



# **RETIREMENT FUNDS INFORMATION SESSION**

**25 FEB 2025**

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## Building Industry Pension Scheme and Provident Fund (Western Province)

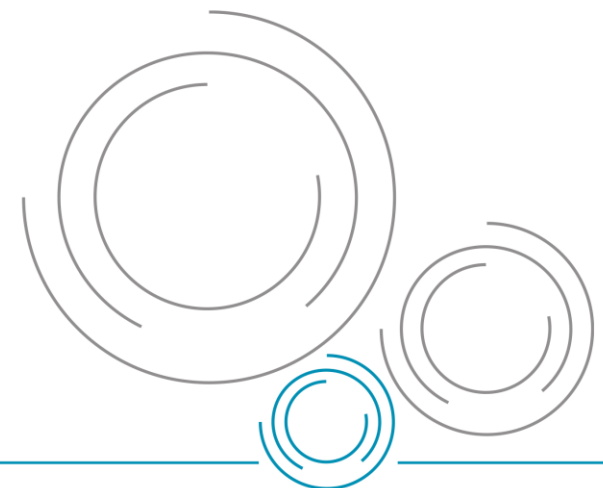
Annual Retirement Fund Information Session

Hoosain Isaacs, Senior Consultant

February 2025

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# Fund Governance



## Fund is managed by the Board of Trustees

- 5 Employer representatives
- 5 Employee representatives
- 1 Independent Trustee

## Governed by the Registered Rules | Pension Fund Act

## Emphasis on Governance

- Fund Governance and Risk Framework
- King IV
- Treating Clients Fairly



# Statistics



# MEMBERSHIP

	2017	2018	2019	2020	2021	2022	2023	2024
<b>Active Members</b>								
<b>Pension Scheme</b>	21 015	18 065	19 794	15 452	16 628	19 497	36 841	37 657
<b>Provident Fund</b>	31 433	38 562	40 126	31 484	23 935	24 668	None	None



# Assets

**R 2 bn**



**2015**

**R 2.56 bn**



**2024**

# Benefit payments to Dependents



		2015		2017		2019		2021		2023		2024
Benefit payments	Number	R'000	Number	R'000	Number	R'000	Number	R'000	Number	R'000	Number	R'000
Death	194	R 15.7 m	199	R 26.7 m	145	R36.6 m	119	R35.9 m	251	R22.04 m	139	R14.9 m

# Termination of Service

# TERMINATION



		2015		2017		2019		2021		2023		2024
Benefit payments	Number	R'000	Number	R'000	Number	R'000	Number	R'000	Number	R'000	Number	R'000
Withdrawal	2 443	R 86 m	3 695	R92.9 m	3 085	R112.5 m	5 639	R179 m	2 049	R72 m	3 185	R153.7 m

