



Subject: Retirement Fund Disclosure Guideline 2017

Number: 2/17

Scope: Retirement Funds trustees, members, beneficiaries

Circulated: December 2017

Contents

Objective	3
Interpretation	Error! Bookmark not defined.
<u>Application</u>	4
General Principles	4
<u>Disclosure to persons eligible to become members</u>	5
Disclosures to new members	5
Annual disclosures to active members.....	6
Annual benefit statements	6
Disclosures to terminating members.....	7
Confirmation of cash or transfer	8
Confirmation of deferred pension	9
Periodic disclosures to deferred pensioners	10
Disclosures to retiring members	10
Confirmation of retirement benefits.....	12
Periodic disclosures to pensioners	13
Disclosures to beneficiaries on death of a member	13
Confirmation of death benefits	15
Periodic disclosures to beneficiaries	16

Citation and Commencement

1 (1) This guideline may be cited as the Retirement Funds Disclosure Guideline 2017 and shall come into force on the 1st November 2017.

Objective

2. The objective of this Guideline is to-

- (a) describe the information that shall be disclosed to members and beneficiaries of retirement funds to meet the responsibilities of trustees as provided for under section 9(d) of the Act;
 - (b) assist trustees in ensuring that members are provided with sufficient information in a timely, accurate and understandable manner; and
 - (c) enable members, beneficiaries and guardians of minor beneficiaries of retirement benefits to make sound decisions on the basis of information about how their retirement fund works, what their benefit entitlements and options under retirement funds are, what their rights and obligations are and the performance of the retirement fund and those responsible for its management.
- This guideline is issued pursuant to: section 33 of the FSRA Act, 2010 which empowers the Authority to issue guidelines for providing guidance in furtherance of its regulatory objectives in terms of the Financial Services Regulatory Act 2010 and the Retirement Funds Act 2005

Definitions

3. For purposes of this Guideline:

“member” has the meaning assigned to it in the Retirement Funds Act, 2005;

“fund” means a retirement fund.

Application

4. (1) The Guideline applies to trustees, members, beneficiaries and any person to whom the trustees have delegated their functions to the extent relevant to the nature of their involvement.

(2) The provisions of this Guideline shall not affect the duty of any person to comply with any applicable provision of the Retirement Funds Act, 2005.

General Principles

5. (1) Trustees shall at all times render services honestly, fairly with care, diligence and good faith.

(2) Trustees shall provide a member of a fund with sufficient information to enable the member to make informed decisions about the retirement benefits of that member.

General Criteria for Information

5. (1) Trustees shall disclose information to a member in writing and in a clear, unambiguous and simple language.

(2) Trustees shall disclose information in the official languages of Swaziland having regard to the composition of the membership and the needs of the members.

(3) Trustees shall hold meetings with members on an on-going basis, annually or on the occurrence of a particular event at which members may express concerns, ask questions and participate in the governance of the fund.

Rules of the fund

6. (1) Every member of a fund shall be entitled upon request to inspect a copy of the rules of the fund.

(2) A fund shall provide each employee who is eligible to join the fund or when a new employee is hired, with a copy of the rules of the fund within three (3) months of establishment of a fund

(3) Where membership to a fund is voluntary, employees shall be given at least 30 (thirty) days to exercise their option to join the fund.

(4) A member and affected beneficiaries shall be given a written summary and Explanation of any amendment to the rules and its implication on their entitlements and obligations within 60 (sixty) days of the coming into effect of that amendment.

Disclosure to persons eligible to become members

7. (1) A fund shall provide the following information, not later than the date an employee becomes eligible to become a member,-

- (a) the full legal name of the fund;
- (b) the registration certificate number issued by the Registrar of Insurance and Retirement Funds;
- (c) the type of the fund;
- (d) the registered address of the fund;
- (e) the name and contact information of the principal officer;
- (f) the name and contact information of the administrator, if applicable;
- (g) the names of the trustees;
- (h) an explanation of eligibility, whether voluntary or mandatory and the waiting period if applicable;
- (i) when and how to join the fund;
- (j) whether membership is a condition of employment or not;
- (k) the formula for members' required contributions as well as those of the employer;
- (l) the investment policy of the fund and a description of the fund's assets;
- (m) whether members have investment options and if so, an explanation of the options;
- (n) a statement advising the eligible employee to consider seeking the advice of an independent financial planner before making a decision about joining the fund and selecting investment options, if applicable;
- (o) a request that a nomination in respect of beneficiaries be made; and
- (p) a request to notify the contact person, in writing, of any change in name, address, banking details, or circumstances that is likely to affect the membership of or benefits of members in the fund;

