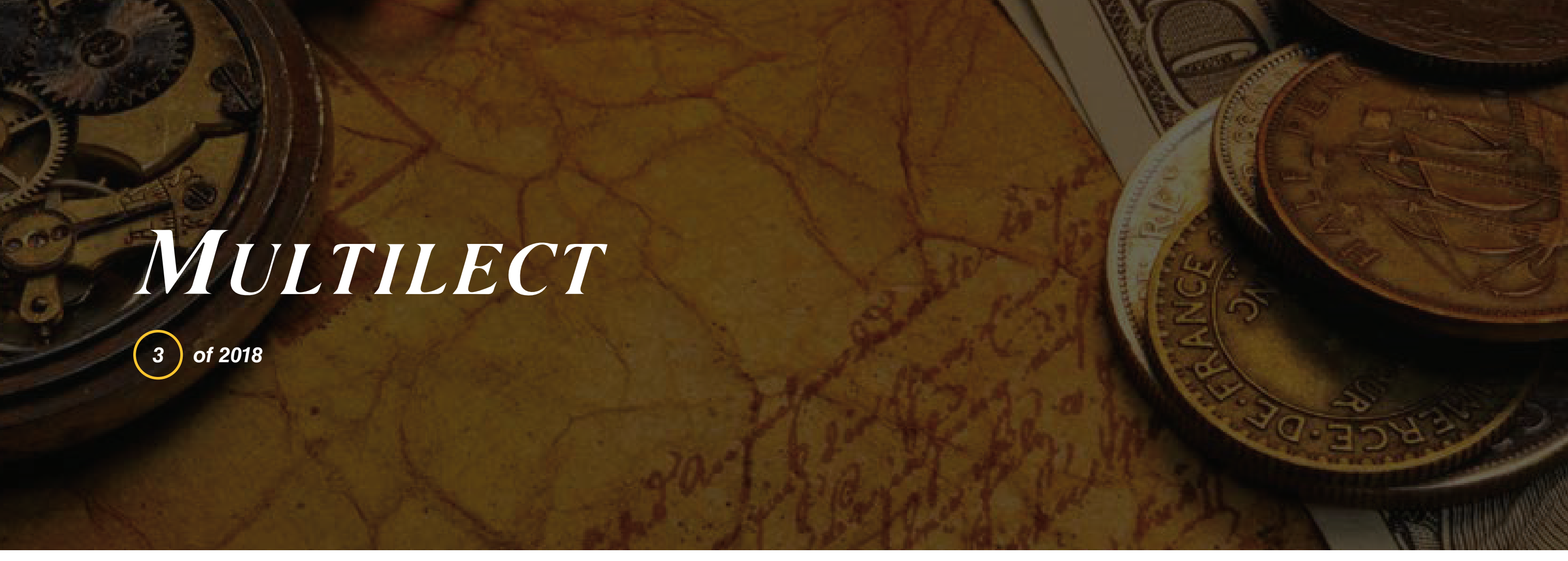

Multilect Newsletter

3 of 2018

All you need to know about Regulation 28 of the Pension Funds Act

Regulation 28 of the Pension Funds Act applies to retirement annuities, preservation pension and provident funds, and employer-sponsored pension or provident funds. This regulation sets out the limits to which retirement funds may invest in particular assets or asset classes.

Regulation 28's limits are referred to as "prudential investment guidelines", in that the objective is the protection of members' retirement capital from poorly diversified investment portfolios.

The main categories are:

- **Equities limit:** 75%. This includes 30% foreign exposure and 10% investment in Africa. Sub-limits are in place for market capitalisation of equities
- **Cash limit:** 100%. Cash or money market has to be held with four South African banks
- **Debt/bonds limit:** 100%. Bank-issued corporate and public debt
- **Property limit**: 25%. Sub-limits are in place with regard to market capitalisation
- **Commodities:** 10% limit applies to gold and 5% limit applies to other commodities
- **Hedge funds/private equity limit:** 15%. Sub-limits are in place for individual hedge or private equity funds and for funds of hedge funds, or funds of private equity funds
- **Other assets limit:** 2.5%. This refers to assets not listed above

LEGISLATION WATCH

The Taxation Laws Amendment Bill has been published and the Explanatory Memorandum has been uploaded onto the website.

The following paragraphs are of relevance to members:

1.5: It is proposed that members who are emigrating should also be able to withdraw their preservation fund benefit.

1.6: Members of employer-sponsored pension or provident funds are to be allowed to transfer their benefits to a preservation fund after reaching normal retirement date in the employer-sponsored fund. Members may not, however, be allowed to effect a once-off withdrawal on these transfers.

Also of importance are:

1.4: Actuarial surplus transfers within funds of the same employer will not create a taxable fringe benefit.

1.2: Apportionment of medical tax credit between taxpayers where there is sharing of medical aid contribution.

To assist members, we have uploaded a list of the most common tax certificate types onto the website.

JSE HISTORY

Prudential Investment Managers; Firer et al/IAJ, 1999 and I-Net have prepared a fascinating graph on the history of the JSE, together with global history and finance and South African history from 1900 to date. The graph has been uploaded on the website.

Just imagine: R100 invested in 1900 would have grown to R94 329 106 by the end of 2017! But perhaps more fascinating is the volatility introduced by computers and speed of information exchange since the mid-1960s.

NEW LONG-TERM CARE POLICY

Recent news articles quoting scientists saying there are people alive today who will reach 200 years old again highlighted the dilemma of having to fund long-term care. In our business, we meet many people who are assisting aged relatives requiring special care.

Hollard has introduced a long-term care policy where the benefit, unlike traditional disability policies, is a monthly payment either to the policyholder or the service provider of the long-term care for as long as the claimant needs care.

What we like about this product is that it is not event specific (for example a heart attack or stroke), but instead based on inability to perform three or more activities of daily living.

These daily living activities are washing, dressing, feeding, toileting, mobility, transferring (from bed to chair or wheelchair) and communicating.

The specs for this product have been uploaded on the website in the Seniors' Tips section. For more information, please contact **Marina (tel: +27 (0)11 486 5566)** or **Alessandro (tel: +27 (0)79 459 2979).**

Visit **www.multilect.co.za** to access our searchable database.

Warm regards
Marina Higginson