



Payment of Retirement Fund contributions by your employer



Dear Member

As you are aware, your employer has chosen to participate in our Fund. This means that we, the Trustees of the Corporate Selection suite of Umbrella Funds, are responsible for all aspects of your retirement savings and for providing your Fund benefits, with the help of our service providers and the Fund Administrator, namely Liberty Corporate.



An Umbrella Fund receives the retirement contributions from various unrelated participating employers and their employees (i.e. Fund members) and invests this money on their behalf.

The Fund then pays out benefits to members and/or their beneficiaries when they become due to you (e.g. at withdrawal, retirement, disability, or death).

Section 13A (S13A) of the Pension Funds Act (the Act) regulates the monthly payment of members' Retirement Fund contributions by employers to their Retirement Funds.

The Act requires that all contributions must be paid by the employer to the Retirement Fund – and must reflect in the Fund's bank account – within 7 days after the end of the month to which the contribution relates (i.e. January Fund contributions must be received by the Fund by no later than 7 February).

Your employer must also submit certain information (referred to as the "contribution schedule") to the Fund, within 15 days after the end of the month.

This information, which includes the details of every contributing member, helps the Fund's administrator to determine whether the employer has paid the contributions in full.

However, this may not always be the case – arrear contributions arise if your employer:

- a. Deducts retirement contributions from members' salaries and does not transmit this money into the Fund Administrator's bank account, and/or
- b. Fails to transmit the employer's portion of retirement contributions into the Fund Administrator's bank account.

Arrear contributions do not arise in instances where an employer has applied to the Fund for an amendment to their registered rules to enable the suspension of contribution payments for a period, for which approval has been granted by the Financial Sector Conduct Authority (FSCA).

- It is your employer's responsibility to ensure that Liberty the Fund Administrator receives their contribution payment within the 7-day period, to enable the Fund to invest the money on behalf of Fund members.
- If the contribution payment is late, the Fund must charge the employer late payment interest, at a rate of prime plus **2%**.
- Once the employer pays this interest, it is added to the members' retirement savings, to make up for the fact that their contributions were not invested timeously.

Failure to pay retirement contributions to the Fund is a criminal offence. The Trustees of the Fund are therefore also obliged to report employers who do not comply with S13A of the Act to the FSCA and to the South African Police Service .

Should an employer, or an individual such as a Chief Financial Officer or a Financial director, be found guilty of late or non-payment of contributions, they may be liable to pay a fine of up to R10 million, or face imprisonment for up to 10 years, or both.

The employer can also be held responsible for any investment loss suffered by the members as a result of the non-payment or late payment of Retirement Fund contributions.

The FSCA has also indicated its intention to publish the names of Retirement Funds and employers with arrear contributions.

The Rules of the Fund state that an employer's participation in the Fund may be terminated if your employer has failed to pay contributions for 3 consecutive months.

It is the duty of the Trustees of the Fund to take all reasonable steps to ensure that the interests of members in terms of the Rules of the Fund and the provisions of the Pension Funds Act are protected at all times, and to ensure that members are appropriately informed of any instances of non-compliance with S13A by employers.

Should you have any concerns about the timeous payment by your employer of your monthly Retirement Fund contributions, please email the Principal Executive Officer of the Funds.



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A final note:

In 2022, the Financial Sector Conduct Authority (FSCA) published a list of requirements for Retirement Funds, which details the minimum information that must be included in the Fund's monthly contribution schedule.

This information includes mobile numbers and email addresses, which helps us ensure that any communication, sent directly to you, reaches you.

We therefore urge all our members to ensure that their personal details are updated - and to keep these updated whenever they change.



Please ensure that your employer has your correct details, to help us all to comply with the legal reporting requirements.

Contact HR to update your information today.

TO LEARN MORE ABOUT THE FUNDS

<https://csuf.liberty.co.za>

