Retirement Fund Update

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Financial Service Board (FSB): Legislation and circulars

1. Information Circular 2/2015: Principal Officer Appointments

In this circular (Notice 57 of 2015, published on 10 March 2015) the Registrar of Pension Funds requires that, if to the knowledge of the board of a fund, its principal officer is going to be absent from the Republic or unable for any reason to discharge any duty imposed on him/her in terms of the Pension Funds Act for a period of more than one month, the fund must –

- Within a period of 90 days after the date on which it becomes or became aware of that fact;
- In the manner directed by its rules,

appoint another person (who may be its deputy principal officer, if it has one) to be its principal officer.

Observation: The 90 days is a maximum period. Good governance requires a board to act within a much shorter time.

The board of a fund may only appoint a deputy principal officer if the rules of the fund explicitly provide for such an appointment and the principal officer is required to delegated to the deputy principal officer some or all of the powers and functions ordinarily exercised or fulfilled by the principal officer.

No such delegation is required (in terms of the circular) to authorise the deputy principal officer to exercise the powers and functions of the principal officer in place of the latter when he/she is absent from the Republic or unable to perform his/her duties.

Observation:	This is a very convenient arrangement but we would recommend that the PO prepares a detailed list of duties delegated to the deputy and incorporate these requirements as guidelines to be followed in his / her temporary absence.

Although the Pension Funds Act does not require this, the Registrar requests that, whenever a deputy principal officer is likely to be acting in place of a fund's principal officer for a period in excess of 30 days, the board of the fund informs the Registrar in writing of that fact and of the deputy principal officer's name and contact details. This should assist the Registrar to minimise delays in communication with the fund.

2. Draft PF Circular on Umbrella Funds

The draft Circular will provide guidance to the boards of umbrella funds on the commencement, termination, and re-commencement of an employer's participation in an umbrella fund. It also

discusses the erroneous de-registration of participation by employers in umbrella funds in the past and how it may be remedied. Annexures A, B and C to the Circular are draft affidavits by the chairperson of the board in various circumstances.

In terms of the draft Circular the Registrar will shortly be directing a request to each registered umbrella fund (in terms of section 24 of the Pension Funds Act) to provide the Registrar within 60 days with a list of all participating employers as at the fund's most recent financial year-end.

Thereafter the fund will be required to provide information within 60 days of the date on which an employer's participation commences or terminates together with an affidavit by the chairperson of the board in which he/she provides prescribed information in relation to each of its participating employers, such as its details, number of members and names of directors of employer who are personally responsible for payment of contributions.

Past terminations

If, when the participation of an employer in a fund terminated with effect from a date before the date of publication of the Circular, the rules of the fund included special rules applicable to the members of the employer which has ceased to participate in the fund, the fund must by resolution adopt an amendment to the rules for the deletion of those special rules and apply to the Registrar for his/her approval of that rule amendment. This must be accompanied by an affidavit by the chairperson of the board.

Such affidavit must also be furnished where the participation of an employer terminated with effect from a date before the date of publication of the Circular without the rules having to be amended to reflect the termination of participation.

Future terminations

If, when the participation of an employer in a fund terminates with effect on a date on or after the date of publication of the Circular -

- the rules of the fund include special rules applicable to the members of the employer which has ceased to participate in the fund, the fund must by resolution adopt an amendment to the rules for the deletion of those special rules; or
- the rules of the fund do not include such special rules, but their wording nonetheless indicates the continued participation in the fund of the employer, the fund must adopt such amendment of its rules as may be required to ensure that they reflect the true position; and
- the fund must within 180 days of the date of publication of the Circular, apply to the Registrar for his approval of that rule amendment, accompanied by an affidavit by the chairperson of the board in which he/she provides prescribed information.

If, on the basis of that information, the Registrar is satisfied that the rights and obligations of the employer and the fund in respect of the persons who had been members of the fund by virtue of the employer's participation have been fulfilled, he will amend his records to reflect the termination of the employer's participation in the fund and the date on which its participation terminated.

Erroneous "de-registrations"

There have been cases where the fund had previously asked for the Registrar's records to be changed to reflect the termination of the employer's participation and the participation was "deregistered" by the Registrar, where it was later found that participation has in fact not ceased. If such a fund is a Type A umbrella fund (i.e. a fund with special rules for each participating employer) and the rules of the fund were not amended by the deletion of those special rules when participation of an employer in a fund terminated, then, for the purposes of the rules, the employer's participation has not ceased. The umbrella fund must write to the fund explaining why it had previously asked for the Registrar's records to be changed to reflect the termination of the employer's participation and asking that the Registrar's records be changed again to reflect the employer's continued status as a participating employer in the fund.

