

## FSCA TRUSTEE TRAINING TOOLKIT

The Financial Sector Conduct Authority (the FSCA) has launched a new Trustee Training Toolkit aimed at providing training to all retirement fund trustees and assessing their understanding of the requirements to act as trustees.

Conduct Standard 4 of 2020, read in conjunction with Section 7A(3) of the Pension Funds Act, provides the FSCA with the Authority to prescribe the required minimum skills and training for trustees of retirement funds. Sections 3(6) and 3(7) of the Conduct Standard allow the FSCA to include additional modules.

On 26 September 2023, the FSCA launched its new Trustee Training Toolkit and in Notice 21 of 2023 confirmed that this replaces the previous toolkit and needs to be completed by all trustees within six months (i.e. by 26 March 2024), irrespective of whether they completed the previous toolkit or not. Trustees are required to complete each of the 11 modules along with passing the assessments under the new Toolkit.

Trustees appointed after 26 September 2023 must complete the new Toolkit within 6 months of their appointment.

### REGISTERING FOR THE NEW TRUSTEE TRAINING TOOLKIT

Trustees will need to re-register for the new Toolkit, as their previous Trustee Training login details will not work for the new Toolkit.

Step 1: The new Trustee Training Toolkit can be found under the Customers tab on the FSCA website ([FSCA.co.za](https://fsc.co.za)) or directly at <https://elearning.fsc.co.za/>.

Step 2: Complete the required information and register on the website.

Step 3: Click on "Our Courses" and then register for the Trustee Training Toolkit (effectively registering once for the website and then once for the Toolkit).

When registering for the Toolkit under Step 3, you will need to indicate the fund or funds for which you are a trustee (or select "N/A" if you are an alternate trustee, a principal officer, etc). The FSCA will use these details to compile statistics of Toolkit completion per fund and will presumably follow up with non-compliant funds.

### IMPORTANT

All retirement fund trustees are required to complete the new Toolkit, even if they have completed the previous Toolkit.

Trustees who have not yet completed the previous Toolkit, will only need to complete the new Toolkit.

The Toolkit must be completed by existing Trustees by 26 March 2024.

## TOOLKIT MODULES

The new Toolkit currently consists of eleven modules, although the FSCA has confirmed that there will be a further eleven modules released in March 2024. These further modules will then be required to be completed within six months from their date of publication.

The current eleven modules are as follows:

1. Introduction to Pension Funds
2. Good Governance of Pension Funds
3. Registration, Rules and Rule Amendments
4. Contributions
5. Investments
6. Types of Benefits
7. Minimum Benefits
8. Protection of Benefits
9. Disposition of Death Benefits
10. Effect of Divorce and Maintenance on Pension Benefits
11. Surplus

The FSCA expects that each module will take between 30 minutes and an hour to complete. The format of these modules are slides which the trustee is required to click through. Progress is tracked, and there is therefore no need to complete each module in one sitting. Some slides include timed text, questions and videos, so audio is needed for certain slides.

## TOOLKIT ASSESSMENTS

At the end of each module the trustee must undertake an assessment, which can only be done if the trustee has fully completed the relevant module, i.e. viewed all the slides.

There are a varying number of questions per module, with additional questions added if any of the questions are answered incorrectly. The assessment is somewhat unusual, in that the trustee needs to get three questions incorrect in a row for it to count as an incorrect answer. Trustees are required to score 50% or above for each assessment to pass. Trustees are also able to retake the assessment if they want to improve their score, although results are only recorded as passed or failed – the previous tiers of pass levels no longer apply.

The previous requirement to complete the assessment under principal officer and/or chairperson supervision no longer appear to apply. We recommend, however, that the principal officer of each retirement fund maintain a register of the date on which each trustee completes the Toolkit.

Once the trustee has successfully completed all the modules and assessments, the trustee will receive a certificate which can be either downloaded or emailed to the trustee.

## TWO POT (COMPONENT) SYSTEM - UPDATE

National Treasury have not provided any further clarity on the format and implementation date of the proposed Two Pot system, or even when the Revenue Laws Amendment Bill will be put before parliament for approval.

On 19 September 2023, the Standing Committee on Finance received representations regarding the Two Pot system from the Congress of South African Trade Unions (COSATU), the Association for Savings and Investment South Africa (ASISA) and the Institute of Retirement Funds Africa (IRFA). Our summary of each of their representations is as follows:

**COSATU:** COSATU supported the principle of the proposals but believe that the implementation date cannot be delayed, as “workers are drowning in debt & have been waiting for this relief since 2020”. COSATU felt that whilst the maximum seeding capital of R25 000 made sense in 2020, it had been badly eroded by inflation and that the maximum should be increased to R50 000 after the deduction of any tax. COSATU requested that the taxation of cash payments be taxed in terms of the withdrawal tax scale (and not as income) and that members be allowed full access to their retirement benefits on retrenchment or dismissal.

**ASISA:** Whilst supporting the broad principals of the Two Pot system, ASISA felt that retirement fund administrators will need at least 12 to 18 months after the Revenue Laws Amendment Act is passed to amend their administration systems appropriately. ASISA also felt that SARS would not be in a position to issue tax directives on 1 March 2024 and that an alternative to issuing a tax directive for every cash withdrawal should be found. ASISA also made suggestions regarding various technical issues in the draft legislation.

**IRFA:** IRFA raised further concerns with various technical issues in the draft legislation and suggested that the payment of claims be permitted to be staggered and that there should be an amnesty regarding complaints lodged with the Pension Funds Adjudicator in relation to cash withdrawals.

Given the conflicting views, especially regarding the implementation date and the amount of the seeding capital, and the required parliamentary process to enact the Two Pot system, it may still be some time before there is any certainty as to the final format and the implementation date of the Two Pot system.

---

**IF YOU HAVE ANY QUESTIONS OR WOULD LIKE MORE INFORMATION ON HOW THE ABOVE MAY AFFECT YOUR RETIREMENT FUND, PLEASE CONTACT YOUR KEYSTONE CONSULTANT DIRECTLY.**

---

Keystone Actuarial Solutions is an actuarial consultancy based in Johannesburg and Cape Town, South Africa. We specialise in providing high quality, genuinely independent advice and services to the Boards of retirement funds and to the sponsors of such funds. Our consulting actuaries share a common vision that independent, focussed consulting advice, provided by an experienced team, will result in better outcomes for retirement fund members and pensioners.

Keystone is a registered financial services provider - FAIS licence number: 48825

#### **Please note**

KeyNotes is a Keystone publication and provides general information of relevance to the Boards of retirement funds. It is not intended to be used as a substitute for specific professional advice (including, but not limited to, legal or tax advice).

Each retirement fund's specific circumstances may be different, and this publication does not take such specific circumstances into account – as such, it may not be relevant (or appropriate) in all circumstances. It should, therefore, not be used to form the basis of any decision, without specific advice relating to that decision.

Keystone accepts no responsibility or liability to any party for any consequences arising from reliance placed on this publication, or on the opinions expressed herein. KeyNotes is prepared for our clients. It may not be reproduced or distributed to any other party without our prior written consent.

