



Lelane Bezuidenhout, CFP[®], Chief Executive Officer, Financial Planning Institute of Southern Africa (FPI)

An update from the FPI

The FPI has had a busy few months, with much effort going into studying the draft bills governing the incoming two-pot retirement system and its implications for consumers and financial planners.

Youth initiative

June, Youth Month, served to remind us of our responsibility to support and nurture South Africa's young people. In 2022 the Financial Planning Institute of Southern Africa (FPI) established the Young Financial Planners Organisation (YFPO), a network of younger members who not only learn from each other, but also promote financial planning in their communities and provide support and mentorship to young people entering the financial planning profession. Our special thanks to outgoing chair of the YFPO, Luke Martins, CFP[®], and congratulations to incoming chairperson Gugu Sidaki, CFP[®], who is becoming widely known publicly as a writer and broadcaster on personal finance matters. For information on the YFPO's activities, go to <https://fpi.co.za/membership/yfpo>

Board appointments

In June the FPI National Board convened to appoint new directors. Congratulations to the three women who have taken up non-executive directorships on the FPI National Board: Olwethu Masanabo, CFP[®] (re-elected), Jean Cooper (newly elected), and Vuledzani Gloria Dangale, CFP[®] (appointed by the board).

We also congratulate Ronald Matande, confirmed as executive director focusing on operations. Ronald has admirably filled the position previously held by David Kop, CFP[®], who left the FPI at the end of last year, and the board had no hesitation in making his position permanent.

To Sherwin Govender, CFP[®], FPI's retiring director, we thank you for your dedication and commitment to the FPI over the past four years.

New education provider

Congratulations are also in order to Johan Cloete and his team at the Integrity Academy in Pretoria, which has been approved as an FPI recognised education provider. The Academy offers the National Certificate: Wealth Management (NQF level 5) and the Occupational Certificate: Financial Advisor (NQF level 6). Candidates successfully completing these online courses are exempted from having to write the FPI's Professional Competency Examinations for the REGISTERED FINANCIAL PRACTITIONER (RFP) and FINANCIAL SERVICES ADVISOR (FSA) designations respectively. This brings our list of approved education institutions meeting the FPI's standards to ten.

CPD policy changes

The new Continuing Professional Development (CPD) cycle began in June, with the following changes to our CPD policy: CERTIFIED FINANCIAL PLANNER (CFP) members' requirements remain at 35 CPD hours per cycle, but FSA members' requirements have been reduced to 25 hours and RFP members to 20 hours. The requirement for retired members whose retirement status has been approved by the FPI has been reduced to 15 hours. Of these, ten hours can be claimed on our mentorship programme for mentoring upcoming professionals.



Two-pot system

In July the FPI focused on producing a coordinated response to the National Treasury's proposed two-pot retirement fund draft regulations, which involved the Competency Committee and its Advocacy Committee. In May, the Treasury and the South African Revenue Service (SARS) released the revised 2023 Draft Revenue Laws Amendment Bill and 2023 Draft Revenue Administration and Pension Laws Amendment Bill for public comment. These bills aim to implement the first phase of the two-pot retirement system, to be officially known as the component retirement system. The deadline for comment on the draft bills was 15 July.

The response involved a strategic Memorandum of Understanding and partnership with the Institute of Retirement Funds Africa (IRFA), whose member funds will be hard-pressed to begin implementing the new system, especially if there is no reprieve from the Treasury on the implementation date of 1 March 2024.

It's important for the IRFA's principal officers and fund trustees to know that the members of their funds can make use of the FPI network when it comes to advice on the choices offered by the new two-pot system – for many members, benefits counselling will not be enough.

Although referred to as the two-pot system, there will be three pots (or components) for most current members of defined benefit funds: the savings component will comprise one third of what a member saves after 1 March 2024 and will be accessible to the member at any stage, subject to certain conditions; the retirement component will comprise two thirds of what a member saves after 1 March 2024 and will only be accessible on retirement, to buy a pension; and the vested component will be any accumulated savings made before the implementation date.

Of particular concern is the availability to all retirement fund members from the implementation date of so-called seed capital. This is a one off withdrawal of 10% of the benefit accumulated in the vested component as of 29 February 2024, capped at R25 000 or the lesser amount. The withdrawal will be subject to normal tax rates. On 1 March 2024, funds could see a sudden rush of withdrawals of this seed capital.

From an FPI point of view, it is important to remember that retirement savings are there for a reason. Fund members must be aware that when part of their savings becomes available to them under the new system, it doesn't mean they have to take them. We believe that fund members must obtain professional financial advice, because the decision they make will impact their long-term investment strategy, and this must be impressed upon principal officers and trustees.

FPI Convention

A reminder that the FPI's Professional Convention, with the theme BACK TO THE FUTURE!, takes place at the Sandton Convention Centre on 14 and 15 November. The focus of the event will be on what BACK TO THE FUTURE looks like from a practice management point of view, people point of view (clients and financial professionals) as well as technology and AI. The event will also look at ESG in great detail.

All of the best, Lelane.