



# Pension Fund Governance in Africa

## Challenges and Potential Solutions

### Fund Governance & Annuities

## The purpose of a FUND...

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...is to provide a benefit to a member of the Fund **at retirement** (or at exiting the Fund) AND also to provide a benefit for dependents and/or nominees of a deceased member

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**IN FULLFILLING THIS DUTY TO WHAT EXTENT MUST THE REGULATING  
AUTHORITY AND/OR BOARDS OF TRUSTEES HAVE A SAY IN THE  
MANNER IN WHICH I SPENT MY MONEY AFTER RETIREMENT?**

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Pension Fund

Vs

Provident Fund

## Pension Options: Conventional Annuity

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- Insurance- type Product
- Predetermined income
- Paid for life:
  - Single
  - Joint
- Dependent on interest rates at date of purchase
- Flexibility in selecting initial option
- No capital value after purchase

## Pension Options: Living Annuities

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- Investment-type Product
- Income dependent on drawdown
- Drawdown:
  - Capping of minimum and maximum rates
  - Market impact
- Full flexibility
  - **In selecting drawdown percentage**
  - **Annual adjustments**
  - **Underlying investments**
- Capital value after purchase

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**HOW DO WE PROTECT OUR MEMBERS FROM THE BOMBARDMENT OF  
INFORMATION THAT HITS THEM WHEN THEY LEAVE THE PROTECTION  
OF THE EMPLOYER AND FUND AT RETIREMENT AGE?**

## For your consideration...

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- In-fund annuities?
- Member education?
  - Newsletters
  - Communication at Exit
  - Financial Wellness Days
  - Retirement Seminars
- Default Options (with opt-out)?
  - Annuities
  - Advice
    - Retirement Benefits Counsellor



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# questions

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# THANK YOU