IF Umbrella Pension and Provident Fund

Dynam-ique SA Umbrella Pension and Provident Fund

5 February 2015

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Communication from the Trustees to members, employers and brokers

Our last communiqué, dated 15 December 2014, referred to four options regarding the closure of the Funds. It was mentioned that for each of these options FSB approval would be required.

Included in the possible options were different approaches for the elimination of the deficits for the three Funds which are underfunded, namely, Dynam-ique SA Umbrella Pension Fund, Dynam-ique SA Umbrella Provident Fund and the IF Umbrella Provident Fund, by either the employers or the members.

It was recognised that members and employers would want an indication of the relevant deficits, were they to be allowed to eliminate them.

The trustees have held discussions with both Aon and the Funds' actuary re the provision of deficit data to employers. This is more complex than originally envisaged. In our view (though the FSB may disagree), the deficit applies to three categories of members:

1. Current members
2. Exited members who have been paid partial benefits and
3. Unclaimed benefits of former members.

The first category can be downloaded from Aon's administration system as at the date of the last benefit statements. The second and third categories are far more complex and, once the parameters are agreed with the actuary, would need significant manual intervention by Aon. Calculations in respect of one category of members without the other two are of little value and as an estimate of the total deficit due. This is clearly a very major exercise, which should not be performed unless the FSB provides approval for this option and the trustees decide to implement it.

At this stage we are awaiting the FSB's reply to the 10-page submission made by the Funds and their attorney to the Registrar in November last year. We have received feedback from the Registrar that the matter is complex, is being considered and a response will be provided `shortly’.

We can use input from employers and members to lobby the FSB, but such input has no legal standing. Thus, even if a member agrees to his Share of Fund being reduced by the relevant Fund deficit, the trustees cannot do that without amending the Rules and such amendment requires FSB approval. We have also asked the Registrar whether a deficit-funding payment made by an employer can be ring-fenced to that employer’s members, and whether such payment will be sufficient for those members to be transferred out of the Fund concerned prior to liquidation, if applicable.

As a response is expected from the FSB `shortly’ and the trustees will be meeting on 11 February, it would be in everyone’s best interests to await these events, rather than take laborious action now which may prove academic once we hear from the FSB. So, until the response from the FSB has been received and considered, Aon will not provide any further information regarding the deficits. We are mindful not to divert their resources away from the remainder of the rebuild work that still needs to be performed.

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