



ASISA

ACADEMY

AND



ASISA

FOUNDATION

PRESENT

LEARNING JOURNEY FOR RETIREMENT FUND TRUSTEES

1. WHAT IS THE ASISA ACADEMY?

The ASISA Academy, in partnership with the ASISA Foundation, makes available online a full series of Retirement Fund Trustee Education (RFTE) workshops at no cost to South African retirement funds and their trustees. The Academy is the preferred service provider for the ASISA Foundation which receives grant funding from sponsors for trustee education, thus allowing the workshops to be made available in this way. This pooled initiative ensures the independence of the education programme from the individual sponsors of the ASISA Foundation. Our workshops are aimed primarily at trustees and principal officers of retirement funds and are ideally run with individual funds but can also be delivered as multi-fund courses. Since inception, we have delivered more than 500 workshops to more than 7000 trustees and principal officers in South Africa, Botswana, and Namibia, with highly favourable feedback.

In the wake of South Africa (and the world) experiencing its first lockdown during the Coronavirus pandemic, the team at the ASISA Academy reflected on how we could offer our Retirement Fund Trustee Education workshops online in live sessions using videoconference and for practical time periods instead of our traditional 1-day and ½-day face-to-face workshops. We have, therefore, adapted our content and composition of the RFTE programme into an online offering using either MS Teams or Zoom depending on your preference. Our preference is to use Zoom with its new enhanced security features.

2. PURPOSE OF THE COURSE

To provide trustees who have been serving on retirement fund boards for at least three years and who are aspiring to become principal officers, with a structured learning journey, aligned to the outcomes of the principal officer qualification.

This learning journey will assist trustees in successfully completing the following qualifications by Recognition of Prior Learning (RPL):

- Occupation Certificate: Professional Principal Executive Officers – ID:93602 NQF Level: 7
- Occupation Certificate: Professional Principal Executive Officers – Retirement fund Trustees. ID:99574 NQF Level: 5

3. STRUCTURE OF THE LEARNING JOURNEY AND LEARNING OUTCOMES

The following table summarises the Learning Areas and Learning Outcomes covered in this course. Note that certain modules consist of two or three parts, each part being 3 hours long and delivered over different days:

MODULE 1: TRUSTEE GOVERNANCE AND ETHICS (INTERMEDIATE LEVEL) (This module consists of three parts. Each part is 3 hours.)

Learning Area	Learning Outcomes - By the end of the course successful delegates will be able to...
PART 1 (3 hours)	
Regulatory Environment	<ul style="list-style-type: none"> • Describe the different governing institutions within the retirement fund industry. • Understand the basic structure of relevant legislation. • Demonstrate an understanding of how a fund becomes a separate legal entity.
Fund rules	<ul style="list-style-type: none"> • Discuss the typical structure of fund rules. • Understand the contents of fund rules and how they are applied. • Discuss the process of rule amendments. • Navigate around key rules within a fund by identifying: <ul style="list-style-type: none"> ○ Board composition and terms of office; ○ Trustee nominations and elections; ○ Meeting procedures and protocols; ○ Quorums and voting.
Retirement Fund functions	<ul style="list-style-type: none"> • Understand the basic structure of a retirement fund; • Identify the different functions within this structure that will enable a retirement fund to fulfil its mandate to the fund members; • Show how trustees are responsible for ensuring these functions are fulfilled including: <ul style="list-style-type: none"> ○ Identify the resources required to fulfil these functions and which of these functions can be outsourced to external service providers. ○ Apply the above to retirement fund in which he/she serves as a trustee or PO by <ol style="list-style-type: none"> i. Naming each role player, stakeholder and service provider; ii. Identifying the role(s) which they fulfil and the tasks which they perform for the fund; iii. Discussing the procurement and contracting process with service providers. • Discuss the role of OPFA and the Financial Services Tribunal with specific reference to how they ensure that retirement funds fulfil their mandate to the fund members.