Disclosures to new members

8. (1) Within sixty (60) days of joining the fund, a member shall be provided with the following information-

- (a) contact information for purposes of enquiries;

- (a) information on how to lodge complaints and the relevant officer designated to handle them;
- (b) a statement that if a complaint is not resolved within the structures of the fund, the complaint may be referred to the Ombudsman of Financial Services appointed in terms of section 74 of the Financial Services Regulatory Authority Act 2010
- (c) an overview of the expenses of the fund, including premiums paid for ancillary benefits and fees paid to administrators, investment managers and any other service providers; and
- (d) information that a member has the right to-
 - (i) elect fifty percent (50%) of the trustees;
 - (ii) receive an annual benefit statement;
 - (iii) request information about the operation of the fund;
 - (iv) lodge complaints;
 - (v) be advised of any amendments to the rules of the fund and rationale for the amendments;
 - (vi) know how benefits are calculated; and
 - (vii) request additional information.

Annual disclosures to active members

9. A fund shall, annually within three (3) months of the end of the financial year of the fund, provide to members with the following information -

- (a) the annual benefit statement;
- (b) information on any changes in fees, premiums, or contribution rates;
- (c) a request to update beneficiary nominations, where applicable;
- (d) a request to update registered dependants, where applicable;
- (e) a request to update contact details, where necessary;
- (f) annual investment performance results;
- (g) a statement that the annual financial statement of the fund is available, on request, for inspection by the members;
- (h) a statement that the report of the valuator, where applicable, is available, on request, for inspection by the members;
- (i) changes, if any, in the administration of the fund, including changes in trustees, principal officer, address of the fund, or service providers; and
- (j) changes, if any, in the calculation contributions or of ancillary benefits.

Annual benefit statements

10. (1) Each active member of the fund shall receive benefit statements within three months of the financial year end of the fund which shall contain the following information -

- (a) the name of the member;
- (b) the date of the statement;
- (c) the period to which the statement applies;
- (d) the date of birth of the member;
- (e) The date on which the member joined the fund and the years, full and partial, of service that have been credited to the member to date;
- (f) the normal retirement date of the member;
- (g) the date on which the member is entitled to an early retirement benefit;
- (h) a list of the member's registered dependents;
- (i) the required contributions made by the member during the period and, for a defined contribution fund, those made by the employer in respect of the member;
- (j) the accumulated contributions of the member at the end of the period and, for a defined contribution fund, the accumulated contributions of the employer in respect of the member;
- (k) the rate of return earned during the year and, for a defined contribution fund, the amount of returned credited to the member's accumulations;
- (l) any amounts transferred to the fund in respect of the member; and
- (m) the amount of benefit payable should the member die.

Disclosures to terminating members

11. (1) A fund shall provide a member who is terminating membership, within 30 days of termination of employment, with-

- (a) details of the fund setting out the following information -
 - (i) name of retirement fund;
 - (ii) registration number;
 - (iii) complaints procedures;
 - (iv) contact information for principal officer and administrator;
 - (v) period of service credited to the member;
 - (vi) member required contributions for the year;
 - (vii) employer contributions for the year (DC);
 - (viii) accumulated employer contributions (DC)
 - (ix) transfers in and voluntary contributions for the year;
 - (x) accumulated transfers and voluntary contributions, if applicable
 - (xii) accrued pension (DB)
 - (xiii) indication of any benefits that have not yet vested; and
 - (xiv) allowable loans in terms of the Retirement Funds Act;

