

Fund Governance – Umbrella funds

An umbrella fund will have a Board of Trustees which will comply with the Pensions Fund Act and ensure all Governance issues are dealt with. The Board will outline guidelines for participating employers to operating in. The Board therefore encourages each participant to set up a Management Board to ensure the fund is suited to the members of the particular participant.

Establishing a Management Board for a participant

The Management Board should have at least 4 members of which 50% should be elected by the members to represent them.

A chairperson will be elected by the board. The Board should meet at least once a year.

Objectives of a Management Board

The Board should take reasonable steps to guarantee that the interests of the members are protected, act with due care and diligence, avoid conflicts of interest and act impartially in respect of all members and beneficiaries of the participant.

In addition the Board should do the following:

- i) Keep complete records, attendance registers, minutes of all meetings and resolutions passed by the board, in the participant's Minute book.
- ii) Ensure that members of the participant are adequately and appropriately informed regarding their rights, benefits and duties in terms of the rules of the fund, in writing at least once a year.
- iii) Reasonable steps are taken to ensure that contributions are paid on time to the fund for the participant in accordance with Section 13A of the Act and Regulation 33, and that all bona fide permanent eligible employees of the participant become members of the fund. Further, ensure that contribution schedules are submitted timeously, monthly.
- iv) That the participant's portion of the fund is operated in terms of the registered and approved rules.

Investment Performance of the Fund Assets

The Board should have an investment strategy in place, set within the guidelines of the Umbrella Trustees and monitor performance of the investment portfolios regularly.

Special Rule Amendments

Section 12 of the Act requires the board to submit amendments to the rules for the participant within 60 days of the resolution being passed, to the FSB for registration.

Appointment of an Employee Representative

The participant must appoint an Employee Representative to ensure that, amongst other responsibilities, premiums are paid regularly and on time. The Employee Representative must notify the members of the participant and the Board of Trustees if the company is not compliant in this regard.