PART 2 (3 hours)	
Retirement Fund types and purposes	<ul style="list-style-type: none"> • Describe retirement funds and illustrate how they work including: <ul style="list-style-type: none"> ○ Explain the purpose of a retirement fund; ○ Distinguish between the different kinds of retirement funds and explain the implications of the differences. • Apply these principles to the fund of which they are a trustee/ principal officer, identifying what kind of fund it is and how it works.
The Legislative Framework	<ul style="list-style-type: none"> • Demonstrate an understanding of the key areas of legislation that guides the Board by <ul style="list-style-type: none"> ○ Discussing Section 14 transfers. ○ Distinguish between the liquidation, winding up and the cancellation or suspension of a Retirement Fund. ○ Explain how member benefits are treated in the case of divorce. ○ Explain Sections 37A, B and D, dealing with members' benefits, third parties and creditors.
Taxation of benefits	<ul style="list-style-type: none"> • Illustrate how fund benefits are taxed.
PART 3 (3 hours)	
Trustees' roles and responsibilities	<ul style="list-style-type: none"> • Describe the legal requirements relating to trustees including: <ul style="list-style-type: none"> ○ List the legislation and other relevant regulations governing retirement funds in South Africa. ○ Explain what the term "fiduciary duty" means. ○ Minimum skills requirements and the FSCA Trustee Toolkit. ○ Discuss the principles of the King IV Report on good Corporate Governance in South Africa. ○ Illustrate the process of proactive compliance monitoring by establishing internal controls, in order to identify non-compliance. ○ Demonstrate a familiarity with, and ability to use, the contents of Pension Fund Circular 130. ○ Demonstrate an understanding of how fiduciary duty is fulfilled in practice. ○ Identify the particular challenges facing trustees of retirement funds, with specific reference to the South African context.
Trustees' ethics	<ul style="list-style-type: none"> • Discuss how a Fund could provide ethical leadership and creating an ethical environment with specific reference to accepted corporate governance guidelines as well as codes of conduct. • Describe the ethical principles binding trustees to the members' interests, focusing on: <ul style="list-style-type: none"> ○ The essence of their fiduciary duty as trustees including the typical ethical challenges facing trustees; ○ Explain the implications for the trustee and for the fund of a breach by a trustee of their fiduciary duties; ○ Reporting obligations to the FSCA; ○ The responsibility for identifying perceived, actual and potential conflicts of interest,; • How conflict is best managed or avoided altogether, why and how.
Retirement Funds in the news	<ul style="list-style-type: none"> • Demonstrate an awareness of the latest developments related to the legislative and regulatory environment.

MODULE 2: INVESTMENT FUNDAMENTALS (INTERMEDIATE LEVEL) (This module consists of three parts. Each part is 3 hours.)