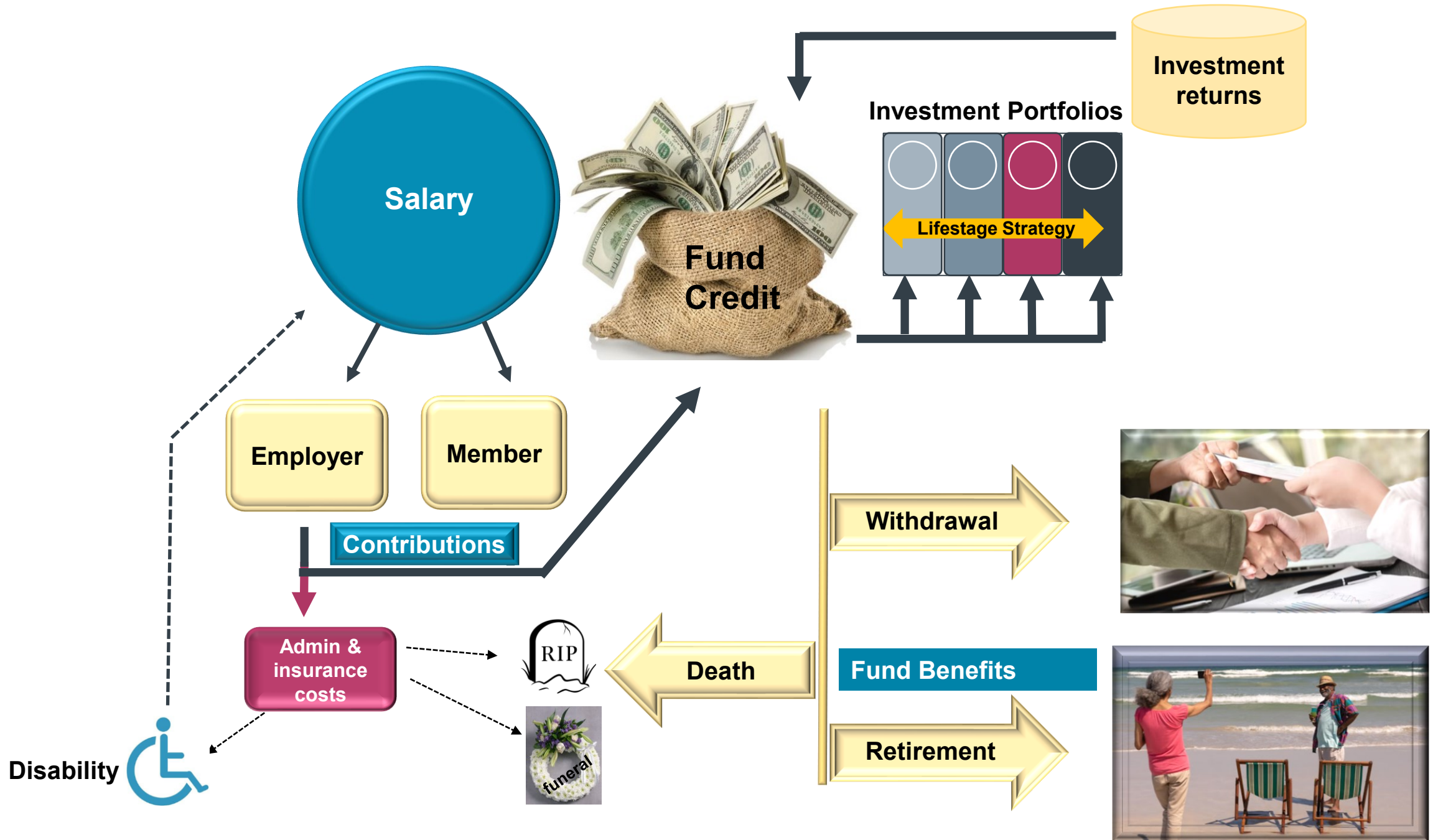
# Beneficiary Funds | Trusts



	2015	2017	2019	2021	2023	2024
<b>Number of Accounts</b>	<b>254</b>	<b>326</b>	<b>607</b>	<b>822</b>	<b>522</b>	<b>543</b>
Value	R17.6 m	R15.7 m	R46.2 m	R67.9 m	R44.2 m	R55.2 m
Monthly payout	R113 862 pm	R200 000 pm	R356 301 pm	R482 801 pm	R409 536 pm	R 393 651 pm

# Benefit Structure





# Death Benefits

If a member dies while in service a death benefit is payable, as follows:

- Full Member Savings in the Fund  
**plus**
- A life insurance benefit



## Insured Benefit

**4 x annual wage for all active members irrespective of length of membership of the Fund/s,**  
however it is subject to qualification criteria

# Family (Funeral) Benefits




	Benefit
<b>Member</b>	R30 000
<b>Spouse</b>	R30 000
<b>Child 14 – 21</b>	R30 000
<b>Child 6 – 13</b>	R24 000
<b>Child 0 – 6 and stillborn</b>	R20 000

- Qualification criteria
- Cover continues until age 70 years
- Paid-up benefits in respect of early retirement, normal retirement, ill-retirement and disability