Observation: We welcome this development. It is important that the fund has a governance process and an audit trail to ensure that the entry and exit of participating employers are properly managed and documented. We urge caution when it come to the requirements relating to rule changes. Rule changes, as we know them, are time consuming and can be an obstacle to business efficiency. We would encourage research by the FSB into a more creative electronic procedure with more responsibility on the part of the fund.

3. Draft Information Circular on shell/dormant funds

This long awaited draft Circular has eventually been released for comment. It sets out the Registrar's approaches to -

- the governance; and, if applicable,
- the disposal of the assets and liabilities; and
- the cancellations of the registrations

of funds for which it is impossible to establish a board properly in terms of the rules of the fund and the applicable provisions of the Pension Funds Act. It is intended that the Circular will replace Circulars PF 126 and 127.

Over the years, various measures to address problems related to shell funds (funds with no assets) and dormant funds (non-active funds with assets, but no board) were adopted by the Registrar after discussions with various industry role-players. The Registrar has now reviewed the measures and will change some of them.

Before the commencement of the term of office of the current deputy executive, Ms Hunter, the Registrar was advised that he could use the provisions of section 26 of the Pension Funds Act to appoint as “section 26(2) trustees” of dormant funds persons nominated by their administrators and to empower them to take various steps. Accordingly, after consulting administrators, he made numerous such appointments, following which the assets and liabilities of numerous dormant funds were disposed of by the persons appointed. Thereafter the registrations of those funds were cancelled in terms of section 27 of the Act because the Registrar was satisfied that they had 'ceased to exist'.

As part of the Registrar’s recent review of the aforesaid measures he has formed the view that section 26(2), when read with section 26(3) of the Act, and even after its further amendment on 28 February 2014, may not have authorised him to appoint section 26(2) trustees for a fund for a purpose other than to procure the establishment of a properly constituted board. In particular, it did not authorise the Registrar to appoint them for the purpose of disposing of the fund’s assets and/or liabilities and thereafter asking the Registrar to cancel its registration.

Approach to be followed in future in respect of shell funds

The wording of section 27 of the Act indicates that it is not necessary for a shell fund to have a board to apply to the Registrar for the cancellation of the registration of the fund. On the contrary, no formal application for cancellation of the fund’s registration is required by the section.

Instead, at the written request of-

- the board of the fund, if it has a board properly constituted in terms of section 7A of the PFA; or, if there is no such board,
- a person who was a member of the board of the fund immediately before it ceased to be properly constituted; or
- the auditor, valuator or principal officer of the fund; or
- a former member or former participating employer; or
- an interested party;

the Registrar will cancel the registration of the fund if he is satisfied that the fund has ceased to exist in that it is a shell fund.

The Registrar will not be satisfied that the fund is a shell fund unless and until;

- the Registrar has received and has had the opportunity to assess and consider–
    - either financial statements prepared as at a date within six months prior to the date on which the request for the cancellation of the fund's registration has been made and in which is set out the manner in which the assets and liabilities of the fund have been disposed of since the last date as at which financial statements of the fund was submitted to the Registrar (and not rejected by him) were prepared; or
    - such other reliable documentary evidence of the manner in which the assets and liabilities of the fund were disposed of as the Registrar may regard as sufficient for the purposes of deciding whether those disposals were lawful and proper;
- affidavits deposed to by no fewer than two of the following persons, at least one of whom must be a member of a profession –
    - the principal officer of the fund;
    - a member of the board of the fund;
    - the fund's valuator or the actuary who was the fund's valuator immediately before his or her appointment as such ended;
    - the fund's auditor;
    - a representative of the fund's sponsor or former sponsor;
    - a representative of the fund's administrator or former administrator

  in which each declares that he or she has taken all steps reasonably required to identify and locate the assets and liabilities of the fund, if any, and has found that it has neither assets nor liabilities;
- the Registrar has compared the information provided in those affidavits against information in the Registrar's records to determine if there are significant discrepancies that must be resolved before the Registrar can be satisfied that the fund has no assets or liabilities and, if there are, conducting such further investigations as may be appropriate in the circumstances;
- there has been published-
    - on the website of the FSB on www.fsb.co.za;
    - in the Government Gazette; and
    - in one or more newspapers circulating in the region(s) in which a significant number of the former members of the fund were employed while they were fund members and in no fewer than two official languages,

a notice of the Registrar's intention to cancel the registration of the fund unless, by a date specified in the notice (which date will be a date not less than 30 days after the date on which the notice was last published), the Registrar has received information which, in his opinion, indicates that the fund is likely to have assets and/or liabilities; and

- after the expiry of that notice period and after considering all of the information by then received by the Registrar, he is satisfied that the fund has no assets or liabilities and accordingly has 'ceased to exist'.

