

What, if any, are the operational challenges to retirement reform?

And how should they be overcome?



These were the key questions the Institute of Retirement Funds Africa needed to ask when commissioning a snap survey on the subject of retirement reform to determine ongoing support for its members and relevant content for its September conference in Cape Town.

IRFA Chairperson Geraldine Fowler “this survey provides information crucial to the implementation of positive change.”

According to IRFA Chairperson Geraldine Fowler, “as our theme this year is *Making it Happen*, and as the sector has seen and continues to experience significant regulatory and policy changes, as a leading industry body we need to support the retirement industry with the right tools and information to facilitate these changes. Hence we conducted a snap survey amongst key sectorial decision makers to determine the nature of any perceived challenges to sectorial transformation.”

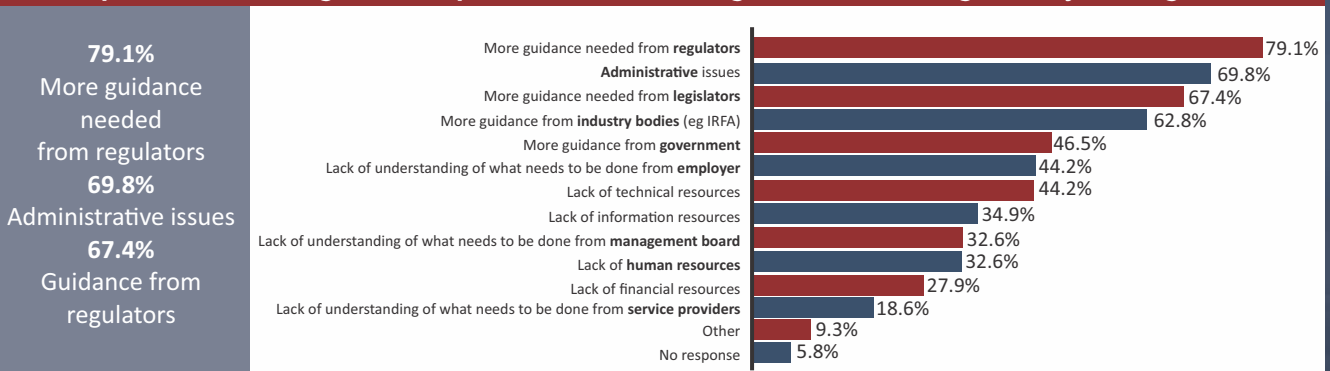
Fowler says that the survey has been rigorously analysed across all relevant demographic variables (such as nature of involvement, fund size, respondent role, etc) and addresses challenges pertinent to specific changes, laws and regulations as well as identifying opportunities as the sector moves forward.

Key variables in determining the research brief according to Fowler have been “what needs to be done to make it better, to make it work and to get the implementation right? And how do we make sure that the role players are talking to one another, supporting one another and as always, ultimately, doing all of this to the benefit of retirement fund members in general, and for society at large?”

Crosshead: In overview

Sharing some topline findings, Fowler notes that administrative and information challenges top the list, notably perceived information flow from regulatory and legislative bodies.

Specific challenges to implementation of legislative and regulatory changes



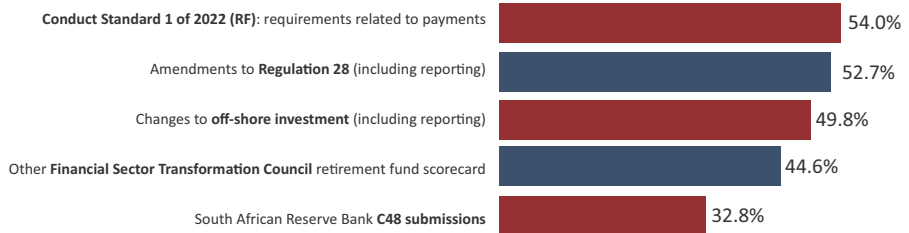
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Crosshead: Perceived challenges, both experienced and foreseen, in terms of the implementation of current and pending regulatory and legislative changes

Fowler notes that the survey has drilled down to specific legislation to ascertain the granular detail. "This will mean that we will be able to really focus in terms of content, advocacy and knowledge sharing. We will be able to place the correct emphasis and engage the relevant subject matter experts to provide guidance in the areas which need it most."