# Disability Benefits



4 Months waiting period



70% Benefit



Membership and Employer Contribution Continues



6% / Inflation Annual Increase



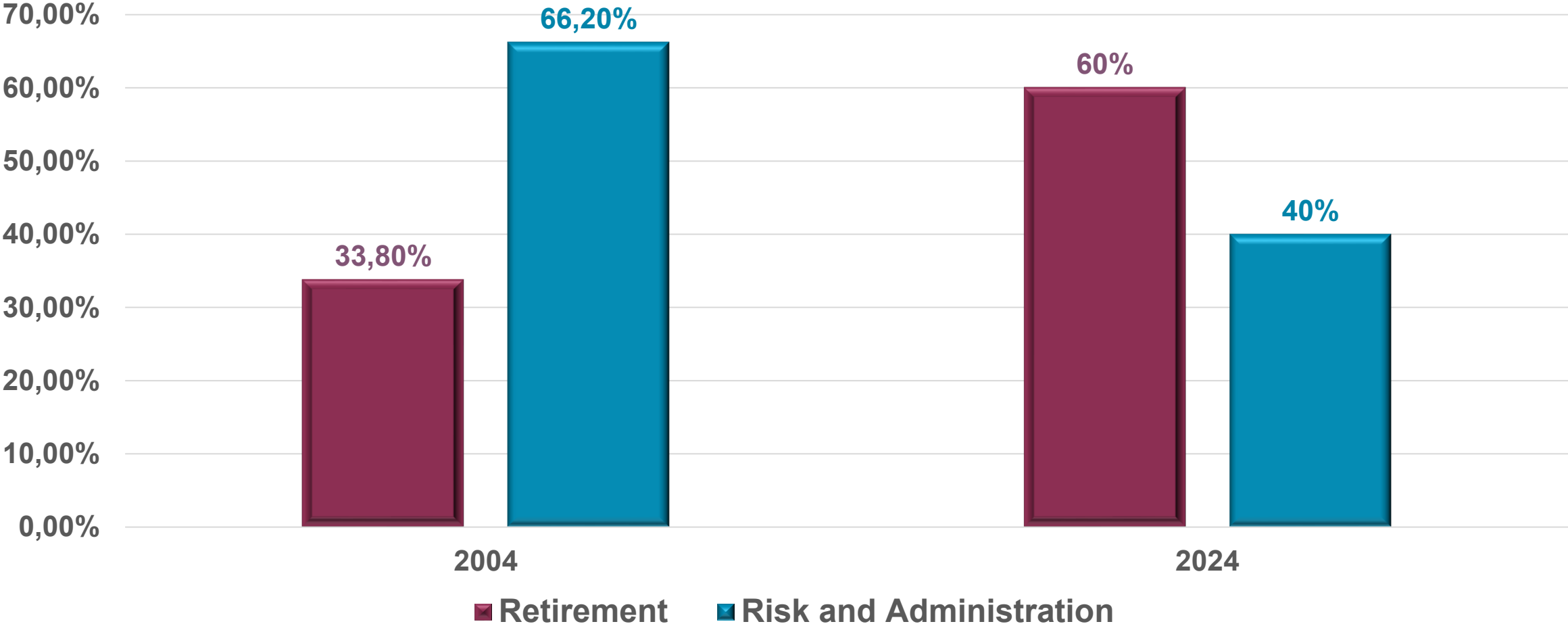
# Cost Analysis



# Risk Benefit Premium History

Year	Group Life Cover (Death)	Group Income Cover (Disability)	Family (Funeral) Cover
2014	1.65%	0.69%	*R8.45
2015	1.65%	0.62%	R 8.45
2016	1.65%	0.62%	R 11.25
2017	1.65%	0.62%	R 11.25
2018	1.82%	0.62%	R12.90
2019	2.27%	0.49%	R19.35
2020	2.27%	0.49%	R19.35
2021	2.27%	0.49%	R19.35
2022	2.27%	0.49%	R19.35
2023	2.27%	0.49%	R19.35
2024	1.815%	0.49%	R22.80

# Contribution Allocation



# Distribution of Death Benefits



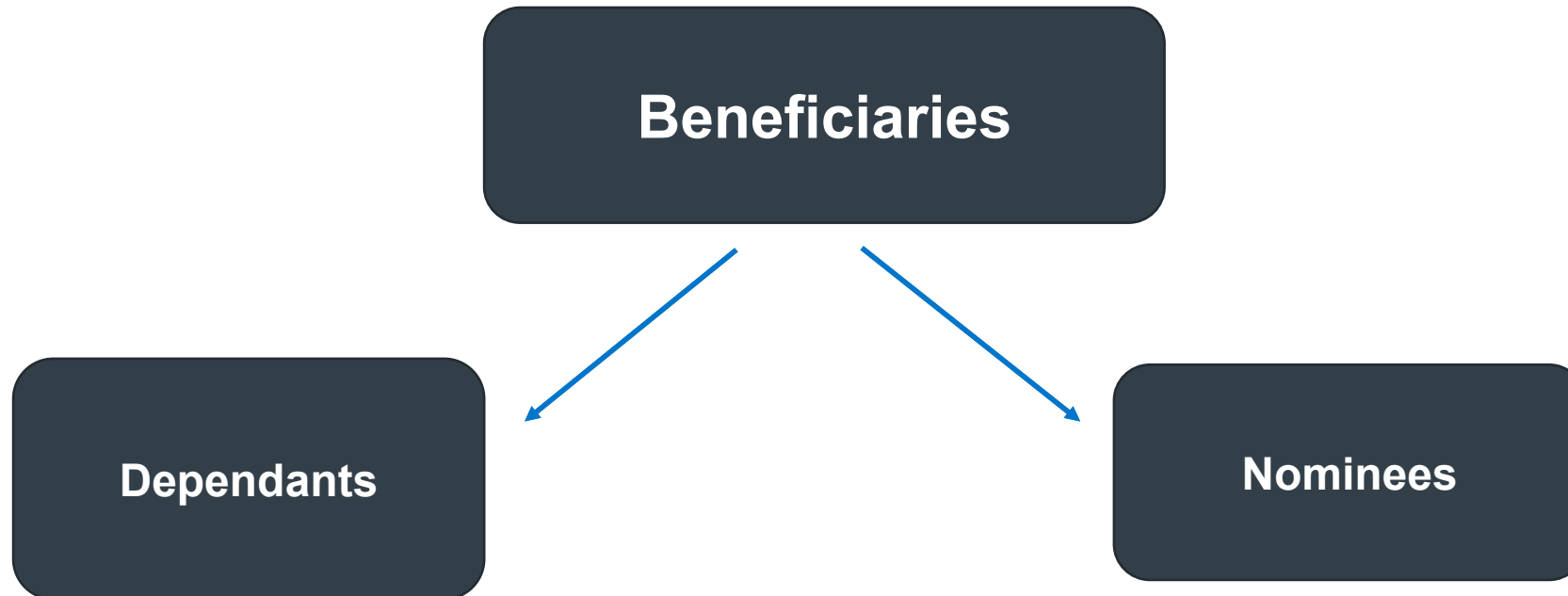
# Distribution of death benefits

- Dealt with in section 37C of Pension Funds Act
- Does not form part of estate
- Board has 12 months
- Board must identify beneficiaries (identify)
- Decide on the distribution (allocate)
- Decide on mode of payment (pay)
  
- Beneficiaries who are not satisfied may approach Adjudicator.
- She will not override board's decision if correct process was followed

# Identify beneficiaries

## *How?*

- Examine will, interview parties - employer, colleagues and friends and family - ask about any children, marriages
- Obtain proof of any payments
- Tracing agents to find all beneficiaries
- Record and retain everything



