986.   Ms O M C Maotwe (EFF) to ask the Minister of Finance:

Whether he has been informed that private insurance companies are making huge profits from the two-pot retirement system and the workers are at a more disadvantaged position due to the high costs charged by the private insurance companies; if not, what is the position in this regard; if so, what steps will the National Treasury take to stop the private insurance companies from making millions of rands in profits while workers remain poor?   **NW1222E**

REPLY:

The Minister has not been made aware of any alleged high costs or profits by insurance companies due to the two-pot system implementation. However, findings of a survey of savings component withdrawal fees and administration fees by a few retirement fund administrators were shared with the National Treasury by one of the actuarial companies.

The Minister is also informed that the Financial Sector Conduct Authority (FSCA) has issued a request for information on charges and fees charged on two-pot savings withdrawal claims to ascertain the fees and charges associated with the two-pot system and how the fees will be calculated by administrators and self-administered funds. The FSCA has indicated its intention to publish a report of its findings following obtaining the requested information. The purpose is to assess the impact of these fees and charges and gain a better understanding of their structure.

The two-pot regime is still at its inception phase and National Treasury, together with the relevant regulatory agencies, will continue to monitor its implementation. This required oversight is to help maintain the integrity of the system and the sustainability of the retirement industry. The FSCA has thus taken the first step to see whether boards of funds ensure that reasonable fees are charged for, among others, withdrawals from the savings component in terms of the two-pot system.