PROPOSALS WHICH WE DO SUPPORT

- We are supportive of the following recommendations i.e.
  - setting a minimum for contributions allocated towards retirement benefits;
  - total transparency on all fees and communicating it to members;
  - variable contribution rates;
  - cleaning up the administration of divorce.

PROPOSALS WHICH WE DO NOT SUPPORT (and our suggestion)

- The Proposal to pay death benefits according to nomination forms or an expression of wish. Section 37C should be retained because of the "valuable social service..." it provides to the dependants of deceased members.

- Trying to over-regulate fees. Consumer awareness and general competition will keep fees in check. We do however strongly support fee transparency.

- A central unclaimed benefits fund will not be well received. We are of the opinion that Funds will be more successful in tracing former members than a Government body (who can be open to abuse by tracing agents).

In your own words “the organization and financing of income security in retirement is amongst the most profound expressions of a nation’s cohesion and values”

It is therefore important that the Retirement Reform accurately reflects the real needs of our people and that the required changes and updates are introduced as soon as practically possible ie this must not be a long drawn out affair.

Yours Sincerely

[Signature]

Margaret Cameron

For and on behalf of the Durban Employee Benefits Forum (23 March 2005)
Dear Sirs

By way of introduction, the Durban Employee Benefits Forum is a group of 20 individuals who meet on a regular monthly basis. The criteria for membership are:

- 10 years or more experience in the Employee Benefit (EB) industry
- Earn 75% or more of income from EB or
- Have a Professional qualification

The idea behind the Forum is to have a meeting of EB specialists at which we can SHARE experiences, ideas and opinions on legal and technical matters.

We would like to take this opportunity to provide you with feedback on the proposals contained in the National Treasury’s discussion paper on retirement reform issued in December 2004.

**OBSERVATIONS**

- The tax treatment of retirement funds (by your own admission not considered in this document) is critical in the whole process. Without tax incentives the retirement fund industry and provision for retirement will die!

- The National Savings Fund (NSF) is an interesting concept but administration can be a nightmare. It is of vital importance that the benefit structure is simple and easily understood by the members.

- Make all attempts to guard against misuse, fraud and a collapse in the service to the members.

- Please be circumspect when setting the fees and selecting the Administrator.

- The introduction of the NSF and Individual Retirement Funds will place a huge burden on Employers with regard to administration of contributions and benefits and communication. The increased administration burden is inevitable and should be easily manageable (given the presence of an HR department at the Employer) but you should consider moving the communication responsibility away from the Employer to the NSF and Individual Retirement Funds.