

ACTUARIAL
 SOCIETY
OF SOUTH AFRICA

QUANTIFYING RISK, ENABLING OPPORTUNITY

Agenda

Use of section 15C Surplus

Causal event charges

Benefit calculations

Defined benefit - Fund rules v Conditions of service

Causal event charges

- Need to review
- Upfront commission charges, marketing material, setting up records, printing costs, medical expenses - *SV Essman v Sage Retirement Annuity Fund & Another* (15900/2015)
- Failure to disclose computation of causal event charge
- Although below maximum allowed, complainant still entitled to detailed computation

Causal event charges – General Concerns

- Rand amount calculated on exit
- No calculation formula provided
- Duration of contract seems irrelevant
- Illustrative values
- Treating Customers Fairly

Benefit Calculations - Late payment interest

JF Diener v Twilight Group Pension Fund and Others (22727/2016)

- Complainant remained member of fund pending section 14 transfer
- Retired prior to section 14 transfer approval
- Benefit amount R3 736 175.82
- Payment made a month later owing to error by fund (application of incorrect unit prices)
- No specific provision of interest, therefore delictual liability
- 13 day delay = Late payment interest R12 503 less amount already paid R5 268.31

Benefit Calculations - Late payment interest

M Gericke v Pathcare Retirement Fund and Another (21614/2015)

- Late transfer of benefit
- Complainant resigned January 2010
- Transfer effected 2 February 2011
 - Fund – Transfer amount R140 168.46
 - AF – Value to 26 June 2015 = R131 286.56
 - Decision – R140 168.46 + actual bank interest R19 668.80
 - Is offer fair and reasonable??
 - Methodology – Actual portfolio composition
 - OPFA Actuary – Value as at 26 June 2015 = R211 642.00
 - Decision – R51 804.93 difference plus 9% interest from 26 June 2015 to date of payment

Adjudicator's discretion to determine late payment interest rate

National Tertiary Retirement Fund and AT Mokadi and Another
[2016]ZASCA 92 (1 June 2016)

- Confirmation of discretion conferred on PFA to determine whether interest shall accrue, the rate of accrual and the date of such accrual.

Defined benefit funds

- Inconsistency with conditions of employment
- Employees appointed on cost to company for fixed terms

TM Ramodula v Free State Municipal Provident Fund & Another
(22772/2015)

TM Moremi v Municipal Employees Pension Fund & 2 Others
(7305/2014)

MF Ramphakela v Municipal Employees Pension Fund & 2 Others
(22497/2016)

Sentiment – Question 1

I am confident that the funds/firms I advise have the fair treatment of members as central to their culture

- Strongly agree
- Agree
- Disagree
- Strongly disagree

Sentiment – Question 2

Products I design for the retail market are designed to meet the needs of members

- Strongly agree
- Agree
- Disagree
- Strongly disagree

Sentiment – Question 3

Products I design for the retail market perform as I have promised the members they would

- Strongly agree
- Agree
- Disagree
- Strongly disagree

Sentiment – Question 4

Products I design for the retail market are portable from one provider to another with little or no cost

- Strongly agree
- Agree
- Disagree
- Strongly disagree

Thank you