## Identify beneficiaries - Dependant

- **LEGAL DEPENDANT** : A person in respect of whom the member is legally liable for maintenance (usually spouse and children)
- **FINANCIAL/FACTUAL DEPENDANT** : A person in respect of whom the member is not legally liable for maintenance if such person was actually dependent on the member. Ad hoc payments (generosity) do not qualify.
- **FUTURE DEPENDANT** : A person in respect of whom the member would have become legally liable for maintenance (such as fiancé, parent with deteriorating health)



# Identify beneficiaries - Dependants

- Spouse is defined as a:
  - Permanent life partner – not married but living together like married couple
  - Spouse – married – civil or customary marriage
  - Civil union partner – same-sex partnersFormer spouse? Possibly, if factual dependant
- Child is defined as a:
  - Major & minor child (in terms of Children's Act a minor is below the age of 18 years)
  - Posthumous child
  - Legally adopted child
  - Child born out of wedlock
- Are parents legal dependants? May qualify but must prove need for support (necessities of life)

# Identify beneficiaries - Nominees


- Nominees per nomination form
- If no dependants and only nominees, board has no discretion and must follow nomination form
- If nominees and dependants, they rank equally and board has discretion

# Distribution of death benefits – Section 37C

## Method to follow

- Trace dependants within 12 months



- If there are only dependants, benefit apportioned equitably
- No dependants can be traced
- 
- Benefit paid to nominees, provided shortfall in estate must first be settled

# Distribution of death benefits – Section 37C

continued

## Method to follow

- If dependants and nominees



- Benefit apportioned equitably

- If no dependants or nominees



- Estate

- If no Estate registered



- Guardian's fund or Unclaimed benefits fund

# Allocate

- Section 37C gives board of management wide discretion to distribute death benefit among beneficiaries in such manner & proportions as it deems equitable (nil allocation possible)
- BUT board must consider all relevant factors & ignore all irrelevant factors
  - E.g. if needs of one beneficiary greater than needs of all other beneficiaries, board would be acting reasonably & equitably in allocating greater portion of benefit or even allocating entire benefit to such beneficiary, PROVIDED all relevant factors taken into account

# Allocate – factors to consider

- Board must conduct individual investigation into each and every dependant and nominee's financial circumstances looking at:
  - Age of parties
  - Relationship with deceased
  - Extent of dependency
  - Financial affairs of parties
  - Other amounts paid or awarded
  - Size of the benefit
  - Wishes of deceased
  - Future earnings capacity

# Allocate – factors to consider

continued

## Future earning potential & prospects of beneficiaries

- Board must establish if beneficiary is employable & capable of working should such beneficiary wish to supplement his income
  - Example: beneficiary's preference for remaining at home to look after child until school-going age, cannot be allowed to detract from fact that such beneficiary is able to work and obliged to assist in support of the school-going child

# Mode of payment

- Major
  1. Directly to beneficiary
  2. To a trust or beneficiary fund
  3. Instalments from the fund

Default is 1, any departure from 1 must be justified on legal and factual grounds (legal disability such as severe mental illness or insolvency)

- Major can consent is to 2 or 3, may withdraw at any time

# Mode of payment

continued

- Minor
  1. Directly to minor
  2. To guardian of minor
  3. To caregiver of minor
  4. To a beneficiary fund or nominated trust
  5. Instalments
- Default is 2 and can only be displaced by others if it can be justified
- Factors that have to be considered in deciding not to pay to the guardian:
  - Is minor living with guardian?
  - The ability and qualification of the guardian to administer monies (mental/physical illness/insolvency)
  - Does guardian have enough to meet own needs?
  - Best interest of the minor

# Conclusion

- Decision-making process and reasons recorded in writing
- Advise all beneficiaries of decision
- Must ensure thorough background investigations
- Take all reasonable steps to identify, trace and contact all dependants and/or nominees
- Ensure that they apply their minds in making distributions
- Distributions must be made to individuals
- Must also decide on method of payment

**Thank you**

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## Building Industry Pension Scheme (Western Province) Building Industry Provident Fund (Western Province)

### Feedback to participating employers

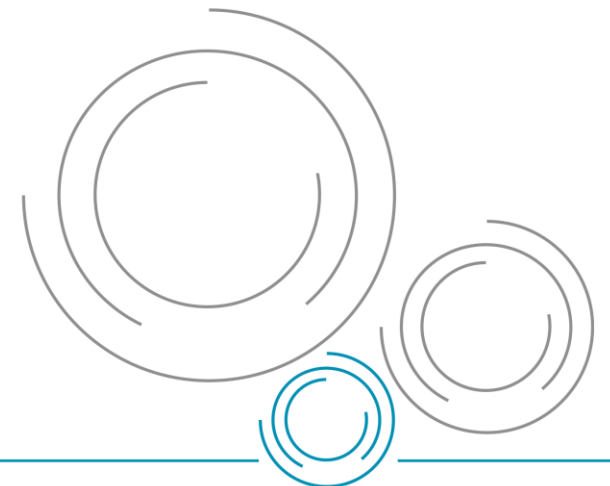
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# Economy and environment

