

# HAIRDRESSING BEAUTY AND SKINCARE INDUSTRY PENSION FUND

## Retirement Fund Contributions – New Requirements

### **FSCA CONDUCT STANDARD 1 OF 2022**

The Financial Sector Conduct Authority (FSCA) has issued new requirements for contributions, contribution statements and reporting around contributions. It wants to standardise the manner and format of reporting by funds regarding contribution matters. The **effective date** of the Conduct Standard is six months after the date of publication, i.e. **19 February 2023**.

### **CONTRIBUTION STATEMENTS TO BE PROVIDED BY THE EMPLOYER TO THE FUND**

The employer **must provide** the following **contribution statements** to the fund:

#### ***The initial contribution statements***

The initial contribution statement, which is the first contribution statement provided to a fund by an employer after the employer begins participating in the fund must, at a minimum, include:

- a) the name of the fund;
- b) the fund registration number;
- c) the period in respect of which the contribution is payable;
- d) the name and address of the employer;
- e) where an employer has multiple pay-points, the pay-point which made the deduction;
- f) the contact person responsible at the employer or pay-point dealing with enquiries relating to contribution statements and payment of contributions;
- g) the identity of the person envisaged in section 13A(8) of the Act, as requested from the employer by the fund in terms of section 13A(9)(a) of the Act;
- h) in respect of each member, the following:
  - full name;
  - date of membership;
  - date of birth;
  - South African identity number or passport number;
  - employer pay or industry number;
  - income tax number;
  - contact number, including (where available) cellular phone number;
  - e-mail address (where available);
  - postal address;
  - residential address;
  - annual pensionable emoluments;
  - percentage and amount of contributions;
  - split between member and employer contribution; and
  - details of any additional voluntary contributions paid.

### **Subsequent contribution statements**

Subsequent contribution statement means any contribution statement provided to a fund by an employer subsequent to the initial contribution statement and must, at a minimum, include:

- a) all the information in the initial contribution statement, (except that the information in subparagraph (g) above need only be provided if the identify of this person has changed as compared to the previous contribution statement);
- b) the membership number allocated to each member by the fund; and
- c) an indication of any changes as compared to the contribution statement for the previous period showing any differences in the data, including additions as a result of new members, reductions as a result of membership terminations, adjustments as a result of changes in pensionable emoluments, the payment of additional voluntary contributions, corrections due to error or any other information that may be relevant.

### **Employers' obligations and enforcement**

The Conduct Standard **places the obligation on the employer** to ensure that differences in membership data from month to month are provided to the fund. In addition, the employer must provide any other information that may be relevant to the membership data. Examples could include, in our view, information about upcoming changes within the employer that might impact on membership data. Even where the administrator, on behalf of the fund, is tracking changes in members' data from one month to the next and reporting on this, the employer retains the obligation to do so.

It is important that the FSCA will be able to use its enforcement powers (in the Act and in the Financial Sector Regulation Act) against the employer to enforce compliance with the Conduct Standard. This is in line with what we are seeing under the draft Conduct of Financial Institutions Bill, where the employer, with respect to contributions, will be a supervised entity and subject to the supervisory and enforcement powers of the FSCA (with respect to contributions). Furthermore, we should not forget that the FSCA has said that it will 'name and shame' employers and funds where contributions are unpaid/short-paid. The FSCA recently announced that it will commence with this initiative in October 2022.

### **Employer's declaration**

A new requirement is that all information to be provided by the employer in contribution statements must be accompanied by a declaration by the employer that all employees eligible to be members of the fund are accurately reflected in the contribution statement. **Again, this places an obligation on the employer to ensure that all eligible employees appear on the contribution statements provided to the Fund.**



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