

External Integrated Summative Assessment

**Occupational Certificate: Professional Principal Executive Officer:
Retirement Fund Trustee**

(SAQA ID: 99574) NQF Level: 5 Credits: 120

Exam Number															
ID Number															
Name of the Assessment Centre															
Date of Assessment	WEBSITE EXAM PAPER														
Duration	2,5 Hours														
Total	100														
Required Pass Mark	50%														

Examiner Use Only			
Question	Total Mark Examiner	Total Mark Moderator	Mark obtained
Section 1			
Section 2			
Section 3			
Total Mark obtained			
Signature of Marker			
Signature of Moderator			

INSTRUCTIONS

The assessment consists of **3 Sections** with short and long questions, which must be answered in the space provided **below** each question in the exam script. Your completed examination script must be handed in before your departure.

ALL QUESTIONS ARE COMPULSORY

Important Information:

1. This assessment is a **closed book exam** and no handbooks, study material, or notes other than the board pack that was distributed prior to the assessment, are allowed in the exam room.
2. This exam is a **non-disclosure exam**, which means that no information regarding the questions and/or content may be disclosed or distributed in any manner or format.
3. Candidates are not allowed to receive any form of assistance and must adhere to the invigilator's instructions at all times.
4. No exam papers, board packs, booklets or scrap papers may leave the exam room.
5. All exam scripts to be handed over to the invigilator **before** leaving the exam room.
6. Ensure that your handwriting is **legible** at all times.
7. Only use a **black ink pen** when completing any document during the examination.
8. No additional time will be provided.
9. Cell phones are strictly not allowed to be used for any reason whatsoever in the exam room
10. You may use non-programmable calculators.
11. No candidate may leave the EISA venue before 30 minutes after the commencement of the assessment session.
12. You will not be permitted to leave the exam room until you have submitted your exam script. Once you leave the exam room, you will not be permitted to return to the venue.

**External Integrated Summative Assessment Terms and Conditions:
Occupation Certificate: Professional Principal Executive Officer: Retirement
Fund Trustee - Occupational Qualification**

TERMS AND CONDITIONS/ INDEMNITY

- 1. I, ID No**
hereby confirm that I have read and understood the aforementioned Terms and Conditions of the External Integrated Summative Assessment for the Occupational Certificate: Professional Principal Officer: Retirement Fund Trustee and that I am bound by them
- 2.** I agree and acknowledge that I enter upon and exit the examination premises (inclusive of the parking areas) and use the equipment and facilities entirely at my own risk.
- 3.** I authorise Batseta as the Assessment Quality Partner to send any correspondence intended for me, including the outcome of EISA, Appeal, Complaint, Re-mark of my Examination script and any other correspondence intended for me to the designated e-mail address provided to Batseta.
- 4.** I indemnify Batseta against any claim arising from my personal information being sent to the registered e-mail address provided to the examination body during the registration process. This indemnify shall apply in favour of Batseta as the Assessment Quality Partner should the e-mail address be wrong or not updated with my latest details.

Signature: _____

Date: _____

Section 1

Multiple Choice

20 Marks

Clearly indicate your answer in the corresponding block on the right

Learner Note:

Please refer to the **ADDITIONAL RESOURCES– EXTRACTS FROM BOARD PACK** on **PAGE 22** of this exam paper where indicated to do so, to answer the questions below:

Question 1.1

Accepting a position as a Trustee on the board means that a person can be individually held liable for any breach of governance which results in any loss to the fund. What type of Insurance must be in place to protect the fund against any breach of governance?

• Third party insurance	
• Life insurance cover	
• Fidelity cover	
• Funeral cover	

Question 1.2

Where would one find the duties of a Board of Trustees?

• In Directive 8	
• In King IV	
• In the Pension Funds Act	
• In the Rules of the Fund	

Question 1.3

In whose best interest does the Board of Trustees of a Retirement Fund operate?

