

Potential actions to address concerns raised about implementation of reforms

COMMUNICATION

1. Government to launch a massive communication campaign to educate retirement fund members on how the reforms will impact them.
2. Highlight that the annuitisation threshold has been increased from R75 000 to R247 500 - most lower-income workers will not be affected.
3. Government will encourage unions and trustees to join it in spreading a common message to all workers and members, including on reforms to improve governance and the safety and security of their savings. Accumulated savings will always remain the property of the workers.

FURTHER RETIREMENT REFORMS

4. Government will accelerate its initiatives to reform the annuities market, to ensure better and more appropriate annuities are provided for members, to take into account concerns related to transfers to beneficiaries (e.g. living annuities)
5. Government to finalise default regulations to ensure that Funds play a greater role in protecting members when they retire or exit (e.g. provide default lower-cost annuities on retirement).
6. Government to publish a paper on preservation in 2016, to engage with unions on how best to take into account concerns related retrenchment and unemployment.

COMPLEMENTARY MEASURES

7. Government will continue to engage in forums like NEDLAC, and with all stakeholders who are willing to engage on retirement reform.
8. Government will publish the comprehensive social security reform paper in 2016
9. Government will continue to explore implementing the universalisation of the State Old Age Grant (as announced in the Budget Review, 2013), subject to fiscal constraints. Urgent options to be implemented sooner include progressively increasing the current means test to prevent perverse outcomes where those who save are not allowed to claim the old age grant.

REVIEW

10. Government will review the annuitisation requirement after two years to assess whether there are any negative consequences, to correct for such negative consequences. Given the outcome of the review, the annuitisation threshold could be increased to further mitigate any negative impacts.