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THE worst-performing pension fund was named by the pension funds adjudicator in Johannesburg on Monday.

Mamodupi Mohlala said 26% of all complaints received by the pension funds adjudicator in the 12 months from September last year came from members of the Private Security Sector Provident Fund, which is administered by NBC Holdings.

The job of the adjudicator is to try and sort out complaints made by members of pension funds, often through conciliation.

But in an effort to improve on how funds deal with their clients, and to cut down on the high number of complaints that reach her office, the adjudicator has begun scoring funds based on

criteria such as the types of complaints made, how quickly problems are solved, the speed of response, and attempts made to settle problems.

"The number of complaints the office of the pension funds adjudicator is dealing with annually is very high," Mohlala said, and added that dealing with complaints was treating "the symptom and not the disease".

"We continue to encourage the industry to adopt a preventative as opposed to a reactive approach," Mohlala said. The scorecard released on Monday covers the year from

September 2008.

According to NBC Holding's website, "The legacy of NBC started in the early '80s when its founder and visionary leader, Max Maisela, began actively encouraging stakeholders to negotiate the benefits and management structures of retirement funds to ensure members' legitimate expectations were accommodated by their funds."

But on Monday Mohlala said the number of complaints against the Private Security Sector Provident Fund were "unsustainable in the mid- to long-term".

She said that, overall, pension funds "are failing to meet the standard required of them". The funds require a "pass mark" of 70% but only one fund managed to achieve this: the Lifestyle Retirement Annuity

Fund, managed by Liberty.

"All the others failed to meet the pass mark of 70%," she said. The scorecard also showed the necessity of revising the levies paid by pension funds towards the functioning of the adjudicator's office.

Pension funds are required to pay R2.91 to the adjudicator for every member on their books. This contributes towards the running of the office. Mohlala

said some pension funds that made large contributions to the adjudicator's office received very few complaints while those contributing a lot less were constantly being complained about.

"We will make a submission to the Financial Services Board to request that contributions in relation to levies be revised. "If we do not, we will be perpetuating a situation whereby funds who are not performing will be subsidised by those who are doing what is expected of them," she said.

The scorecard ratings that

Most pensions fall short of 'pass mark'

pensions funds receive will be referred to the Financial Services Board (FSB).

"Going forward, we will refer the ratings to the Financial Services Board for them to assess the corporate governance... and possibly the licensing of those funds.

"It is the prerogative of the FSB on the licensing of the worse-performing funds," Mohlala said. The adjudicator's office held workshops in September last year to explain how the ratings and requirements for the funds would be assessed for the scorecard.

She said it was clear that some funds had aligned their systems with these requirements and she urged others to do the same. The scorecard is independently audited. — Sapa

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