Approach to be followed in future in respect of dormant funds

If it is possible for a board to be constituted in compliance with its rules and section 7A of the Act, this must be done. For this purpose, and at the written request of an interested party, the Registrar will-

- appoint one or more section 26(2) trustees as member or members of the board of the fund; and
- instruct the section 26(2) trustee(s) to take such steps as may be required to ensure that, within a reasonable period of time, a new board for the fund is constituted in terms of section 7A and the rules of the fund, including, if necessary, applying to the Registrar for his approval of such amendments to the rules of the fund as the section 26(2) trustee(s) may consider appropriate for the purpose.

If a properly constituted board cannot be established for a dormant fund, then the only way to procure the appointment of a person with the legal right to act as the "directing mind and will" of a dormant fund will be for the Registrar to apply to court for the appointment of a curator for the fund.

To minimise the costs to the dormant funds associated with the appointment of such curators, the Registrar proposes to apply to court for the appointment of a single curator-

- for some or all dormant funds under administration by a specific fund administrator; or
- in the case of administrators with only a few dormant funds on their books, all of the dormant funds under administration by several administrators

and subject to the condition that it is agreed with the proposed curator, that, if he or she is appointed –

- the curator's functions will be limited to those agreed with the Registrar and/or ordered by the court; and
- the curator will not be remunerated for any work done in respect of funds without assets of a minimum value agreed with the Registrar.

The draft Circular also contains the Registrar's requirements before it will approve a transfer to an unclaimed benefits fund.

As regards the Registrar's duty to investigate previous cancellations of registration, the draft Circular states that, to comply with his duty to consider whether material prejudice may have been suffered by any of the affected funds and/or any interested parties, the Registrar has decided to investigate the circumstances in which the registrations of a sample of dormant funds were cancelled in the period 2007 – 2013.

In regard to those funds for which the Registrar has and/or receives information sufficient to satisfy himself that –

- they had indeed ceased to exist before their registrations were cancelled; and
- no material prejudice is likely to have resulted from such unauthorised conduct, if any, he intends to "let sleeping dogs lie" – that is, to take no further steps.

In regard to those funds in relation to which possible material prejudice has been identified, the Registrar will take such action as he may then consider appropriate to remedy or mitigate that prejudice.

4. Draft Notice: Unclaimed benefit transfers subject to section 14

The registrar plans to withdraw the exemption from section 14 that applies to unclaimed benefit transfers contained in Directive 6. In future all transfers of unclaimed benefits must take place in terms of section 14(1).

In terms of Directive 6 of December 2011 the Registrar exempted the following amalgamations or transfers from the provisions of section 14(1) of the Pension Funds Act:

- transfers of unclaimed benefits from a registered fund to an unclaimed benefit fund;
- transfers between unclaimed benefit funds;
- transfers between retirement annuity funds;
- transfers between preservation funds.

For such an exempted transfer, Forms H and J contained in Directive 6, with the relevant adjustments, must be completed.

Directive 6 states that: "Where a proposed transaction might cause prejudice to any of the affected members upon transfer, the explicit approval of the proposed transaction by at least 75% of the affected members must be obtained, provided that where such transaction involves the transfer of unclaimed benefits, this requirement is replaced by the relevant board disclosing such prejudice in the forms [H and J]".

According to the draft Notice, forms H and J are however only required to be submitted to the Registrar after the transaction has taken place and if, as a result of the transaction, the fund will have no assets and liabilities and the Registrar will be asked to cancel its registration. The draft notice states that the Registrar is the guardian of the interests of fund members. After careful consideration, the Registrar has formed the view that he cannot properly fulfil his duties as such to members whose unclaimed benefits assets and liabilities are to be transferred from one fund to another, unless the transfer is made subject to his prior approval in terms of section 14(1).

