

The Chairperson
The National Council of Provinces
Parliament of the Republic of South Africa
Cape Town, 8000

18 March 2024

Dear Honourable Chairperson and Members of the Committee

Subject: Engagement and Advocacy on Key Concerns Regarding the Retirement Laws Amendment Bill (RLAB)

We write to you on behalf of the Institute of Retirement Funds Africa (IRFA), a leading advocacy organisation representing a comprehensive spectrum of stakeholders within the retirement planning and pension fund industry in South Africa and across the Africa continent. The IRFA is dedicated to advancing policies that ensure the financial security and welfare of our members, navigating the complexities of the regulatory environment with a blend of expertise, foresight, and commitment to excellence.

Introduction and Advocacy Position

As a pivotal institution in the retirement sector, the IRFA harnesses a wealth of knowledge and a broad network to advocate for regulations that are both progressive and in alignment with the best interests members and other beneficiaries. Our engagement with the legislative process is informed by a strategic assessment of the implications of proposed laws and amendments, ensuring that our voice is a beacon of informed authority and constructive dialogue.

Support of the Two-Pot System

We, at the IRFA, fully endorse the implementation of the two-pot system as outlined in the Revenue Laws Amendment Bill of 2023 (RLAB). Our support is rooted in the conviction that, when executed properly, this system will significantly enhance our ability to serve our members, as well as all members of retirement funds throughout South Africa.

Clarifications and Immediate Actions which we noted in the Revenue Laws Second Amendment Bill(Second RLAB) which needs to be included in the RLAB

The Revenue Laws Amendment Bill (RLAB) introduces several critical considerations that necessitate immediate attention and clarification. Of particular concern are the provisions related to the seeding mechanism—specifically, the change from a per fund-basis as set out in RLAB to a per contract-basis as proposed in the Second RLAB . The latter will without a doubt be much easier from a system development and operational perspective and we are comfortable to support it. Having said that, fund administrators need sufficient time to enable them to do the system development required to successfully implement the requirements around seeding. Confirmation of this principle in the Second RLAB would come too late for administrators to develop their systems and processes prior to the 1 September 2024 implementation date. We accordingly request that this be confirmed in the RLAB.

Additionally, the treatment of intra-fund transfers within the RLAB demands clear delineation. The assurance that these transfers will not be subjected to taxation aligns with our consultations with the South African Revenue Service (SARS) and the National Treasury. It is imperative that this stance be unequivocally articulated in the RLAB to avoid any potential for ambiguity or disruption.

Rationale Behind Non-Submission of Comments

The IRFA elected not to submit comments for the 15 March 2024 consultation on the RLAB's review process. A decision predicated on the understanding that the alternative channels for such engagements were being utilised effectively. This strategic choice reflects our confidence in the mechanisms of engagement and dialogue already in place, rather than a lack of interest or concern regarding the bill's contents and implications.

Commitment to Future Engagement

As a powerful and informed advocate for the retirement industry, the IRFA is committed to an ongoing dialogue with all stakeholders, including the esteemed members of this Committee. We are prepared to offer our insights, expertise, and support to ensure that the RLAB and future legislative initiatives achieve their intended outcomes, enhancing the retirement savings environment in South Africa.

In summary, we request that the following to be clarified in the RLAB:

- Whether seeding should be done per fund or per contract
- Confirm that intra-fund transfers will not be subject to taxation, consistent with prior consultations with the South African Revenue Service (SARS) and the National Treasury.
- Explicitly state the non-taxable status of intra-fund transfers.

In conclusion, we respectfully request that the Standing Committee on Finance consider our requests for clarifications to be included in the RLAB. The IRFA is eager to collaborate closely with the Committee and all relevant parties to facilitate the development of legislation that serves the best interests of the retirement savings community and the broader South African public.

We appreciate your attention to these matters and look forward to a fruitful partnership.

Yours sincerely,



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