Learning Area	Learning Outcomes - By the end of the course successful delegates will be able to...
PART 1 (3 hours)	
The South African Economy	<ul style="list-style-type: none"> • Describe the high-level economic functioning of South Africa with specific focus on the following concepts: Business Cycle, Gross Domestic Product (GDP), Government Policy, Interest rates, Inflation, Exchange rates and Unemployment. • Explain how the movement in economic indicators may influence the performance of financial markets.
Investment Principles	<ul style="list-style-type: none"> • Define the term “investment”; • Demonstrate a clear understanding of the following concepts from an investment perspective: <ul style="list-style-type: none"> ○ Investment term, ○ Liquidity, ○ Risk, ○ Return, ○ Diversification, ○ Benchmark, ○ Performance targets.
Asset Classes	<ul style="list-style-type: none"> • Identify the most common asset classes and expand on each. <ul style="list-style-type: none"> ○ Equities: <ul style="list-style-type: none"> ▪ Definition and unique characteristics; ▪ The South African and foreign markets for this asset, the key indices and latest developments; ▪ Approaches to valuing this asset. ▪ Risks inherent in equities
PART 2 (3 hours)	
Asset Classes continue	<ul style="list-style-type: none"> ○ Bonds: <ol style="list-style-type: none"> i. Definition, terminology and unique characteristics. Distinguish between different types: government, corporate, inflation linked; ii. The South African and foreign markets for this asset and the key indices; iii. Approaches to valuing this asset: Time value of money and opportunity cost. Impact on the value of bonds when interest rates change. ○ Property: <ol style="list-style-type: none"> i. Definition and unique characteristics; ii. The South African market/s for this asset and the key indices; iii. Approaches to valuing this asset. ○ Money Market: <ol style="list-style-type: none"> i. Definition and unique characteristics; ii. The South African market/s for this asset and the key indices; iii. Approaches to valuing this asset. ○ Commodities: <ol style="list-style-type: none"> i. Definition and unique characteristics; ii. The South African market/s for this asset ○ Alternative investments <ol style="list-style-type: none"> i. Private Equity, <ul style="list-style-type: none"> • Definition and unique characteristics; ii. Derivatives, <ul style="list-style-type: none"> • Definition and unique characteristics; • Have a basic understanding of the use of different derivative instruments; iii. Hedge Funds,

Learning Area	Learning Outcomes - By the end of the course successful delegates will be able to...
	<ul style="list-style-type: none"> • Definition and unique characteristics; • Have a basic understanding of the different hedge fund strategies iv. Infrastructure, <ul style="list-style-type: none"> • Definition and unique characteristics; • Demonstrate an understanding of the importance of this investment category and the potential risk and benefits associated with infrastructure investing v. ETFs: <ul style="list-style-type: none"> • Definition and unique characteristics;
Role players	<ul style="list-style-type: none"> • Discuss the different roles of investment players in the retirement fund industry
PART 3 (3 hours)	
Portfolio Management	<ul style="list-style-type: none"> • Explain the importance of asset allocation and diversification as part of the portfolio construction process; • Demonstrate the importance of an IPS in the investment planning process by referring the following: <ul style="list-style-type: none"> ○ Purpose of the IPS, ○ Primary objective of formulating an IPS, ○ Essential elements of the IPS, • Distinguish between the following investment vehicles: <ul style="list-style-type: none"> ○ Pooled vs Segregated portfolios and unitisation • Discuss the difference between the following portfolio management strategies: <ul style="list-style-type: none"> ○ Active vs Passive investment ○ Single manager vs multi-manager • Demonstrate an understanding of the spectrum of Investment Management Fees involved within the portfolio management process • Demonstrate an understanding of the role and importance of the CRISA 2 Code launched on 1 February 2023.
Portfolio construction and Regulation 28 of the Pension Fund Act	<ul style="list-style-type: none"> • Critically evaluate the effect of Regulation 28 on retirement funds in relation to the investment limits of asset classes.
Performance Evaluation	<ul style="list-style-type: none"> • Explain the factors that contribute to the rates of return of an investment; • Demonstrate a basic understanding of how investors measure the rate of return on an investment; • Demonstrate a basic understanding of how investors measure the risk related to an investment by looking at the following risk measures: <ul style="list-style-type: none"> ○ Standard deviation ○ Beta ○ Tracking error • Explain how the performance of a portfolio can be measured by looking at: <ul style="list-style-type: none"> ○ Peer group comparison ○ Risk-adjusted performance measurement
Individual member choice	<ul style="list-style-type: none"> • Discuss the fiduciary responsibility of trustees when it comes to providing a Default strategy; • Explain the fiduciary responsibility of trustees when it comes to providing individual member choice.