## Market drivers

- *Make America Great Again*
- Domestic economic growth accelerating
- Less loadshedding (??), 3rd party rail operators, performance ports & harbours improving
- Political stability brought about by GNU
- Lower interest rates
- Two Pot injection

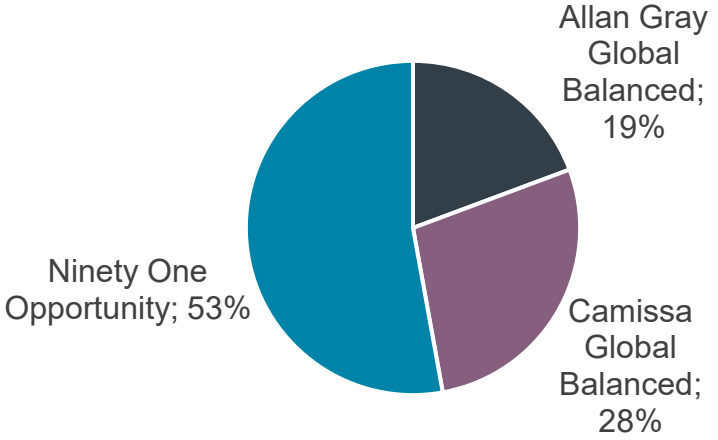
# Economy and environment

## Possible risks

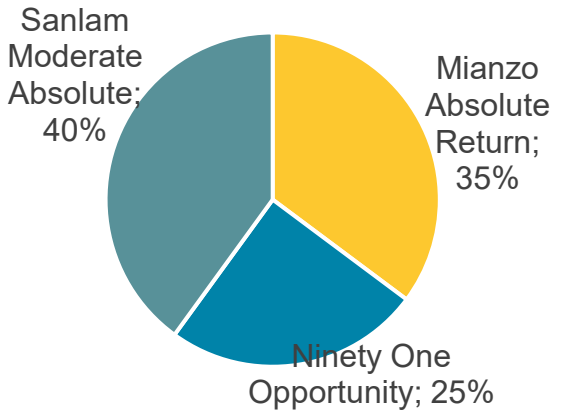
- Global conditions
  - General trade tariffs
  - South Africa may be excluded from AGOA
- Pressure on offshore share prices, e.g. Magnificent 7
- Lower than expected domestic economic growth because of agriculture and access to Maputo harbour
- Domestic political uncertainty
- Failing metros and municipalities
- Uncertainty around National Budget

# Our investment strategy

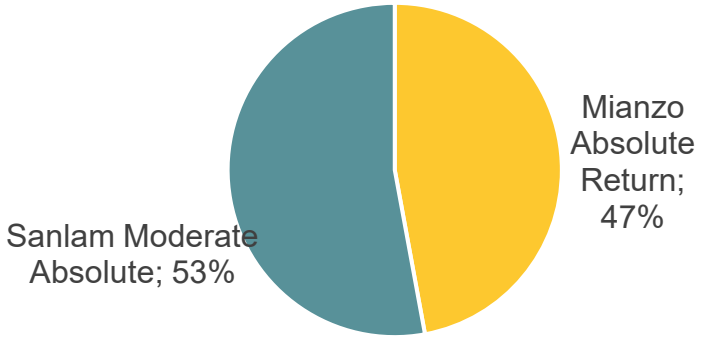
**Accumulation**  
(up to 6-yrs before NRA)



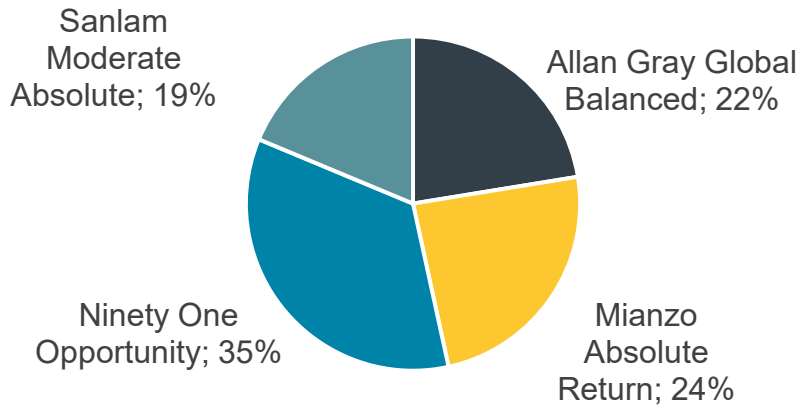
**Consolidation**  
(less than 6-yrs but more than 2-yrs to NRA)



