



CIRCULAR 1/2026

ADDRESSED TO: RETIREMENT FUND MANAGEMENT BOARDS

**SUBJECT: NOTIFICATION AND GUIDANCE FOR
RETIREMENT FUND MANAGEMENT BOARDS
TO ENHANCE MEASURES FOR REMISSION OF
FUND CONTRIBUTIONS**

EFFECTIVE DATE: 1st OCTOBER 2026

**STATUTORY REFERENCE: SECTION 6(1) AND 39 OF THE FINANCIAL
SERVICES REGULATORY ACT NO.2 OF 2010
READ IN CONJUNCTION WITH SECTION 9(E), 10,
16(1) AND 68 RETIREMENT FUNDS ACT NO.5
OF 2005**

1. BACKGROUND

- 1.1 The Authority in the execution of its supervisory mandate, has observed with serious concern the widespread and persistent failure by employers to remit contributions to retirement funds, thus violating section 16(1) of the Retirement Funds Act, 2005 which provides:

“(1) All contributions due to a retirement fund in respect of its members shall be paid to the fund or to the person administering the fund’s assets within 7 days of the expiry of the period for which it was due.”

- 1.2 Non-compliance with this provision exposes retirement funds and their members to significant financial risk. In defined benefit funds, ongoing non-remission may lead to underfunding and weaken the fund’s financial position, while in defined contribution funds, delayed remittance results in members losing the investment growth that would otherwise have accrued on their contributions.
- 1.3 To this end, the Authority calls up all Retirement Fund Management Boards to act decisively and in the best interest of fund members to enforce compliance and ensure recovery of outstanding contributions.

2. APPLICABLE LAW

- 2.1 In terms of Section 9(e) of the Retirement Funds Act, 2005 it is the express legal duty of the Management Board of every retirement fund to ensure that:

“contributions are timeously paid to the retirement fund”

- 2.2 Management Boards must therefore take proactive and reasonable steps to monitor compliance, address defaults, and protect the fund and its members from the adverse consequences of employer contribution non-remittance.
- 2.3 The Authority further reminds all Management Boards that, in terms of common law fiduciary principles and statutory obligations imposed under Section 10 of the Retirement Funds Act, 2005, that trustees owe a legal duty of care, diligence, and good faith to fund members. This duty includes taking all reasonable steps to secure fund assets, act independently, and act solely in the interest of members.
- 2.4 The failure to take appropriate action to pursue defaulting employers, recover arrears, or prevent financial prejudice to the fund may constitute a breach of fiduciary duty. Trustees who are found to have willfully neglected these responsibilities, or who act with gross negligence or indifference, may be held liable in law.

3. GUIDANCE AND NOTIFICATION

3.1 Pursuant to the Authority's powers under section 6(1) and 39 of the FSRA Act to issue guidance notes and the duties imposed under the Retirement Funds Act, Management Boards are hereby advised to implement the following measures immediately to remedy any employer default:

- 3.1.1 demand payment through formal written notices;
- 3.1.2 Engage legal counsel to explore options to recover outstanding contributions where voluntary compliance cannot be secured;
- 3.1.3 Initiate appropriate civil proceedings against defaulting employers where feasible;
- 3.1.4 Submit to the Authority quarterly contribution compliance reports, which shall contain:
 - 3.1.4.1 a list of all contributing employers;
 - 3.1.4.2 identification of compliant and non-compliant employers;
 - 3.1.4.3 specific recovery measures undertaken by the Board in each case of non-compliance.

3.2 These measures are not exhaustive. The Authority expects Boards to adopt any other lawful and effective measures necessary to discharge their fiduciary and statutory duties under the Act.

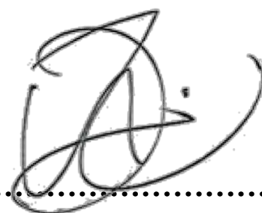
4. COMPLIANCE AND ENFORCEMENT

4.1 In terms of Section 68 of the Retirement Funds Act, 2005 any contravention of any provisions of the Act constitutes an offence, and the Authority may attract criminal sanctions and regulatory action.

4.2 The Authority therefore, cautions that failure by a Retirement Fund Management Board to implement adequate and proactive compliance measures either in line with this Circular or other lawful means, will be regarded as a regulatory breach and may result in the imposition of administrative sanctions, personal liability on the funds key persons, including penalties under the applicable laws.

5. EFFECTIVE DATE

5.1 This Circular shall come into force on the date of its publication and shall remain binding unless and until formally amended or withdrawn by the Authority.



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CHIEF EXECUTIVE OFFICER