• The Employer	
• The Regulator	
• The Members	
• The Fund	

Question 1.4

According to **Extract 1 on page 22 of this exam paper** board members must meet certain criteria to serve as a trustee. When a Trustee is replaced on the Board, which of the following selection criteria will apply?

<ul style="list-style-type: none">• Board members must be fully qualified with NQF level qualifications	
<ul style="list-style-type: none">• Board members must be financially sound at the time of election	
<ul style="list-style-type: none">• Board members must be persons of good standing, skill and experience	
<ul style="list-style-type: none">• Board members may under no circumstances have a record of any misdemeanor	

Question 1.5

In terms of the **Extract 2 of this exam paper on page 22** - which of the following statements is correct in terms of the governance of trustee appointments?

<ul style="list-style-type: none">• Employer appointed trustees may be appointed by means of a ballot and election	
<ul style="list-style-type: none">• The period of office for a Trustee on this fund is 5 years	
<ul style="list-style-type: none">• All appointed trustees must be appointed by means of a Fund Board Resolution	
<ul style="list-style-type: none">• All appointed trustees must be appointed by means of a ballot and election	

Question 1.6

Which of the following laws do not have a direct bearing on Retirement Funds?

<ul style="list-style-type: none">• The Pension Fund Act	
<ul style="list-style-type: none">• The Labour Relations Act	
<ul style="list-style-type: none">• The Occupational Health & Safety Act	
<ul style="list-style-type: none">• The Income Tax Act	

Question 1.7

Which regulation aims at providing the requirements of an Administrator of a retirement fund?

• Section 13B of the Pension Funds Act of 1956	
• Regulation 28 of the Pension Funds Act of 1956	
• Section 37C of the Pension Funds Act of 1956	
• Directive 8 issued by the FSCA	

Question 1.8

According to **Extract 2 of this exam paper on page 22** – how many Board members are needed to form a quorum for a meeting?

• The Principal Officer plus four board members	
• Four board members	
• Two member trustees and two employer trustees	
• Three board members	

Question 1.9

Who is responsible for the management of the transfer of records or assets of a fund to a newly appointed service provider?

• The Principal Officer through delegation to the Administrator of the Fund	
• The Participating Employers within a Fund	
• The Board through delegation to the Administrator of the Fund	
• The Administrator and Benefit Consultant through the Principal Officer	

Question 1.10

In terms of **Extract 4 of this exam paper on page 23** - which of the following statements is correct in terms of the governance of trustee appointments?

<ul style="list-style-type: none">• Employer appointed trustees may be appointed by means of a ballot and election	
<ul style="list-style-type: none">• The period of office for a Trustee on this fund is 3 years	
<ul style="list-style-type: none">• All appointed trustees must be appointed by means of a formal nomination and electoral process	
<ul style="list-style-type: none">• All appointed trustees must be appointed by means of a ballot and election	

Question 2.3

With reference to the decisions noted in the Decision Log (**See Extract 5 on page 23 of the exam paper**) - List the decisions that should be noted in the Annual Financial Statements.

(2 marks)

Question 2.4

With reference to Extract 6 on page 23 of the exam paper that the Alpha AD Portfolio is Non-compliant with Regulation 28.

2.4.1, Provide two (2) reasons why the investment portfolio may be non-compliant.

(2 marks)

2.4.2 Identify and list two types of risks the non-compliance matter has on the Fund.

(2 marks)

2.4.3. It is noted that the fund's Investment Policy Statement needs to be approved. Noting the matters above, how should the fund address the approval of the IPS?

(5 Marks)

Question 2.5

Consult **Extract 7 on page 23 of the exam paper** the financial statements and answer the questions hereunder:

2.5.1 What is the date of the financial year-end of the Fund?

(1 mark)

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2.5.2 Name two key financial functions of the following role players in a Retirement Fund:

- Principal Officer
- Auditor
- Administrator
- Investment Manager

(8 marks)

Section 3: Essay Questions

40 marks

In this section choose **ONLY TWO** of the questions given.