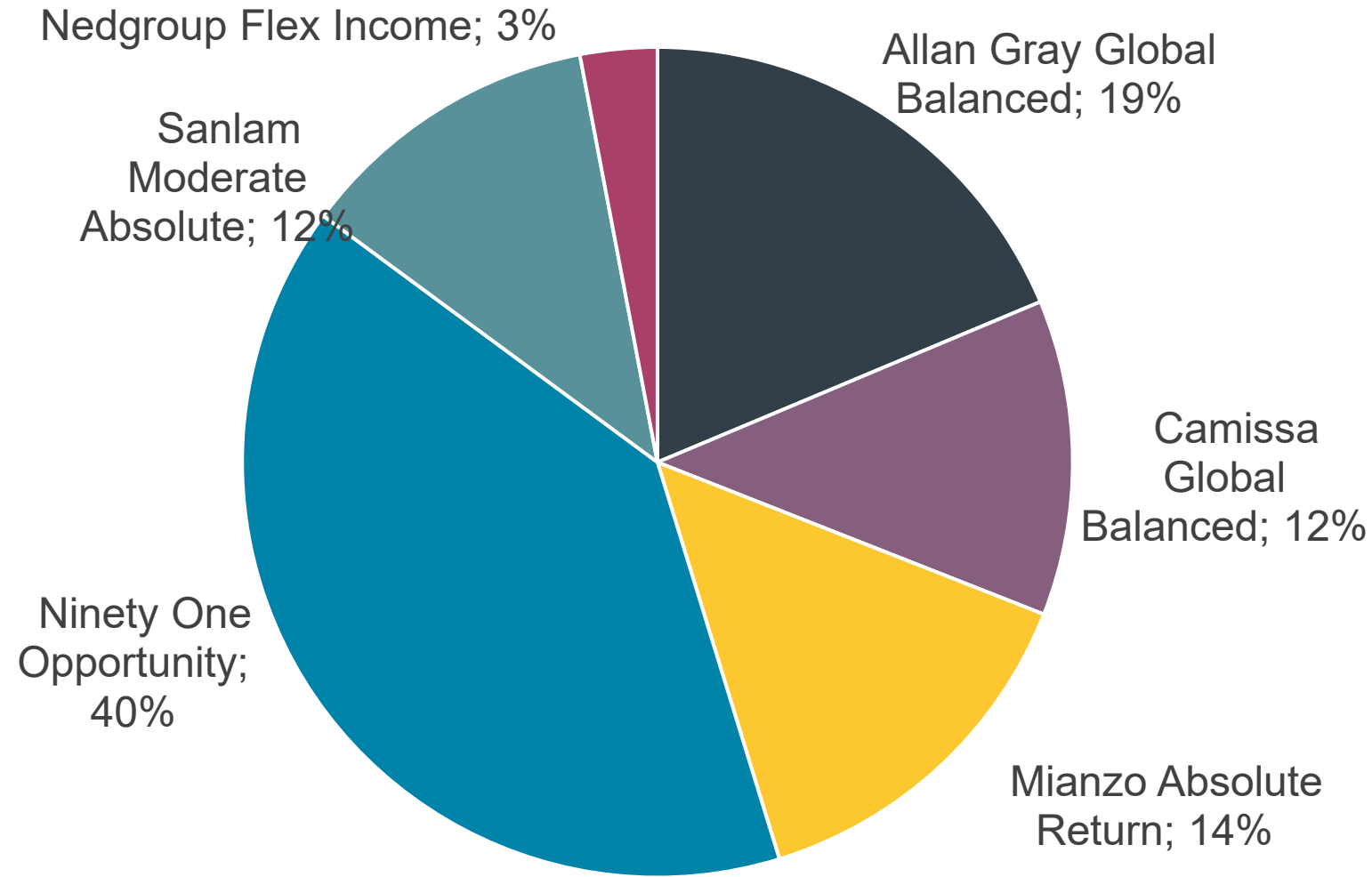
**Preservation**  
(less than 2-yrs to NRA)



