



## **PENSION/PROVIDENT FUND CONTRIBUTIONS**

Increasing incidents of amounts deducted by an employer from an employee's remuneration for payment to any benefit fund not being paid in time have necessitated the following action.

The process is designed to give effect to the Provisions of Section 13 of the Pension Fund Act, read with Section 34a of the Basic Conditions of Employment Act (B.C.E.A).

The process will be implemented jointly by the Board of Trustees of the Southern / Eastern Cape Pension and Provident Funds and the East London Pension and Provident Funds for the Building Industry; the B.I.B.C. and Alexander Forbes, being the Administrator of the above Funds.

The process will be overseen by the Principal Officer. Due to the vastness of the Region and the logistical diversity of building sites throughout the Region, the process will be driven by written communication via the various employers' office premises.

The process will entail three stages prior to reporting a defaulting employer to the relevant authorities, i.e. Financial Services Board (F.S.B.) and South African Police Services (S.A.P.S.)

The first stage will commence within seven (7) days after each end of the month for which the contributions are intended. Should an employer not have paid over the required contributions to the collecting agent, being the Bargaining Council, a series of letters will be dispatched sequentially by e-mail / fax or mail.

Letter A: will advise the employer that he is in breach of the relevant provisions of the Pension Fund Act; and the Board is compelled to act and advise him that his employees are out of benefit; that he must rectify the situation within seven (7) days, failing which his employees will be advised of his default in paying over their contributions.

Letter B: will refer to Letter A and advise that payment is still outstanding. He will now be put on terms that if the relevant payment is not received within ten (10) days of Letter B, the matter will be reported to the F.S.B. and his employees will be advised.

Letter C: will refer to the previous two letters and advise that as no payment has been received, the employer has now been reported to the F.S.B., and his employees have been advised of his default regarding their Pension / Provident Fund contributions.

The employees will be advised by way of confidential letters addressed to each employee, and delivered to the employer's premises / work site.

Should the defaulting employer not pay the outstanding contributions plus interest thereon within ninety (90) days, the matter will be handed over to the S.A.P.S. in respect of criminal charges, as per the requirements of the Pension Fund Act (P.F.A.).

PROVISIONS REGARDING CERTAIN RESPONSE SCENARIOS FROM EMPLOYERS AS A RESULT OF THE ABOVE PROCESS

Response (1): "My employees do not want to belong to the Fund any longer..."

Action: Alexander Forbes to be approached to set up an informative session with employees / employer, in order to advise of benefits and what they stand to lose.

Response (2): "My company no longer participates in the "Stamp system" / Pension / Provident Fund."

Action: Employer needs to resign officially in terms of Pension Fund Rules – three (3) months notice.

Response (3): "I have cash flow problems – cannot pay over the contributions to the Fund."

Action: Can enter into repayment Agreement over period of time, but Fund must continue to report it to F.S.B. / S.A.P.

Response (4): Deductions made, but contributions not paid over.

Action: Serious! Fraud, cannot tolerate. Report to S.A.P. / F.S.B.

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