Therefore the exemption from section 14(1) will be withdrawn with effect from a date to be announced. From that date, any transfer of a fund's liability in respect of an unclaimed benefit to another entity will be of no force or effect unless and until it the requirements of section 14(1) have been fulfilled.

Observation: We support the proposal. We pointed out at the time that there is no legal basis for such an exemption.

5. Hedge funds now collective investment schemes

On 6 March 2015, the Minister of Finance and the Registrar of Collective Investment Schemes published Government Notice No.141 and Board Notice 52 of 2015 respectively.

The Government Notice declares a hedge fund to be a collective investment scheme under the existing Collective Investment Schemes Control Act, 2002 (CISCA). According to the Government Notice, a person currently conducting the business of a hedge fund in South Africa must, within 6 months from the commencement date of the Government Notice, lodge with the Registrar an application for registration as a manager of a hedge fund in accordance with CISCA.

The Board Notice determines specific requirements and ongoing obligations with which a manager of a hedge fund must comply. The Board Notice determines two types of hedge funds, i.e. one for retail investors (Retail Hedge Funds) and the other for qualified investors (Qualified Investor Hedge Funds). Existing managers of a hedge funds are required to comply with the Board Notice within 12 months after registration as a manager.

The Government Notice and Board Notice came into effect on 1 April 2015.

6. Draft Binding General Ruling (BGR) on late payment interest

This draft BGR intends to provide clarity on the interpretation and application of the words "late payment interest" payable by a retirement fund in relation to "lump sum benefits" that are received by or accrue to a member of a retirement fund. The BGR will replace General Note 32.

Different practices relating to the payment of interest on late payment of benefits currently exist in the retirement fund industry. Some administrators include late payment interest to form part of the lump sum benefit payable to a member, whereas other administrators pay the late payment interest separately to the member as interest.

The draft BGR determines that late payment interest is an interest liability that arises in addition to, and separate from, the lump sum benefit. The fund must issue an IT3(b) to the member and send a copy to SARS.

7. Annual Report of the Registrar of Pension Funds: 31 December 2013

The 2013 report of the Registrar of Pension Funds was issued during March 2015. It reports that the FSB is currently working on the following broad regulatory issues:

- Aligning retirement fund regulation and supervision with the Treating Customers Fairly principles and Twin Peaks legislation.

- Consulting with the National Treasury and retirement fund stakeholders about retirement reform, good governance and amendments to the Pension Funds Act.

- Revised conditions for retirement fund benefit administrators and contribution collectors, such as introducing minimum capital adequacy requirements, increased liquidity requirements, and quarterly reporting.

- Prescribing good governance standards to retirement funds by incorporating principles reflected in the King III Code, the Code for Responsible Investing in South Africa (Crisa) and Treating Customers Fairly principles.

- Prescribing minimum requirements for retirement fund rules.

- Revising the accounting framework in line with the new revised annual financial statements of funds.

- Introducing a new supervisory framework, specifically to supervise beneficiary and unclaimed benefit funds.

8. Draft Insurance Laws Bill, 2015

The National Treasury and the Financial Services Board ("FSB") published the draft Insurance Laws Bill, 2015 for public comment on 17 April 2015.

The Bill applies to both the long-term and the short-term insurance sectors, and provides a consolidated legal framework for the prudential supervision of the insurance sector. It also seeks to replace and consolidate substantial parts of the Long-term Insurance Act and the Short-term Insurance Act relating to prudential supervision. The Long-term Insurance Act and the Short-term Insurance Act will accordingly remain, but the prudential supervision of long-term and short-term insurers will no longer be dealt with in these acts, but in the proposed new Insurance Act.

The enhanced prudential framework provided for in the Bill forms part of the Twin Peaks reforms, and also gives effect to the Solvency Assessment and Management (SAM) framework developed by the FSB. The Bill seeks to promote the maintenance of a fair, safe and stable insurance market by establishing a legal framework for insurers that –

- enhances financial soundness and oversight through higher prudential standards, group supervision and stronger reinsurance arrangements;
- increases access to insurance through a dedicated micro-insurance framework;
- strengthens the regulatory requirements in respect of governance, risk management and internal controls for insurers; and
- aligns with international standards and in accordance with South Africa's G20 commitments.

The Bill lays down certain general principles in accordance with which an insurer should conduct itself, and amongst others states that an insurer "must at all times deal with the Registrar in an open and cooperative way, and disclose to the Registrar anything relating to the insurer or insurance group of which the Registrar would reasonably expect notice".

