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INVESTMENT FUNDS

Request for information on the impact of the COVID-19 pandemic on contributions for retirement savings

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The FSCA has previously allowed pension funds to make use of distress rules to alleviate the economic challenges faced by employers and employees due to the COVID-19 pandemic. In the absence of existing distress rules, pension funds were urged to register the necessary rules with the FSCA and to liaise with their policyholders/employers. In line with its supervisory approach, the FSCA has issued a request to pension funds to complete a survey detailing the impact the pandemic has had on financially distressed employers and employees and the related impact it might have on retirement savings.

1. **Background**

On 30 March 2020 the Financial Sector Conduct Authority (the "**FSCA**") issued a Communication[1] which encouraged all pension funds to apply the distress rules that they had in place to alleviate the challenges that employers and employees might be facing pursuant to the COVID-19 pandemic, and, where the existing pension fund rules do not provide for distressed companies, to urgently register distress rules with the FCSA (and then apply them as required).[2]

The distress rules referenced by the FSCA included a postponement of contribution payments, a temporary absence from work (with or without pay), a break in service (in instances where employees are not working) as well as a reduction of pensionable service (in respect of employees who are working reduced hours).

2. **Request for information**

As part of its supervisory approach, the FSCA has required[3] (the "**Request**") that all pension funds complete the survey attached as Annexure A to the Request.

The aim of the Request is to determine the impact that the COVID-19 pandemic is having on financially distressed employers and employees and the related impact on retirement savings.

3. **Format of information requested and timeline for submission**

All registered funds must complete the survey in Annexure A of the Request[4] and submit it via email to the FSCA at contributionrelief@fsca.co.za by no later than **15 June 2020**.

Annexure A is made up of a table containing several questions to which the pension fund must answer *yes* or *no*. There is also a section in which the pension fund may include any general comments. Please find the table that requires completion attached with this Update.

4. **Failure to comply with the request**

A failure to provide the specified information by or within the timeframe specified constitutes an offence under section 267 of the Financial Sector Regulation Act[5] and is liable on conviction to a fine not exceeding R1, 000 for each day during which the offence continues.

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[1] FSCA Communication 11 of 2020.

[2] The details of FSCA Communication 11 of 2020 are discussed in Financial Services Sector Update 1 sent on 9 April 2020.

[3] FSCA Information Request 2 of 2020 (RF).

[4] A copy of the Request is available on the FSCA's website (www.fsca.co.za) under "Regulatory Frameworks > Notices > Retirement Funds.

[5] Act 9 of 2017.



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