

The duties of the Trustees

The duties of the trustees of retirement funds have been codified in sections 7C and 7D of the Pension Funds Act. The other source of trustee duties is the common law as had been developed in court cases about trustees over the years.

According to the Pension Funds Act

The Act stipulates that the object of the board of trustees shall be to direct, control and oversee the operations of a fund in accordance with the applicable laws and the rules of the fund.

In pursuing this object, the trustees must:

- take all reasonable steps to ensure that the interests of members in terms of the rules of the fund and the provisions of the Pension Funds Act are protected at all times
- act with due care, diligence and good faith
- avoid conflicts of interest
- act with impartiality in respect of all members and beneficiaries.

In addition, the general duties of the trustees as set out in the Pension Funds Act are to:

- ensure that proper registers, books and records of the operations of the fund are kept, inclusive of proper minutes of all resolutions passed by the trustees
- ensure that proper control systems are employed by or on behalf of the trustees
- ensure that adequate and appropriate information is communicated to the members of the fund informing them of their rights, benefits and duties in terms of the rules of the fund
- take all reasonable steps to ensure that contributions are paid timeously to the fund
- obtain expert advice on matters where the trustees may lack sufficient expertise
- ensure that the rules and the operation and administration of the fund comply with the Pensions Fund Act, the Financial Institutions (Investment of Funds) Act and all other applicable laws.

According to the Financial Services Board (FSB)

The FSB has issued a publication entitled “Role of Trustees”, which is available on their website. In this booklet, the FSB explains the role and responsibilities of trustees as:

- managing the retirement fund and ensuring that all decisions are taken according to the retirement fund laws and the rules of the fund
- acting in the best interest of the members of the fund to ensure that they receive the best return on their investments
- keeping close watch over the administration of the fund to ensure that members' assets are managed properly according to the law
- teaching others about the work of trustees and the importance of the role of trustees
- carrying out the responsibilities for the benefit of the members and not for personal gain
- ensuring that the fund is managed in a transparent and fair manner and that the rules are in line with the relevant legislation



- keeping up to date with trends, developments and topical issues in the retirement fund industry, for self-development and to be able to share their own knowledge with fund members.
- looking at various plans for investing member's funds and find those that are most suitable in order to provide the benefits contained in the registered rules of the fund.

The rules of the Fund stipulate that the Fund is controlled and managed by the board of trustees that binds the Fund regarding all matters of the Fund and which has all the powers required to attain the objectives of the Fund.

The board of trustees must consist of eight members, of which fifty percent must at all times be independent trustees.

The objectives, responsibilities, powers and duties of the board are clearly set out in the rules of the Fund, and these correspond directly to the requirements of the Act as set out above.