(b) personal details of the member indicating the following information -

- (i) job title
- (ii) pensionable salary level
- (iii) date of birth of member
- (iv) date member joined the fund
- (v) date member ceased active service
- (vi) normal retirement date
- (vii) earliest possible retirement date
- (viii) accumulated member required contributions – align and ensure alignment is standard and similar to the rest of the list
- (ix) names of beneficiaries; and
- (x) request to update beneficiaries and changes in their eligibility;

(c) other requirements

- (i) options available at termination, cash, transfer, deferred pension;
- (ii) options available to deferred pensioners, cash, transfer, early retirement;
- (iii) amount of termination benefit under each available option;
- (iv) explanation of benefit calculation;
- (v) options for method of payment, cheque, electronic transfer, transfer to another fund;
- (vi) policy of the fund on increasing monthly pensions;
- (vii) death benefits available in future;
- (viii) ancillary benefits available in future;
- (ix) taxes to be withheld;
- (x) deductions to be withheld in respect of future ancillary benefits, if any;
- (xi) deadline for choosing options; and
- (xii) claim procedures and evidence requirements.

(2) The member shall be given not less than 30 days to exercise any options available, failing which the termination benefits would be processed in accordance with any default provisions specified in the rules of the fund.

Confirmation of cash or transfer

12. (1) A terminating member who will be receiving benefits in the form of cash or a transfer to another fund shall be given a statement confirming the benefits.

(2) The confirmation referred to in sub-rule (1) shall include the following information-

- (a) name of retirement fund;
- (b) registration number;
- (c) name of member;
- (d) date of birth of member;
- (e) date member ceased active service;
- (f) allowable loans in terms of the Retirement Funds Act;
- (g) amount of lump sum benefit;
- (h) taxes to be withheld; and
- (i) method of payment or details of the transfer.

Confirmation of deferred pension

13. (1) Where a member has requested to defer the payment of pension benefits or having become applicable as a default under the rules of the fund, the terminating member shall be given a statement confirming the deferred pension within 30 days of the request.

(2) The statement referred to in sub-rule (1) shall include, to the extent applicable, the following information -

- (a) name of retirement fund;
- (b) registration number;
- (c) name of member;
- (d) date of birth of member;
- (e) date member ceased active service;
- (f) normal retirement date;
- (g) earliest possible retirement date;
- (h) accumulated member required contributions;
- (i) accumulated employer contributions (DC);
- (j) accumulated transfers and voluntary contributions;
- (k) accrued pension (DB);
- (l) allowable loans in terms of the Retirement Funds Act;
- (m) names of beneficiaries;
- (n) request to update beneficiaries (and changes in their eligibility);
- (o) amount of deferred monthly benefit;
- (p) source of monthly benefits, annuity or from fund;
- (q) policy of the fund on increasing monthly pensions;
- (r) death benefits available in future;
- (s) ancillary benefits available in future;
- (t) taxes to be withheld;
- (u) deductions to be withheld in respect of future ancillary benefits, if any;

- (v) annuity policy; and
- (w) request to update contact information.

Periodic disclosures to deferred pensioners

14. (1) A deferred pensioner shall be provided with a statement at least once every year.

(2) The statement will include the following-

- (a) name of retirement fund;
- (b) registration number;
- (c) contact information for principal officer and administrator;
- (d) name of member;
- (e) date of birth of member;
- (f) date member ceased active service;
- (g) normal retirement date;
- (h) earliest possible retirement date;
- (i) accumulated member required contributions;
- (j) accumulated employer contributions (DC);
- (k) accumulated transfers and voluntary contributions;
- (l) accrued pension and explanation of any increase in its amount (DB);
- (m) allowable loans in terms of the Retirement Funds Act;
- (n) names of beneficiaries;
- (o) request to update beneficiaries and changes in their eligibility;
- (p) options available to deferred pensioners, cash, transfer, early retirement;
- (q) death benefits available in future;
- (r) ancillary benefits available in future;
- (s) deductions to be withheld in respect of future ancillary benefits, if any;
- (t) request to confirm survival; and
- (u) request to update contact information.

