Capacity Building
Pensions Industry

Webinar

Presentation on Dissolution Directive

by Tariro. P. Mateisanwa











Outline

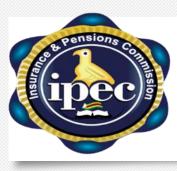
Basis and Rationale for the Directive

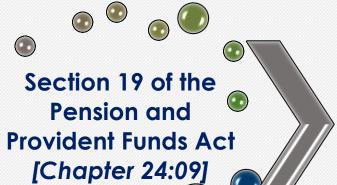
Considerations

Expectations



Basis





Directive gives
criteria to be
applied in deciding
whether inactive
fund can be
considered
financially unsound

have duty to disclose all such funds that qualify for dissolution in line with defined criteria



Asset and membership data

Rationale



As at 30 September 2021, 36% of registered funds were inactive with majority having been inactive for extended periods, some dating back to 2009

Low membership and asset base (1%of total industry assets) making continued existence unsustainable given costs of administration

Risk management considerations:

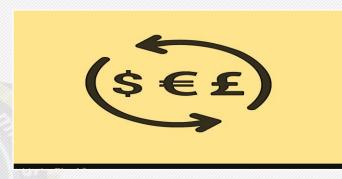
- Deal with corporate governance deficiencies affecting these funds as most no longer have functional BOT
- deter loss of value through continued costs and/or unjustified prolonged preservation of benefits

Considerations: Currency Conversions





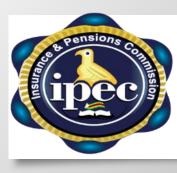
Adoption of Justice Smith report and compensation recommendations
Funds were in existence pre 2009 currency conversion thus members qualify for compensation



2019 currency conversion-Guidance Paper

Implementation of and allocation of revaluation gains

Expectations- Asset Reconciliation





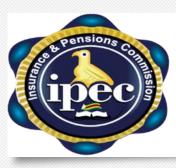
We are going back to 2009, lets start from there, WHY???

Most funds which qualify were in existence pre 2009 currency conversion

Go through the life cycle of the fund accounting for assets at the end of each financial year Breakdown of assets per asset class and values Valuation of pension assets

proper, transparent and disclosed basis for valuing pension assets Determine the true value of the assets. Disclose expenses and impact on assets Accounting for asset variations in terms of value and asset

Expectations- Membership Reconciliation and Valuations



Determine members of fund as at 2009,

Tracking members to the present

Accounting for variations of membership

Determine liabilities- distribution of returns to members

Appointment of liquidators

- Fit and probity
- Avoiding and managing conflicts of interest
- Reporting requirements

Expectations-Role of trustees and fund administrators



Monitoring exercise to ensure compliance with Directive read together with Act and Circular 10 of 2019

Provision of data for conducting valuations

Adequacy of disclosures to the members

Monitoring expenses

Consolidation of funds significantly or fully invested in Guaranteed fund to enable conduct of valuation on the pool.

Substitution of BOT for Committee of members were there is no BOT or BOT is incapacitated.



THANK YOU