The Bill also introduces a new reinsurance regulatory framework that allows for a wider recognition of reinsurance, with appropriate recognition of the risks of different reinsurance structures in a manner that is consistent with South Africa's international trade obligations. The Bill especially prescribes stricter requirements for foreign reinsurers. The FSB will be releasing a Reinsurance Regulatory Review Discussion Paper to provide clarity on existing reinsurance arrangements.

Observation: The Bill does not use the terms long-term insurance and short-term insurance, and instead uses the terms **life insurance** and **non-life insurance**. The Long-term Insurance Act and Short-term Insurance Act will still use the terms long-term insurance business and short-term insurance business, but it will be defined as life insurance business and non-life insurance business as defined in the proposed new Insurance Act.

Group policy

Of particular interest to the employee benefits industry is that the Bill also introduces the concept of a group policy, which is defined as “a policy concluded with –

- an autonomous association of persons united voluntarily to meet their common or shared economic and social needs and aspirations (other than obtaining insurance), which association is democratically-controlled;
- an employer; or
- a fund,

where the association, employer or fund holds the policy exclusively for the benefit of the members of the association or fund, or the employees who are the beneficiaries under the insurance policy”.

A policy in respect of more than one person that is not concluded with an association, employer or fund, will not be regarded as a group policy, even if the policy is underwritten on a group basis. Such a policy will accordingly be regarded as a collection of individual policies. "Underwritten on a group basis" is defined in the Bill as a situation “where the risks covered under a policy are rated on the characteristics of a group of people together, as opposed to that of the individual(s) to whom the policy relates”.

Observation: The Bill states that “this Act codifies the common law definition of what constitutes insurance, a contract of insurance or an insurance policy to the exclusion of the common law”. It would accordingly seem that common law principles relating to the requirements of an insurance contract, such as that the policyholder must have an insurable interest, will after the commencement of the proposed new Insurance Act no longer apply.

It is envisaged that the Bill will come into effect on 1 January 2016. The Bill and accompanying documents are available on the; National Treasury (www.treasury.gov.za) and FSB (www.fsb.co.za) websites.

9. Withholding tax on interest paid to foreigners

This withholding tax may apply to the payment of late payment interest by retirement funds. Withholding Tax on Interest ("WTI") became effective on 1 March 2015 and is a tax charged on interest paid (on or after 1 March 2015) by any person to or for the benefit of a foreigner (non-resident) from a source within South Africa. Interest payable or paid is taxed at a final withholding tax rate of 15%. Such interest is not defined in the Income Tax Act.

Based on the current legislative wording, it would appear that retirement funds and insurers who may pay interest on benefits paid late to non-residents will be required to deduct the withholding tax from such payments and pay it to SARS via e-Filing.

The foreigner will be exempt from the tax if he/she was physically present in the RSA for 183 days during a 12 months period preceding the interest payment date.

The documents prepared by National Treasury as part of the 2015 Budget Review indicated that the Act will be amended to include a proper definition for "interest". ASISA has made a submission proposing an exclusion from WTI in respect of interest on benefits paid late by a retirement fund or insurer to non-residents.

10. Draft interpretation note on maintenance orders

The draft Note provides guidance and clarity on the treatment of maintenance orders and the tax-on-tax principles relating to maintenance orders that retirement funds pay while a member is still a contributing member and has not left the retirement fund. The intention is that General Note 37 will be withdrawn.

There is an obligation on a person to provide his or her spouse and children with financial support particularly relating to food, housing, education, healthcare or anything else that may be considered necessary for living.

The Pension Funds Act provides that a maintenance order amount can be deducted from a member's minimum individual reserve. The Income Tax Act was amended to provide that any maintenance order deducted from a member's minimum individual reserve is deemed to be income in the hands of the member, irrespective of whether the amount is paid monthly or annually.

The maintenance amount paid to the non-member is taxed as remuneration in the hands of the member and exempt in the hands of the non-member.

The income deemed to have accrued to an active member is subject to normal tax and the statutory rates of tax would apply. The amount is not a lump sum benefit as contemplated in the Second

Schedule and is accordingly not subject to tax under the retirement fund lump sum withdrawal benefit tax tables.

The tax liability that arises on payment of the maintenance order to the non-member is not deducted from the maintenance paid. The fund has to use a further portion of the member's minimum individual reserve to pay the tax payable on the maintenance order to SARS. The employees' tax payable by the fund on the maintenance order will also be deemed to be income received by the member. Both these amounts are taxable at the member's marginal rate of tax and there is no need to apply for a tax directive.