Disclosures to retiring members

15. (1) Within thirty (30) days of retirement, whether at the normal retirement age or otherwise, the following information shall be provided to a retiring member-

- (a) details of the fund which shall contain-

- (i) name of retirement fund;
- (ii) registration number;
- (iii) complaints procedures;
- (iv) contact information for principal officer and administrator;
- (v) employer contributions for the year (DC);
- (vi) accumulated employer contributions (DC);
- (vii) transfers in and voluntary contributions for the year;
- (viii) accumulated transfers and voluntary contributions;
- (ix) accrued pension (DB);
- (x) indication of any benefits that have not yet vested; and
- (xi) allowable loans in terms of the Retirement Funds Act;

(b) personal details of a member which shall contain-

- (i) name of member;
- (ii) job title;
- (iii) pensionable salary level;
- (iv) date of birth of member;
- (v) date member joined the fund;
- (vi) date member ceased active service;
- (vii) period of service credited to the member;
- (viii) actual retirement date;
- (ix) member required contributions for the year;
- (x) accumulated member required contributions;
- (xi) names of beneficiaries; and
- (xii) request to update beneficiaries and changes in their eligibility.

(c) other requirements which shall-

- (i) explanation of benefit calculation;
- (ii) options for commutation;
- (iii) options for form of monthly benefit;
- (iv) amount of monthly benefit under each available option;
- (v) options for method of payment, cheque, electronic transfer, transfer to another fund;
- (vi) source of monthly benefits, annuity or from fund;
- (vii) policy of the fund on increasing monthly pensions;
- (viii) death benefits available in future;

- (ix) ancillary benefits available in future;
- (x) taxes to be withheld;
- (xi) deductions to be withheld in respect of future ancillary benefits, if any;
- (xii) deadline for choosing options;
- (xiii) request to update contact information; and
- (xiv) claim procedures and evidence requirements.

(2) The retiring member shall be given no less than 30 days to exercise any options available, failing which the retirement benefits would be processed in accordance with any default provisions specified in the rules of the fund.

Confirmation of retirement benefits

16. (1) Within 30 days of options having been chosen by the retiring member or having become applicable as a default under the rules of the fund, the retiring member shall be given a statement confirming the benefits.

(2) The confirmation shall include the following information, to the extent applicable-

- (a) name of retirement fund;
- (b) registration number;
- (c) name of member;
- (d) date of birth of member;
- (e) actual retirement date;
- (f) names of beneficiaries;
- (g) request to update beneficiaries and changes in their eligibility;
- (h) confirmation of the option, if any, exercised by the member regarding commutation;
- (i) amount of lump sum benefit under option chosen;
- (j) form of monthly benefit under option chosen, whether individual, joint with spouse, and the guarantee period applicable;
- (k) amount of monthly benefit under option chosen;
- (l) method of payment;
- (m) source of monthly benefits, annuity or from fund;
- (n) conditions that might affect the payment of the pension, for example, suspension of the pension or cessation of the pension;
- (o) policy of the fund on increasing monthly pensions; where applicable, the fund may stress that the frequency and amount of any increases are not guaranteed and may point out the factors that will influence the increases;

- (p) death benefits available in future;
- (q) ancillary benefits available in future;
- (r) taxes to be withheld;
- (s) deductions to be withheld in respect of future ancillary benefits, if any;
- (t) timing of monthly payments;
- (u) if the pension will be paid by a life insurer, the original annuity policy;
and
- (v) request to update contact information.

Periodic disclosures to pensioners

17. At least once every three years, a statement shall be provided to a pensioner whose monthly benefits are being paid from the fund (rather than by a life insurer under an annuity policy), which includes the following information -

- (a) name of retirement fund;
- (b) registration number;
- (c) contact information for principal officer and administrator;
- (d) name of member;
- (e) date of birth of member;
- (f) actual retirement date;
- (g) names of beneficiaries;
- (h) request to update beneficiaries (and changes in their eligibility);
- (i) form of monthly benefit (whether individual, joint with spouse, and the guarantee period applicable);
- (j) amount of monthly benefit and explanation of any increase in its amount
- (k) method of payment;
- (l) policy of the fund on increasing monthly pensions;
- (m) death benefits available in future;
- (n) ancillary benefits available in future;
- (o) allowable loans in terms of the Retirement Funds Act;
- (p) taxes being withheld;
- (q) deductions being withheld in respect of ancillary benefits, if any;
- (r) timing of monthly payments;
- (s) request to confirm survival; and
- (t) request to update contact information.