MODULE 3: FUND POLICIES AND RISK MANAGEMENT (INTERMEDIATE LEVEL) (Half day – 3 hours)

Learning Area	Learning Outcomes - By the end of the course successful delegates will be able to...
Strategic planning	<ul style="list-style-type: none"> • Illustrate an understanding of strategy development principles and theories to assist the board in setting and implementing fund strategies and policies.
Fund Policies	<ul style="list-style-type: none"> • Demonstrate the purpose of fund policies and the regulatory requirements of developing these policies; • Illustrate the use of policies and procedures in good corporate governance; • Explain the steps required for the development of fund policies; • Explain the specific purposes and minimum regulatory requirements of the following fund policies: <ul style="list-style-type: none"> ○ Risk management policy <ul style="list-style-type: none"> ▪ Discuss the steps required in the formulation of a risk management policy; ○ Communication policy <ul style="list-style-type: none"> ▪ Evaluate the communication policy of a retirement fund to determine its effectiveness and justify its efficacy; ▪ Critically evaluate the content of the communication policy to establish if it is in line with legal requirements and best practice; ○ Investment Policy Statement <ul style="list-style-type: none"> ▪ Discuss the core principles underpinning an optimal investment policy statement (IPS); ▪ Identify the essential elements that needs to be part of the IPS; ▪ Incorporate developmental concepts into the fund's IPS; ▪ Discuss how risk management and voting rights form part of the IPS; ▪ Evaluate how to communicate the IPS's requirements and ethos to service providers who will be mandates to give effect to them; ▪ Discuss a suitable time frame within which the trustees should revisit the IPS principles for relevance and efficacy; ○ Board Assessment Policy <ul style="list-style-type: none"> ▪ Discuss the purpose of a board assessment policy; ▪ Demonstrate an understanding of the construction of a system of appraisal for the different role players; ○ Dispute Resolution Policy <ul style="list-style-type: none"> ▪ Discuss the use and importance of an internal complaint management system; ▪ Explain the key components that should be addressed by a dispute resolution policy.
Risk Management	<ul style="list-style-type: none"> • Define risk management; • Discuss the purposes and principles of risk management with regard to the impact that risks could have on the financial position of the fund, the members, reputation and breaches of regulation and the likelihood of these risks materialising; • Demonstrate an understanding of the important role of trustees within the risk management process; • Understand how to identify risks, how to rank risks in terms of likelihood and impact, construct a risk matrix, construct a risk register and develop risk mitigation strategies; • Explain the process of building a resilient fund that can withstand the effect of unforeseen circumstances; • Evaluate the benefit of having a risk management strategy in place.

MODULE 4: FUND ANNUAL FINANCIAL STATEMENT ANALYSIS (INTERMEDIATE LEVEL) (Half day – 3 hours)

Learning Area	Learning Outcomes By the end of the course successful participants will be able to...
Internal audit functions	<ul style="list-style-type: none"> • Explain the importance of an internal audit framework.
Budgetary principles	<ul style="list-style-type: none"> • Discuss the principles, processes and procedures for the development of a budget.
Purpose and use of financial statements	<ul style="list-style-type: none"> • Describe the purpose and use of fund financial statements.
Legal context	<ul style="list-style-type: none"> • Explain the legal requirement of a retirement fund to produce timely financial statements, in accordance with the Section 15 of the Pension Funds Act (PFA). • Discuss the implications of late submission or non-compliance with the PFA. • Assess the broad duties of the board of trustees as required by law.
Composition	<ul style="list-style-type: none"> • List the contents and reports of the financial statements required by S15. • Formulate and describe the broad principles of retirement fund accounting (compared with a company's accounting protocols and reporting format) • Analyse the composition of each component, its relevance and use. • Describe the roles played and disclosures made by professional advisers within the financial statements. • Assess the independent auditor's role and report. • Describe and explain the actuary's report and financial soundness. • Describe the purpose and use of Regulation 28 asset compliance. • Identify the trustees' stated acknowledgements of fiduciary duty and legal compliance within the financial statements.
Analysis of AFS	<ul style="list-style-type: none"> • Assess the suitability, formulation and disclosure of the fund's accounting policies. • Reflect on and assess the importance of grammatical and punctuation standards. • Respond to items of possible non-compliance (if any) discovered in the financial statements and how to remedy these. • Assess the quality and content of reports supplied by professional service providers. • Contrast areas of well-disclosed content with areas containing minimum content. • Discuss disclosures made relative to the employer's role in the fund.