Question 3.1

Below is a list of the Administrator Service Level Agreement components which should be included in an SLA:

- Power of the Administrator
- Powers which the trustees may delegate
- The Administrator will ensure that investments comply with Regulation 28 and the Pension Funds Act
- How much the Administrator will be paid
- Termination of agreement details

Looking at your own fund's SLA of the Administrators in the discuss whether each of these components are adequately addressed in the SLA and motivate your answer.

(20 marks)

Question 3.3

The board is expected to approve the distribution of death benefits to the dependents of the late Bafana Thembu. An allocation was made to his biological father who also passed away. Julia Thembu is the only sister of the deceased and now insist that in the wake of death of Mr Thembu’ she should get his share of the pension money.

She indicated that she made numerous phone call to the fund to raise the issue but to no avail. She now insisted on the particulars of the Pension Fund Adjudicator. She also threatened to involve her lawyer if the matter is not resolved immediately.

Explain to Ms Julia Thembu what to expect when lodging a complaint with the fund and office of the Pension Fund Adjudicator if her complaint is not adequately addressed by the fund.

(20 marks)

ADDITIONAL RESOURCES: EXTRACTS FROM BOARD PACK

EXTRACT 1

2 WHO SHOULD BE BOARD MEMBERS? •

Board members must be persons of integrity. This implies that they must be honest, law-abiding and free from corruption. Persons who behave, or have in the past behaved, in a manner contrary to these standards, must not be permitted to become or remain board members.

Board members must be persons of good reputation, insight, diligence, high calibre, credibility, skill and experience. For this reason appropriate terms of office, training and succession planning should take place.

The composition of the board should be reviewed from time to time to ensure that it has the requisite skills for the effective management of the fund.

EXTRACT 2

- 5.13 The term of office for board members is five years whereupon they become available for re-election/re-appointment. Any vacancies need to be filled within the prescribed period as set out by the Registrar of Pension Funds from time to time or as required in terms of the rules of the fund should this period be less than the prescribed period.

EXTRACT 3

1.1 Welcome and Apologies - Chair

The chairman to open the meeting, with special welcome to the new trustees. Apologies to be noted.

1.2 Quorum

In terms of Rule 8.7, a quorum shall be 2 Member trustees and 2 Employer trustees.

EXTRACT 4

5.14 Board members will be appointed and or elected, as appropriate, through a formal process. The board is responsible, subject to the rule, to set the nomination and electoral procedures.

EXTRACT 5

4.2 Decision Log – Anzo Consultants Reporting

Decision No	Date of Meeting	Decision Taken	Status
1	20/11/2023	Change in normal retirement age to 63	Resolution signed – rule amendment approved
2	20/11/2023	Change in contribution rate	Resolution signed – rule amendment approved
3	20/11/2023	Appointment of tracing company	SLA signed
4	20/11/2023	Distribution of Mr Roos's death claim	Resolution signed
5	20/11/2023	Investment strategy change	In line with default legistration. Further update with King IV in progress

EXTRACT 6

3.4	Regulation 28 Reporting
	The trustees noted that the fund was Reg 28 compliant at February 2023
	Asset Manager
	Rainbow Investments Ltd – Alpha AB(Compliant)
	Rainbow Investments Ltd – Alpha AC(Compliant)
	Rainbow Investments Ltd – Alpha AD(Non -Compliant)
	Rainbow Investments Ltd – Alpha AE(Compliant)

EXTRACT 7

NOTES TO THE FINANCIAL STATEMENTS – SCHEDULE HA

1. Accounts receivable

	31 December 2022 R	31 December 2023 R
Interest accrued	264,688	295,247
Dividends receivable	358,688	224,247
Re-insurance proceeds	-	68,036
Other	-	
	622,972	746,425