However, should the fund still require SARS to issue a tax directive, the IRP3(a) tax directive application form indicating the following information can be used:

- The correct annual income
- The reason for the directive, indicated as "other – maintenance order"
- The payment details as "maintenance order"
- The correct maintenance order amount payable
- Income source code: normal income (3907)

The amount of employees' tax deducted from the member's minimum individual reserve results in a further amount that is deemed to have accrued to the member. The additional amount that accrues also attracts a tax liability. Each time an additional amount is deducted from the member's minimum individual reserve, tax is payable on the additional amount deducted. This is referred to as the "tax-on-tax effect". The draft interpretation note contains a tax-on-tax formula can be used to simplify the calculation of the tax-on-tax effect of each additional layer of tax.

11. Estate Duty and Retirement Funds

A proposal was made in the 2015 Budget Speech that an amount equal to the non-deductible contributions to approved retirement funds be included in the dutiable estate when a fund member passes away. The rationale for the proposal is set out below.

Certain tax amendments in 2008 and 2014 have made it possible for some individuals to avoid potential estate duty by making additional (non-deductible) contributions into a retirement annuity fund before their death. This is possible as a result of the following:

- There is no longer an upper age limit at which an individual is required to retire from a retirement annuity fund;
- Approved retirement fund benefits are excluded from the dutiable estate when a member passed away; and

- Non-deductible contributions to an approved retirement fund are not taxable as income upon pay-out.

As a result, non-deductible contributions to an approved retirement fund are currently neither subject to income tax nor to estate duty. To eliminate the potential to avoid estate duty, government proposes that an amount equal to the non-deductible contributions to approved retirement funds be included in the dutiable estate when a fund member passes away.

12. Draft Financial Intelligence Centre Amendment Bill, 2015

National Treasury and the Financial Intelligence Centre seek to broaden and enhance the customer due diligence requirements of accountable institutions in the draft Financial Intelligence Centre Amendment Bill, 2015. The Bill was published on 21 April 2015 for public comment.

The Bill seeks to enhance South Africa's ability to combat financial crimes by proposing measures to address threats to the stability of South Africa's financial system posed by money laundering and terrorism financing. The primary objective of the Bill is to establish a stronger anti-money laundering and combating of financing of terrorism regulatory framework, by amongst others enhancing customer due diligence requirements and providing for the adoption of a risk based approach in the identification and assessment of money laundering and financing of terrorism risks.

The Bill broadens and enhances the customer due diligence requirements of accountable institutions in several respects. Customer due diligence refers to the knowledge that an accountable institution has about its customer and the accountable institution's understanding of the business that the customer is conducting.

Provision is made in the Bill for the application of a risk based approach to customer due diligence, which entails that an accountable institution should identify, assess and understand its money laundering and financing of terrorism risks. The Bill in this regard places a responsibility on accountable institutions to develop, document, maintain and implement Risk Management and Compliance Programmes.

The Bill also introduces the concept of domestic prominent influential persons and foreign prominent public officials.

A domestic prominent influential person is a person who holds a prominent public position, and includes amongst others the President or Deputy President, a Minister or Deputy Minister, and the Premier of a province. It also includes a senior management official of a company providing goods or services to an organ of state.

A foreign prominent public official is a person who holds, or has held at any time in the preceding 12 months, a prominent public position in any foreign country. In the case of a foreign prominent

public official, senior management approval is needed to establish a business relationship with the official.

If a customer is a domestic prominent influential person, the accountable institution will need to decide if the customer brings higher risk. If so, the accountable institution will need to determine the source of wealth and funds, and thereafter monitor the customer's account to spot transactions that seem anomalous given the recognised customer profile.

It is anticipated that the Bill will be submitted to Cabinet by June 2015. The Bill and accompanying documents are available on the; National Treasury (www.treasury.gov.za) and Financial Intelligence Centre (www.fic.gov.za) websites.

13. Compensation for Occupational Injuries and Diseases Act

In terms of a government notice dated 30 March 2015 the maximum amount of earnings on which the assessment of an employer in terms of the Act shall be calculated, has been increased to R355 752 per annum with effect from 1 April 2015.

With recognition to the major contributions made by Anton Swanepoel of Sanlam Employee Benefits: Law Services