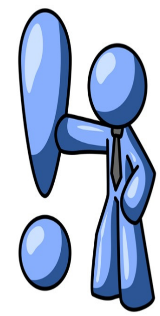
FUSSELL UMBRELLA
PENSION & PROVIDENT FUNDS

MEMORANDUM
TO ASSOCIATES/CONSULTANTS & PARTICIPATING EMPLOYERS

It would be appreciated if the attached NEWSLETTER could be copied and distributed to all Members of the two Funds.

Employers' attention is drawn to the following:

1. PAYMENT OF MONTHLY CONTRIBUTIONS



(References: Section 13A of the Pension Funds Act, Regulation 33 & Circular PF110)

Employers are reminded that the full monthly payment required in terms of the Rules is to be received by the Fund **not later than 7 days after the end of the month in question. If the 7th falls on a Sunday or public holiday, the deadline is the following day.**
It should be noted that the **due date** for payment is in fact the 1st day after the end of the month in question.

<u>**1.1 Consequences of non-compliance**</u>

1.1(a) Interest
If the required payment is not received by the 7th day after the end of the month in question interest has to be charged, at rates prescribed from time to time, from the due date (1st of the month) until the date of receipt. Interest is calculated up to the day before receipt. Such interest payment must be received by the Fund no later than the end of the second month following the month in question. In addition this interest charge attracts further interest from the day following the interest calculation date up to the day prior to receipt of the interest payment**:**

Late payment of contributions in respect of new entrants or salary adjustments is regarded as an outstanding contribution.

1.1(b) Other
Certain other action is stipulated in terms of set time frames where payments are not received within a further 15 days after the deadline of the 7th and where the infringement persists. This action involves reporting to the Trustees, Members, the Registrar of Pension Funds and in extreme cases the Director of Public Prosecutions.

1.1(c) Conclusion
It is incumbant on Employers that they comply with the Pension Funds Act and Regulations. Failure to do so affects the Members as administrative complications and costs are ultimately borne by them. Investments are not optimized and Members' Risk cover could be jeopardized. The cooperation of all Employers is sought in adhering to the deadlines and consequently obviating the consequences resulting from non compliance.

2. MONTHLY CONTRIBUTION SCHEDULES

Employers are required to conform with the provisions of the Pension Funds Act regarding the submission of monthly contribution schedules. For good reasons, such schedules should be provided to the Administrators when monthly contribution payments are made.

3. DEATH CLAIMS

3.1 Nomination of Beneficiary Forms
Employers should ensure that Members complete these forms and that they are updated on a regular basis.

3.2 Dependants
On the death of a Member, the Employer is required to immediately notify the Administrator and to conduct a thorough investigation of all possible dependants and to ascertain their circumstances , including their finances. Particular care should be exercised in locating the biological parents/legal guardian of minor dependants. The Fund's death claim form provides guidelines for Employers and it is essential that the form is correctly and fully completed. Comprehensive submissions will facilitate decisions by the Trustees.

The default position is that benefits for minor dependants must be paid to their legal guardian unless such person is shown to be incapable of managing the money on their behalf.

3.3 Beneficiary Funds
At the beginning of 2009, Beneficiary Funds were introduced as the primary vehicle for the acceptance of death benefits on behalf of minor dependants. Beneficiary Funds are regulated by the Pension Funds Act and afford minor dependants greater protection than previously.

Payments are made to Beneficiary Funds where it is in the best interests of the minor beneficiary eg where there is no legal guardian but a Caregiver or the legal guardian is not capable of managing the money. Under certain circumstances, the benefits of major dependents may be paid to a Beneficiary Fund.

4. VOLUNTARY DISSOLUTION OR PARTIAL DISSOLUTION OF A FUND

Directive PF No 4, issued by the Registrar of Pension Funds, was published in the Government Gazette of 18 June 2009 and deals with the voluntary or partial dissolution of a fund in terms of section 28 of the Pension Funds Act.

Of particular interest is the provision for a qualifying fund or participating employer under an umbrella arrangement to apply for exemption from the provisions of section 28 of the Act.

Qualifying criteria:

- the average benefit per member is less than R50 000;
- the fund and the relevant participating employer withdrawing does not have more than 50 members;
- the fund and the relevant participating employer does not have assets more than R50 million;
- the surplus apportionment scheme or nil return has been approved or noted by the Registrar.

This development allows the trustees to appoint a responsible person to oversee the winding up of the fund. The exemption dispenses with the requirement to appoint a liquidator, the lodging of the various accounts and publication of notices and the corresponding time delays associated with this.

Sheila Proudfoot
Principal Officer
May 2010