MODULE 5: SECTION 37C DEATH BENEFITS (FUNDAMENTAL LEVEL) (Half day – 3 hours)

Learning Area	Learning Outcomes By the end of the course successful participants will be able to...
Background and trustee duties	<ul style="list-style-type: none"> Describe the social objectives of section 37C and the removal of the freedom of testation and overriding provisions of section 37C as regards the wills and a beneficiary nomination form Interpret the duties and responsibilities of trustees relative to S37C. Summarise the relevant Law of Persons insofar as it affects death benefits.
Identification and process	<ul style="list-style-type: none"> Interpret the legal requirements of S37C relative to beneficiaries and dependants. Describe the processes of identification of dependants - legal, factual, or potential. Explain the legal duty of support as per the common law and the category of persons contemplated in paragraph (a) of the definition dependant with reference to relevant case law Discern and analyse dependants' financial needs. Assess and design systems to enable trustees to make benefit allocations compliant with S37C and the principles of equitable and air. Describe the implications for trustees of non-compliance or poor judgement in discretionary application.
Dependant definition	<ul style="list-style-type: none"> Categorise and describe the full range of dependant types. Discuss the implications of wider familial complexities deriving from customary marriages, children born out of wedlock, common law unions and adopted/foster children.
Benefit Payments	<ul style="list-style-type: none"> Identify the alternative types of payment prescribed and available. Assess the processes of paying benefits to beneficiaries/dependants. Evaluate logistical challenges where beneficiaries/dependants have limited internet or banking access.
Member communications of Death Benefits	<ul style="list-style-type: none"> Design and distribute key features of death benefits to all fund members/dependants. Solve challenges of communication with rural versus urbanised members. Formulate a contact/call centre model to receive and process member/dependant queries
Jurisprudence, legal & regulatory update	<ul style="list-style-type: none"> Analyse the practical impact of the SCA ruling in FundsAtWork Umbrella Pension Fund v Guarnieri on trustees and funds. Support the application of the doctrine of functus officio to board decisions. Discuss the proposed changes to section 37C as per Conduct of Financial Institutions Bill.

4. OUR PRESENTERS



David Morris – B Comm, CA (SA)

David has more than 26 years' experience of working in financial services in South Africa and the UK. After completing his articles with Price Waterhouse he worked as credit analyst and member of Nedbank's structured finance team. As the ASISA Academy Retirement Fund Trustee Education Programme Champion, David engages with stakeholders, develops workshop curricula and presents Trustee Education workshops. He is an independent trustee to the Nedgroup Beneficiary Fund and the Liberty Corporate Selection Suite of Umbrella Funds.



Jolly Mokorosi – B Comm, MBA, Certificate in Pension Law

As a seasoned independent retirement fund trustee Jolly sits on a number of boards of trustees of SOEs and listed companies' funds. She is the chairperson of two of these funds and has previously worked as the principal officer of the Municipal Councillors Pension Fund. She previously worked at Old Mutual within their Corporate Distribution and Employee benefits divisions. Jolly is also ASISA Academy Principal Officer Professional Qualification (NQF7) Programme Champion.



Tony Remas

Tony has been practising as a retirement funds compliance consultant since 2002. Prior to that he worked in legal services for various investment advisors. He is a highly regarded practitioner in the pension fund statutory and regulatory environment, specialising in trustee education and in particular death benefit.



Lavinia Khangala - B Proc, LLB, LLM, CFP

Lavinia holds B Proc, LLB qualifications and is an admitted Attorney, Conveyancer and Notary Public of the High court. She also holds a Masters of Law degree from the University of Cape Town and is a Certified Financial Planner from the Financial Planning Institute. She started her career in the financial services industry heading up legal and compliance departments of various financial institutions. Lavinia is currently an Independent Principal Officer and Trustee of a number of retirement Funds in the public and private sectors.