**Dormant**  
(temporarily out of service)



# Allocation to discretionary Financial Services Providers



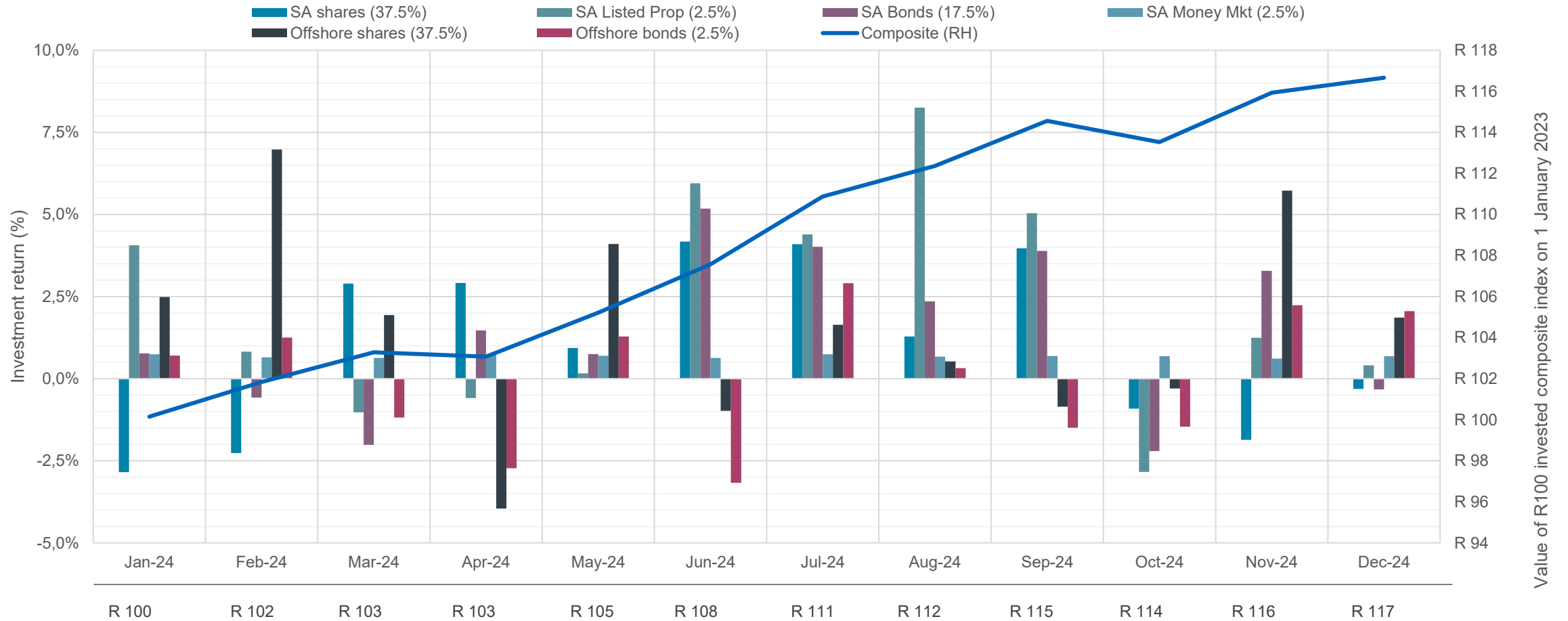
# Investment returns

Indices represented in typical retirement fund portfolios

% Change December 2024	Most recent quarter	Calendar YTD	1 year (p.a.)	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)
All Share Index	-2.1%	13.4%	13.4%	8.7%	12.2%	9.0%
Listed Property	-0.8%	29.0%	29.0%	12.6%	5.1%	3.1%
STeFI Composite	2.0%	8.5%	8.5%	7.2%	6.2%	6.7%
ALBI	0.4%	17.2%	17.2%	10.3%	9.6%	8.7%
MSCI All Country World ZAR	8.1%	21.2%	21.2%	12.0%	17.3%	15.4%
Bloomberg Global Bond Aggr ZAR	3.5%	1.2%	1.2%	1.0%	4.0%	5.3%
Rand (+ stronger, - weaker)	-8.3%	-2.9%	-2.9%	-5.1%	-5.1%	-3.9%
Inflation	0.0%	3.0%	3.0%	5.4%	5.3%	6.2%
Gold ZAR	7.6%	30.6%	30.6%	23.0%	26.2%	26.4%

