



Pension Fund Governance in Africa

Challenges and Potential Solutions

Fund Governance & Annuities

The purpose of a FUND...

...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

**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?**

Pension Fund

Vs

Provident Fund

Pension Options: Conventional Annuity

- 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

- 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

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...

- In-fund annuities?

- Member education?
 - Newsletters
 - Communication at Exit
 - Financial Wellness Days
 - Retirement Seminars

- Default Options (with opt-out)?
 - Annuities
 - Advice
 - Retirement Benefits Counsellor

questions

THANK YOU