
MEMBER CONTACT DETAILS

Why does the fund need to record this information?

On 27 September 2016, the Financial Services Board issued Information Circular PF No. 2 of 2016 regarding member personal details for purposes of member communication and payment of benefits.

This note covers the contents of the circular and confirms what action needs to be taken by the fund.

WHY DID THE FINANCIAL SERVICES BOARD ISSUE THE CIRCULAR?

Many of the complaints received by the Registrar's office and the office of the Pension Funds Adjudicator relate to benefits paid or payable to members or their beneficiaries. It is evident from these complaints that members do not fully understand their rights, the benefits provided by their fund and how the benefits are calculated. It is also clear from the ever increasing number of benefits that become unclaimed that funds do not have updated contact details for their members on record or that the fund has failed to communicate clearly with the members on the correct process to follow when claiming a benefit in terms of the rules of the fund.

WHAT ARE THE LEGAL OBLIGATIONS OF THE BOARD OF THE FUND IN THIS REGARD?

- Section 7C(2) of the Pension Funds Act says "In pursuing its object the board shall (a) take all reasonable steps to ensure that the interests of members in terms of the rules of the fund and the provisions of this Act are protected at all times and (b) act with due care, diligence and good faith".
- Section 7D(1)(c) of the Pension Funds Act says that one of the duties of the board shall be to "ensure that adequate and appropriate information is communicated to the members and beneficiaries of the fund informing them of their rights, benefits and duties in terms of the rules of the fund".
- Circular PF No. 86 issued by the Financial Services Board in 1995 says that new members must be furnished with an explanatory pamphlet within 3 months of joining the fund and that annual benefit statements must be issued within 6 months of the fund's financial year end. The circular states that these documents may be in any format, which would allow modern electronic media to be used where appropriate. Both must contain minimum information as specified in the circular. The following points are some of those requirements:

- Include the name or job title and the relevant contact number for the person who can answer queries regarding the information contained in the pamphlet or statement.
- Include a statement of benefits that become payable on retirement, death, withdrawal and, where applicable, on disability or ill-health early retirement.

PF No. 86 also says the following:

- That on withdrawal from service each member will preferably have all options in terms of the rules of the fund explained to them before any cash payment is selected.
- Before a member retires the options available in terms of the rules of the fund should be communicated to the member.
- Once the trustees have made a decision regarding the distribution of a death benefit each beneficiary to whom a share of the benefit has been awarded must be advised of the decisions taken by trustees and of all the options available to them.

The above provisions in the Act and circular make it clear that the board of a fund has an obligation to act with due care, diligence and good faith to ensure that members' rights are protected at all times and a duty to communicate appropriate and proper information to members and beneficiaries with regards to their rights, benefits and duties in terms of the rules of the fund.

Funds must ensure that these communications are done timeously and in a manner that is transparent, understandable and easily accessible to all members.

Where appropriate, more information than the minimum can be included. An example would be to give details of benefits that fall outside of the fund itself, such as disability income and funeral benefits.

WHAT INFORMATION SHOULD BE KEPT ON RECORD TO ENSURE THAT THE ABOVE REQUIREMENTS ARE MET?

The board of the fund has an obligation to its members to maintain proper and adequate records including contact details. The Registrar is aware that many funds do not have updated contact details of their members and therefore urges funds to review the member information on record and ensure that the details are current. Where necessary, steps must be taken to obtain the members' latest contact details and update the records accordingly. Funds will then be in a better position to pay benefits when they become due and payable which in turn will reduce the number of unclaimed benefits in future. This will hopefully also reduce the number of complaints from members as they will be informed of their rights, benefits and duties in respect of the fund and will be aware of the correct procedure to follow when lodging a claim when benefits become due to them.

WHAT DOES THIS MEAN FOR YOU?

Actions to be taken by boards of funds:

Trustee boards need to ensure that an up-to-date explanatory pamphlet (member booklet) is easily available to all members and that new members receive a copy of it within 3 months of joining.

Trustees must ensure that annual benefit statements are issued to all members within 6 months of the fund's financial year end.

Trustees must check that the above communications meet the minimum requirements as set out in circular PF No. 86.

Trustees should ensure that their administrators have the latest contact details for the members recorded on the member records and if not to obtain the information and update it accordingly.

Actions that will be taken by Robson Savage:

Robson Savage will check your fund's member records to see whether we have record of the latest contact details for the members.

Where necessary, we will request the latest contact details for the members from the employer and update our records accordingly on receipt of the information.

We will ask employers to provide us with contact details for a member when the member joins the fund and will record these on the new record.

We will request updated contact details for all members from the employer at least annually in future and update our records accordingly.

Your Robson Savage consultant will be glad to provide any further input you might require, and will ensure the matter is raised for discussion at the appropriate time.

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