.12 Due consideration shall be given to adequate forms of delivery of disclosure materials, including, mail, delivery at the workplace, via email or websites.
- 7.5.13 Any amendments or changes to the Retirement Fund that will significantly impact a member and beneficiaries, their rights and their benefits must be disclosed to them in a timely manner and in a manner expected to be readily understood by them.
- 7.5.14 A notice shall be given to members or beneficiaries, on specific events such as:
- 7.5.14.1 fund restructuring, communicating the nature of the restructuring and its impact on the members; and
 - 7.5.14.2 claim, including retirement, resignation, dismissal, retrenchment and death, communicating the benefit due, information required by the Retirement Fund before the claim can be settled, and to whom that information is to be supplied.

7.6 Member Education, Benefit Entitlement and Complaint Resolution Processes

- 7.6.1 A member wishing to directly make own investment choices in a Retirement Fund, has the right to a choice of available investment portfolios, considering own individual circumstances and in the context of the pension investment strategy.
- 7.6.2 The investment portfolios in which members may invest are selected because the portfolios have strategies which are consistent with those that the Board of Trustees believe may be appropriate to members of different risk profiles and ages or which offer members the opportunity to combine in such a way that an appropriate individual strategy may be matched.
- 7.6.3 A member shall be provided with complete information regarding investment choices that are standardised and readily comparable. At a minimum, the information shall include disclosure of all charges, fees and expenses associated with each investment choice, as well as portfolio composition and historical investment performance data.
- 7.6.4 The right to make and execute investment choices shall not be inhibited by the application of any unreasonable cost or fees.
- 7.6.5 A member shall have a right to pre-retirement counselling sessions at least five (5) years before retirement date or as soon as required for retirement upon ill-health and, thereafter, a member shall be allowed to choose the annuity of their choice.
- 7.6.6 A retiring member shall be given a twenty-one (21) day grace period after signing the insurance or annuity contract application in which the retiring member can cancel the insurance or annuity contract and all moneys paid to another retirement annuity fund or life insurer of their choice, within seven (7) days of cancellation. The retiring member shall commence to receive the agreed regular pension payment within thirty (30) days, after the grace period.
- 7.6.7 A member, beneficiary or individual claiming the right to be deemed a member or beneficiary under a Retirement Fund shall be entitled to a fair process or procedure in which their entitlements, rights and benefits under the Retirement Fund may be claimed or asserted.
- 7.6.8 The claim process or procedure of a Retirement Fund shall be expeditious and transparent. It shall be easy to understand and have only reasonable or no cost to the individual claimant.
- 7.6.9 The claim process shall include judicial recourse if initial claim of rights or benefits are denied by the Retirement Fund. The claim process shall provide for adequate remedial measures to redress the loss of rights or

benefits suffered by the member or beneficiary whose claim has been found to be valid.

7.7 Non-Compliance With These Rules

(a) Non-compliance with these Rules will result in ***the Regulatory Authority*** imposing civil penalties on the non-complying persons as per Section 107 of the NBFIRA Act, 2023.

8 RECORDS

Reference Number	Record (Description of records)	Location / Holder	Retention Period	Justification
	Member Training Register	Retirement Fund File/Procurement & Administration	Preserve Permanently	Enhanced Member Education
	Onsite Report/Offsite Analysis	Retirement Fund File/Procurement & Administration	Preserve Permanently	Monitoring