



The journey

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What are the minimum skills and training requirements for you as a board member of a retirement fund?

Introduction

Members of the board of trustees of a retirement fund are expected to understand their duties and responsibilities and what is required to be regarded as a fit and proper person. Section 7A(3) of the Pension Funds Act (“the Act”) requires that a board member must, within six months of his/her appointment, attain such levels of skills and training as may be prescribed by the Financial Sector Conduct Authority (“the FSCA”). In addition, a board member must also maintain such skills and training throughout his/her term of office.

The final FSCA Conduct Standard setting out these prescribed minimum levels of skills and training was issued on 10 July 2020. A Conduct Standard is subordinate legislation and board members must therefore comply with it. The requirements are applicable to all board members, including alternate board members. Members of an advisory body of an umbrella fund or members of a sub-committee of a board of trustees who are not board members are not required to comply to the minimum skills and training requirements set out by the Conduct Standard.

The minimum level of skills and training that a board member must attain is certification of the Trustee Training Toolkit (the Toolkit), the training facility provided by the FSCA.

How to register for the Toolkit?

Registration is free and only an email address is required. The process is as follows |

Step 1: Go to www.trusteetoolkit.co.za

Step 2: Click on Register and fill in your details.

Step 3: Go to Login and enter your e-mail address. A temporary password will be e-mailed to you.

Step 4: After logging in, scroll to the bottom of the screen, click on the Change Password link to change the allocated password to your own preferred password. Click Submit, which will take you to the Welcome page.

Step 5: To start the tutorial, click the Continue button. On the left-hand side of the screen, you will find the tutorial guide images.

What does the Toolkit comprise?

The Toolkit comprises tutorials, case studies, a formative (initial) assessment and a summative (final) assessment. The summative (final) assessment is made up of 79 multiple choice questions and aims to assess the candidate's knowledge. A score of at least 50% is required to successfully complete the Toolkit which must be done in one session. Upon completion of the assessment, you will be provided with a certification of completion indicating your scores. These are | Diamond (90+), Platinum (80+), Gold (70+), Silver (60+) or Bronze (50+). There are no restrictions on the number of times a board member may complete the toolkit, either to ensure competence or to improve the score.

Summative (final) assessment must be completed under supervision

The summative (final) assessment of the Toolkit must be undertaken under the supervision of either the principal officer or chairperson of the board member's retirement fund, who must ensure that the board member completed the assessment without any assistance. Upon completion, the principal officer or chairperson will sign a declaration confirming the completion of the assessment. This declaration will be generated by the FSCA system upon completion of your assessment.

If it is impractical for the assessment to be undertaken under supervision, e.g. due to geographical challenges the principal officer or chairperson will incur unnecessary travel costs to supervise, the board member will need to make a declaration confirming that the summative (final) assessment was undertaken without assistance.

By when must the Toolkit certification be attained?

Board members who took office before 10 July 2020 are required to attain the certification by 10 January 2021. All board members who took office after 10 July 2020 must complete the Toolkit within 6 months of taking office as a board member.

What if a board member already completed the Toolkit prior to 10 July 2020?

Board members who completed the Toolkit prior to 10 July 2020 will be required to complete a declaration confirming that the Toolkit was completed without assistance. These board members will not need to redo the Toolkit but will be required to complete additional modules as and when such are added to the Toolkit by the FSCA.

The FSCA can be contacted on info@fsc.co.za to confirm that they have record of board members having completed the Toolkit

What if a board member fails to complete the Toolkit within the prescribed period?

The FSCA confirmed that failure to comply with the Conduct Standard will not automatically render individuals ineligible to remain a board member. However, section 26(2) of the Act could become applicable, which means that the FSCA may, as it deems appropriate, decide to appoint additional persons to the board regardless of the provisions of the rules of the fund. The FSCA will assess each case on its own merits. Boards should take the successful completion of the Toolkit into account when the renewal of a board member's appointment or election is considered.

If the Toolkit is updated/enhanced, must board members complete it again?

The Toolkit will be updated and enhanced by the FSCA as and when necessary. These updates will be done in such a way that board members will only have to complete the assessment of additional prescribed modules. Such assessments will be under the supervision of the principal officer or the

chairperson of the fund. The FSCA will determine the dates by which board members must complete any additional modules.

Can a board member apply for extension for and/or exemption from completion of the Toolkit?

If a board member is unable to complete the Toolkit within the prescribed period, extension may be applied for from the FSCA. Further, if circumstances make it impractical to complete the Toolkit, e.g. the term of office of the board member will terminate soon after 10 January 2021 and the board member will not be re-appointed/elected, exemption may be requested from the FSCA.

The board of trustees does not have the discretion to grant board members an extension and/or exemption. It will be the board member's responsibility to request the extension and/or exemption in terms of sections 279 and 281 of the Financial Sector Regulation Act, respectively. Retirement funds are only responsible for monitoring compliance of the Conduct Standard by all their board members.

How will the FSCA monitor compliance with the minimum skills and training requirements?

To ensure and monitor compliance with the Conduct Standard, the FSCA will maintain a record of the successful completion of the Toolkit and any additional modules by each board member.

For more information, please talk to your Momentum Consultants and Actuaries' Consultant or contact us at mca@momentum.co.za.

Elana van den Berg
Momentum Consultants and Actuaries
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