Disclosures to beneficiaries on death of a member

18. (1) Within 30 days after a fund becomes aware of the death of a member, the following information, to the extent applicable (items applicable only to a particular category of member have been noted in the list below), shall be provided to the beneficiaries, or to the guardians of minor beneficiaries-

(a) details of the fund-

- (i) name of retirement fund;
- (ii) registration number;
- (iii) complaints procedures;
- (iv) contact information for principal officer and administrator;
- (v) employer contributions for the year (DC; active members);
- (vi) accumulated employer contributions (DC);
- (vii) transfers in and voluntary contributions for the year (active members);
- (viii) accumulated transfers and voluntary contributions (active and deferred members);
- (ix) accrued pension (DB); and
- (x) allowable loans in terms of the Retirement Funds Act.

(b) personal details of member

- (i) name of member;
- (ii) job title;
- (iii) pensionable salary level;
- (iv) date of birth of member;
- (v) date member joined the fund (active members);
- (vi) date member ceased active service (active and deferred members);
- (vii) period of service credited to the member (active members);
- (viii) actual retirement date (retired members);
- (ix) member required contributions for the year (active members);
- (x) accumulated member required contributions (active and deferred members);
- (xi) names of beneficiaries; and
- (xii) options available to beneficiaries.

(c) other requirements

- (i) amount of death benefit under each available option;
- (ii) conditions under which any monthly benefit would cease to be paid (age, remarriage, death);
- (iii) explanation of benefit calculation;
- (iv) options for method of payment (cheque, electronic transfer, transfer to another fund);
- (v) source of monthly benefits (annuity or from fund);
- (vi) policy of the fund on increasing monthly pensions;
- (vii) ancillary benefits available in future;
- (viii) taxes to be withheld;
- (ix) deductions to be withheld in respect of future ancillary benefits, if any;
- (x) deadline for choosing options; and
- (xi) claim procedures and evidence requirements.

Confirmation of death benefits

20. (1) Within 30 days after receipt of a proof of death, particulars of chosen beneficiary or guardian, entitlement of the beneficiary and options having been given, the beneficiary or guardian shall be given a statement confirming the benefits.

(2) The confirmation shall include the following information, to the extent applicable-

- (a) name of retirement fund;
- (b) registration number;
- (c) name of deceased member;
- (d) date of death of member;
- (e) name of beneficiary or beneficiaries;
- (f) amount of lump sum benefit under option chosen;
- (g) form of monthly benefit under option chosen;
- (h) amount of monthly benefit under option chosen;
- (i) method of payment;
- (j) source of monthly benefits, annuity or from fund;
- (k) policy of the fund on increasing monthly pensions;
- (l) conditions under which any monthly benefit would cease to be paid, age, remarriage, death;
- (m) death benefits available in future;
- (n) ancillary benefits available in future;
- (o) taxes to be withheld;

- (p) deductions to be withheld in respect of future ancillary benefits, if any;
- (q) timing of monthly payments;
- (r) annuity policy; and
- (s) request to update contact information.

Periodic disclosures to beneficiaries

21. (1) At least once every three years, a statement shall be provided to a beneficiary or to the guardian of a minor beneficiary who is receiving monthly benefits from the fund (rather than from a life insurer under an annuity policy), which includes the-

- (a) name of retirement fund;
- (b) registration number;
- (c) contact information for principal officer and administrator;
- (d) name of deceased member;
- (e) name of beneficiary or beneficiaries;
- (f) request to update for changes that would affect continued eligibility;
- (g) amount of monthly benefit and explanation of any increase in amount;
- (h) method of payment;
- (i) policy of the fund on increasing monthly pensions;
- (j) conditions under which any monthly benefit would cease to be paid (age, remarriage, death);
- (k) ancillary benefits available in future;
- (l) allowable loans in terms of the Retirement Funds Act;
- (m) taxes being withheld;
- (n) deductions being withheld in respect of ancillary benefits, if any;
- (o) timing of monthly payments;
- (p) request to confirm survival; and
- (q) request to update contact information.