Anel Bodill - Masters in Investment Management, PG Dip Financial Planning,

Anel is an investment professional with 17 years of financial services experience of which 10 years are specifically in the Investment Management and Financial Planning education and training environment. Anel started her career in the financial services industry where she worked for ABSA Consultants and Actuaries, amongst others. Thereafter she became a lecturer at the University of Johannesburg where she was the Programme Manager for the Investment Management study field. Later on, she undertook part-time lecturing, curriculum development and training for various academic institutions and training providers. Anel is currently the ASISA Academy Programme Champion for Retirement Fund Trustee Education.

5. WORKSHOP CODE OF CONDUCT

Delegates, presenters and other Academy staff are all expected to engage in the following ways.

1. Delegates commit to learning on the course.
2. Delegates and Academy staff commit to signing in at least 10 minutes prior to the starting time so as not to delay the commencement of the session which puts pressure on the presenter and other delegates. The Zoom/ MS Teams room will open 10 minutes before the workshop is due to start. Please ensure that you have logged in and settled down comfortably by the starting time.
3. Academy staff commit to starting the workshop on time.
4. Delegates are requested to switch on their cameras at the start of the session. After introductions we request delegates to switch off their cameras in order to keep the platform stable and data usage optimised.
5. Delegates must ensure that their audio is muted throughout the session, except when participating in discussions or posing questions.
6. If delegates have questions or comments, they can use the chat platform or click the raised hand icon which can be located on the screen's "floating bar" in Microsoft Teams and by clicking on the "Participants" button in Zoom.
7. The presenter will agree a break time with delegates as part of the introductions.
8. When returning from the breaks, delegates are requested to switch on their microphones on re-entering the session so that the presenter can have an indication of the number of delegates that are back.
9. Delegates must advise the Academy if they are not able to make a session or if, for unavoidable reasons, they are going to be late.

6. MONITORING AND EVALUATION

The ASISA Foundation-sponsored Trustee Education workshops are formally monitored and evaluated (M&E) by an independent agency. This M&E process ensures our trustee education programmes are planned and presented in a manner which brings about effective knowledge transfer, with real improved governance and financial literacy amongst delegates for the ultimate benefit of fund members and beneficiaries. The context of our online workshops has required adaptation of the M&E process, as explained below.

DELEGATE INTAKE FORMS

Each delegate will be asked to complete and submit online intake forms before the commencement of the workshop, including details of their retirement fund, role in the fund board, email address and demographics. We are required by the Financial Sector Code in the context as a BEE Regulator to keep statistics based on demographics and gender, hence we request that all demographic and gender statistics should be completed.

ASSESSMENT FORMS

Delegates will receive an online link to a workshop assessment form at the end of a workshop on which they are required to score various aspects of the workshop and make compliments or suggestions for improvements. Comments made by delegates may be used in marketing material.

M&E FEEDBACK FORMS

A first set of online questions is supplied to delegates via an online link before the workshop which delegates are asked to complete before the workshop commences. A second set of the same questions will be supplied via an online link to delegates at the end of the workshop. Answers are completely anonymous.

ATTENDANCE CERTIFICATES

Delegates who have submitted all of the workshop documentation described above will receive emailed ASISA Academy attendance certificates which reflect 3 Batseta CPD points in respect of the half-day workshop. The fund remains responsible for ensuring that the CPD points awarded are updated on the Batseta database.

7. CONTACT INFORMATION

For course dates, venues and other information please contact the ASISA Academy on:

- Email: LEARN@asisaacademy.org.za
- Landline: +27 21 673 1620
- Website: <https://www.asisa.org.za/academy/programmes/retirement-fund-trustee-education/>