

CUVETU NG EDGE



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

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Dear Members,

DORMANT PENSION / PROVIDENT FUND

AUSA shop stewards and Union officials had a meeting with Insurance Zone on Friday 3 August 2018 to get clarity on the dormant pension/provident funds. The back ground on how we got to this stage are as follows.

Up and till 31 May 2015 the SA Express Pension and Provident Funds was a stand-alone fund administrated by Liberty. Due to the high cost in running these funds and low investment returns a decision was taken (by the Company) to convert these funds from a standalone fund into an umbrella fund. With effect from 1 June 2015, the conversion took place and the funds are managed as part of an umbrella fund still administrated by Liberty.

This means all employees employed before May 2015 will have money (fund value) in the "old" standalone fund, but no contributions are paid into this fund any more. The money is still being invested with a small investment return. As from June 2015 all employees are contributing towards the "new" umbrella fund scheme.

It has come to our attention that a Board of Trustees has been elected to run the SA Express Pension and Provident Funds. The Board consist of three (3) Employer members, appointed in March 2018 and three (3) Employee members, appointed in September 2017, plus a Principal Officer.

The following questions were raised and requires answers from the Company and/or the Principal Officer of the Fund;

- ⇒ Will the Rules of the Fund be made available to us?
- ⇒ What process were followed to elect Trustees for the Fund?
- ⇒ What is Insure Zone's role in this Fund?

The biggest and most important question that needs to be answered by the Company and the Principal Officer is;

- ⇒ When and how will the "old" dormant fund be closed?

To close the "old" fund, two options are available as per the Pension Fund Act, namely transfer or liquidation.

The transfer is called a Section 14 transfer, thereby each member's fund value is transferred from the "old" fund into the "new" fund with no cost or tax implications to the member. This process will be the cheapest and fastest way to close the fund.

Alternatively, the "old" fund can be closed by liquidating the fund. During liquidation each member will have a choice as to what must be done with this fund value. The fund value can be transferred (Section 14) or taken in cash. The liquidation process does have cost involved and tax will be paid on the cash taken by members. This process is time consuming and not cheap.

Both these options must go through the Financial Service Control Authority (FSCA) for approval. It's most likely that the FSCA will go for Section 14 transfer since the administrator is still Liberty and not a new pension fund administrator.

All these questions will be taken to the highest level to get answers and feedback will be given to members. Feel free to contact the Union office if you need more information.

Should you require any further information, please contact the Union Office.

Regards

AUSA