

# CUTTING EDGE



aviation union of southern africa

Registered as a trade union in terms of the labour relations Act, (Act 66 of 1995) as amended

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Dear Members,

We would like to take this opportunity to wish you everything of the best in 2017.

## **WAGE NEGOTIATIONS 2017/2018**

We have given notice to the Company with our demands and they confirmed receipt of our demands. They also indicated that Negotiations should be concluded before the implementation date 16 March 2017.

## **AUSA UMBRELLA RETIREMENT FUND (AUSAURF) - LIQUIDATION**

We have signed the required forms from AUSA's side to appoint the Liquidator; the other 2 independent trustees of the Fund will sign before the end of the week.

The forms will then be submitted to the Registrar of Pension Funds, for the approval of the appointment of Corne Heymans of Argen to start with the liquidation process.

Hopefully he will be appointed early February 2017. On the appointment of the liquidator all fund assets are effectively frozen (including benefit payments and transfers) pending the approval from the Registrar of Pension Funds to commence any payments. He will then place the total fund value in the money market, this mean your money will still grow with at least 6 % during the liquidation process. The process can then take anything from 6 to 12 months plus, before any payment can be expected.

Please take note that the FSB has approved the requested rule change, so there are no outstanding contributions due to the Fund. This should speed up the process once the liquidator is appointed.

The Board of Trustees considered the appointment of the liquidator based on the fact that they have the skills, experience and capacity to manage the liquidation project and a proven track record in this regard.

As we indicated before the liquidation cost is prescribe as per the Act. It is 0.5 % of fund assets and 10 % on the interest earned for the first 6 months.

The Union firstly had to ensure that our Basic and Secondary salaries were combined before the fund could be liquidated.

Please refer to the prescribed liquidation process:

## LIQUIDATION PROCESS

- 1) Trustees resolve to place the Fund in voluntary liquidation and nominate a propose liquidator.
- 2) Request approval of the appointment of the liquidator from the Registrar of Pension Funds.
- 3) Administrator provides membership and financial data since the last annual financial statements to the liquidator.
- 4) Once the FSB approve the appointment of the liquidator of the Fund, all fund assets gets moved to cash or equivalent portfolios.
- 5) Based on the data provided by the administrator, preliminary liquidation accounts are drafted by the liquidator and submitted to the Registrar.
- 6) The Registrar examines the accounts and might request an independent's valuation.
- 7) After instruction by the Registrar, the liquidator places a notification of dissolution of the Fund in the Government Gazette in both English and Afrikaans. *"In terms of the Pension Funds Act and applicable regulations, members need to be offered an opportunity to comment on or object to the accuracy of the proposed liquidation accounts. To this end the liquidation needs to be advertised in the Government Gazette and in local newspapers while the Preliminary Liquidation Accounts are lodged for inspection at the Fund's registered office and at the local Magistrate's Court for a period of 30 days"*.
- 8) Once all objections have been dealt with, will the liquidator submit his response to the Registrar and apply to commence with the payment of benefits.
- 9) Payment of benefits can only commence once permission is granted by the Registrar of Pension Funds.
- 10) The liquidator will then request the member to provide him their option selected in terms of the fund's rules, for example a cash payment, transfer to preservation fund, transfer to primary pension fund or transfer to a retirement annuity.
- 11) The liquidator will only then instruct the administrator to pay the liquidation benefit to the members with the increased interest from the liquidation date up to the date of payment.
- 12) Only once all benefits and other accounts have been paid, can the liquidator request the Registrar to cancel the registration of the fund.

We accept that members may, even after reading this communication, require further information or clarity regarding the liquidation. Please feel free to contact the Union office for any additional feedback in your area.

Kind regards,

**AUSA**