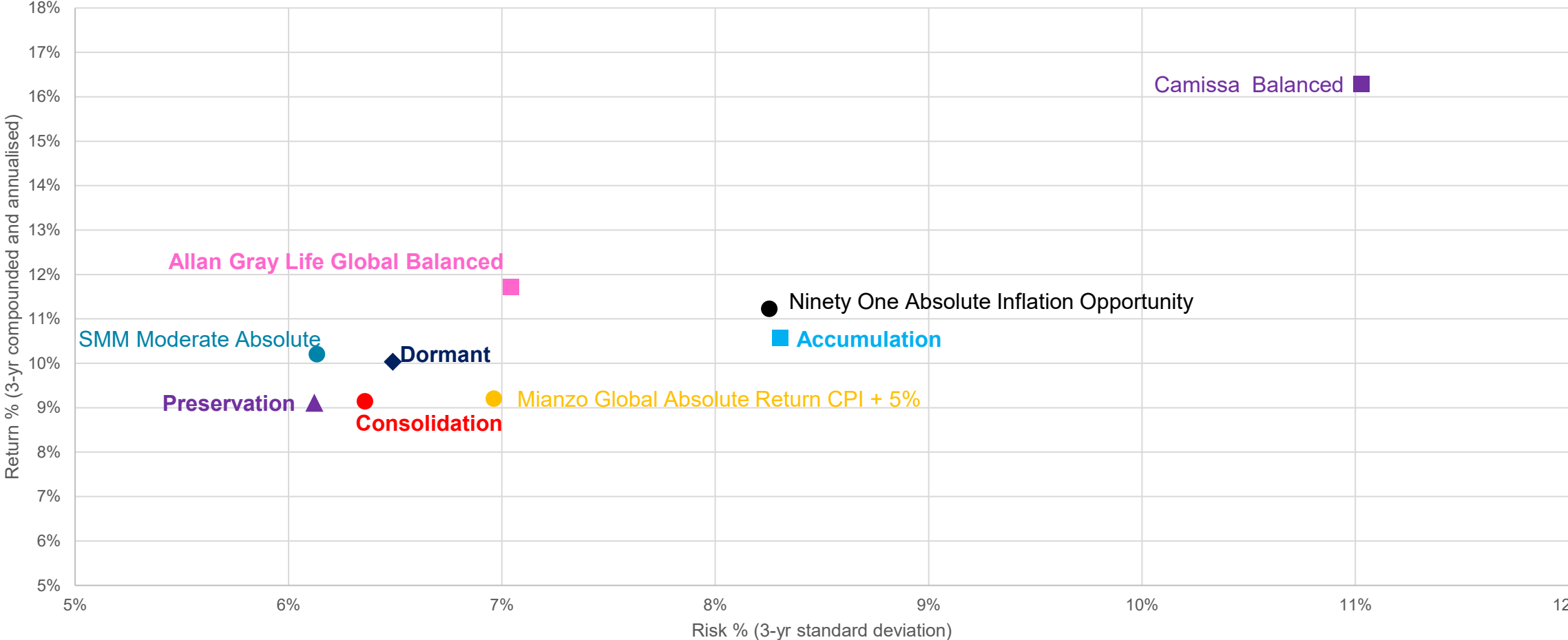
Source: IRESS

# Value of R100 invested in composite index on 1 January 2024



# Our investment results: 3-yr risk/return scatterplot

December 2024



Source: Financial services providers, all returns are shown before fees

# Investment results

31 December 2024	1 year	3 years	5 years
Allan Gray Global Balanced	10.2%	11.7%	12.0%
Camissa Global Balanced	16.3%	16.3%	11.3%
Mianzo Global Absolute Return CPI +5%	10.0%	9.2%	9.9%
Ninety One Inflation Opportunity	12.7%	11.2%	12.6%
Sanlam Global Absolute Return CPI + 5%	13.8%	10.2%	12.7%
Accumulation	13.3%	10.6%	11.9%
Accumulation benchmark	16.4%	9.5%	10.5%
Consolidation	11.9%	9.1%	9.6%
Consolidation benchmark	15.7%	9.3%	10.8%
Preservation	11.7%	9.1%	9.0%
Preservation benchmark	15.1%	9.2%	10.2%
Dormant	11.5%	10.0%	10.5%
Dormant benchmark	15.5%	9.3%	10.3%

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# **BENEFIT ADMINISTRATION**

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**25 FEB 2025**

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**PEARL PUGIN**

# Financial Sector Conduct Authority (FSCA)

1. BIBC has approval from the FSCA to act as a (limited) Benefit Administrator.
2. In terms of our certificate, we must collect Retirement Fund (RF) benefits as purchased by employers and pay these over to the Fund.
3. There are also responsibilities imposed by the FSCA through the Pension Funds Act 24 of 1956, Conduct Standard 1 of 2022 (CS) and other RF Notices and Regulations.
4. Since the publication of the CS, the BIBC has had to change its internal processes.
5. The BIBC has also had to communicate more frequently with both employers and employees (members) regarding RF matters.
6. Reporting responsibilities FSCA via the Principal Officer have increased significantly

# BIBC ONE-STOP SERVICE OFFERING



The BIBC Retirement Fund Helpdesk acts as a **one-stop-shop** for RF members. This means that, as a member, you don't have to go anywhere else for RF benefit assistance.



All queries are handled by the BIBC RF Helpdesk.



All withdrawal requests are handled by the BIBC RF Helpdesk.



All claims (e.g. Disability, Funerals, etc.) are handled by the BIBC RF Helpdesk.

# BIBC PROCESSES

Employer submits a return with payment by the 7<sup>th</sup> of the month following the period worked.

BIBC accumulates payments for all employees in the industry.

BIBC submits a report with an instruction on how much to invest for each employee along with the matching payment.

Sanlam invests the funds on behalf of the employee.

# BIBC REPORTING

The BIBC is required to submit monthly reports to the FSCA:

1. Number of RF benefits purchased.
2. Number of beneficiaries.
3. Value of benefits purchased.
4. Record of employers who have not purchased benefits by due date.
5. Record of time period during which benefits are outstanding.
6. Record of action taken by the Board of Trustees and implemented by BIBC against employers who are late or not paying over benefits.

# BIBC RESPONSIBILITIES

## NON-PAYMENT

There are unfortunately employers who deduct RF benefits from their employees and then do not pay the benefits over to the BIBC. The BIBC is empowered through the CS to act against employers in the following ways:

1. The BIBC makes every effort to engage the employer with a view to rectifying non-payment.
2. Where we are unsuccessful at collecting the benefits on behalf of the member, the employer is 'handed over' after 90 days in arrears, to a firm of Attorneys who are contracted to collect the debt on the Fund's behalf.
3. In conjunction with handing over the employer to the Attorneys, the BIBC lays a criminal case at the relevant South African Police Services (SAPS) office against the owner (s) and director (s) in their personal capacity. Employee/Members are able to 'join' the case against their employer.

# TOOLS AVAILABLE TO MEMBERS

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1. Members are encouraged to use the BIBC WhatsApp facility to view their benefit statements. It is as easy as sending a WhatsApp with the message 'Hi' to 021 950 7400. Follow the prompts and you will be able to see whether your employer has paid over your benefits to the BIBC.
  - No need to stand in queues at the BIBC offices for this information.
  - No need to spend money on travelling to get an electronic copy of your statement (we do not print statements).
2. Use the BIBC Whistleblowing platform on the website [www.bibc.co.za](http://www.bibc.co.za) to report non-payment of benefits.
3. Visit one of our 4 branch offices at Bellville, Somerset West, Paarl or Hermanus to report non-payment of benefits.

**THANK YOU**

- **QUESTIONS AND ANSWERS**

