

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2685 [NW3452E]

2685. Mr E M Buthelezi (IFP) to ask the Minister of Finance:

Whether he had considered accessing unclaimed pension benefits in the industry to assist in alleviating the devastating effects of the COVID-19 pandemic on workers in vulnerable sectors such as domestic services, agriculture and indigent communities; if not, what is the position in this regard; if so, what are the relevant details?

NW3452E

REPLY:

No, as such funds are not centralised and held in one fund, and hence neither Government nor any of the financial sector regulators hold or manage such funds, so there has not been any consideration to use unclaimed retirement fund benefits as a Covid-19 pandemic related relief measure.

Unclaimed benefits are no different from any other retirement fund benefits, meaning these benefits belong to members and beneficiaries. They are therefore held and managed by boards of trustees of these funds, and not Government. Government is therefore not in a position to access or utilise unclaimed retirement fund benefits. Three recent related Supreme Court of Appeal judgements¹ have also considered the manner in which such funds may be utilised under the current legislation. The use of unclaimed benefit funds needs to be appropriately legislated for, and the coming Conduct of Financial Institutions Bill (COFI Bill) takes the first steps in this direction, but is only expected to be enacted into law late next year.

We sympathise deeply with the plight that South Africans are facing as a result of the COVID-19 pandemic, and it is for this reason that government has put in place a number of measures to alleviate the pressure on workers. Further, as announced in the recent Medium-Term Budget

¹ Supreme Court of Appeal Judgments - Hortors Pension Fund v Financial Sector Conduct Authority and Another (Case no 054/2020) [2020] ZASCA 141 (2 November 2020); Vrystaatse Munisipale Pensioenfonds v The Minister of Finance and Another (Case no 1161/18) [2020] ZASCA 143 (2 November 2020); and Southern Sun Group Retirement Fund v The Registrar of Pension Funds and Others (Case no 215/2019) [2020] ZASCA 142 (2 November 2020)

Policy Statement, government will introduce necessary legislative amendments next year to allow for limited withdrawals from retirement funds under certain circumstances but linked to mandatory preservation requirements.