Experienced challenges wrt implementation of current regulatory and legislative changes

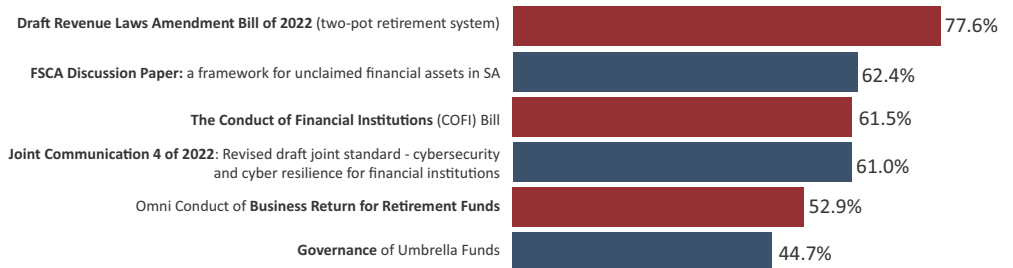
54.0%
Conduct standard 1 of 2022: requirements related to payments



Further, the survey sought to identify anticipated challenges as well as experienced challenges.

Anticipated challenges wrt implementation of regulatory and legislative changes in the pipeline

77.6%
Draft Revenue Laws Amendment Bill of 2022 (two-pot retirement system)

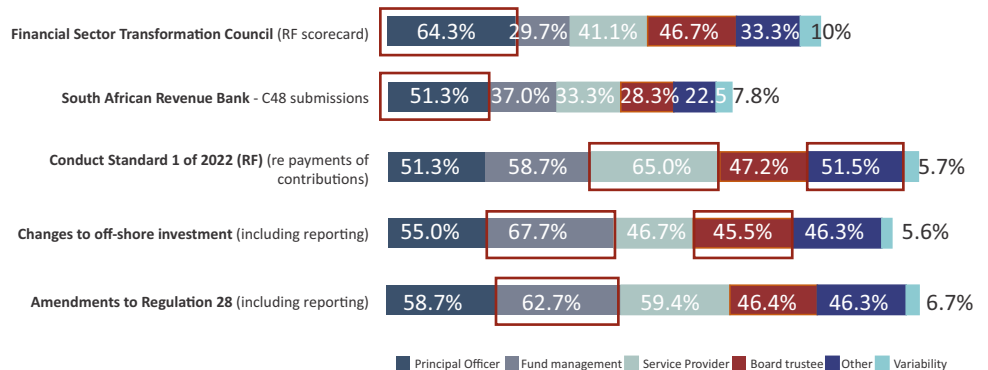
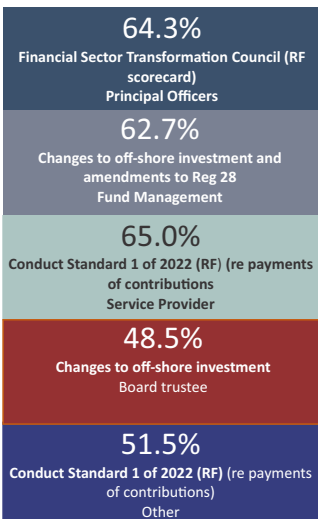


She notes that rigorous analysis across all relevant demographic variables, such as nature of involvement, fund size, fund type and respondent role, will facilitate a targeted approach in delivering service and information.

Rigorous demographic analysis

Perceived challenges for changes that have already been implemented?

Demographic variance by role/job function



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In addition to the quantitative batteries, the survey methodology also allowed for qualitative input. This has been focussed on solutions as well as challenges, illustrating a willingness to embrace and implement change concludes Fowler. “We have shared just a taste of the findings in this article, delegates attending our conference as well as our webinars and information sessions will be exposed to the true value of the study.”

Some of the qualitative input

Question: Please tell us of any other challenges you have regarding the implementation of the changes

Huge concerns over the possible centralisation of funds’ surpluses by treasury.	With regards the proposed transformation unnecessary for retirement funds as we don’t tender for work. These processes are costly and add to admin costs. Enforcement is almost non-existent.	There should be only 3 retirement funds for the whole country, one of them being the GEPF. This will streamline the whole industry, lead to huge cost savings, and pensioners will get their due share.	Need more employer understanding and commitment.	More time allowed to implement all changes.
Time given to make changes - deadlines can often be unreasonable.			Regulator (FSCA) does not adhere to its own time lines and undertakings.	Short time frames.
Significant cost of constantly implementing changes.			Managing member expectations - reality vs perception.	Additional resources and a lot of lack of skilled resources in the industry. Cost implications for service provider, together with pressure on maintaining low fees. Many of the charges may not benefit members enough to warrant extra costs being charged to them.
Increased costs to pension funds in implementing the two-pot system.	Based on interactions at the recent FSCA and PLA conferences it really is concerning that the “cost” of the unprecedented levels of change and compliance is not being appreciated or fully unpacked. The question arose numerous times in these forums, including plenary and focused sessions, and the responses were not encouraging. Is it reasonable to expect our Legislators/Regulators to also understand the impact/cost of their changes?	Government and regulator busy shifting the goal posts, like changing dates of implementation. It frustrates the members.	Administration will be complicated once two-pot system is in place.	