



Legal Services

FINANCIAL SERVICES



ON THE SCALES 15 OF 2018

The Financial Sector Conduct Authority Levies – 2018

The Financial Sector Conduct Authority ('FSCA') has amended the levies payable by financial institutions in terms of the Financial Services Board Act. The revised levies are applicable for the year 1 April 2018 to 31 March 2019 ('the levy year').

Where there is a change, the old figure is indicated in brackets.

Levy on Pension Funds

The levy on registered or provisionally registered pension or provident funds (excluding retirement annuity, preservation and commercial umbrella funds) is:

a) R1 206.28 (R1 138);

PLUS

R14.27 (R13.46) per member.

Persons who receive regular periodic payments from a fund, such as spouse and child pensions are included as members. Members whose benefit in the fund remains unclaimed as well as beneficiaries are excluded.

OR,

b) R2 764 018 (R2 607 564)

On the Scales is produced by Alexander Forbes Legal Services department to provide clients with information on employee benefits. The issues need to be carefully considered taking into account the specific circumstances of each of our clients.

July 2018

Whichever total amount of (a) or (b) is the lesser.

Levy on Commercial Umbrella and Preservation Funds

The levy on registered or provisionally registered commercial umbrella funds and preservation funds is:

a) R1 206.28 (R1 138);

PLUS

R14.27 (R13.46) per member.

Persons who receive regular periodic payments from a fund, such as spouse and child pensions are included as members. Members whose benefit in the fund remains unclaimed as well as beneficiaries are excluded.

Levy on Administrators

The levy for administrators approved in terms of section 13B of the Pension Funds Act is:

R7 700.31 (R7 264.44);

PLUS

R600.29 (R566.31) per fund under the administration of the administrator;

PLUS

R0.73 (R0.69) per member.

Persons who receive regular periodic payments from a fund, such as spouse and child pensions are included as members. Members whose benefit in the fund remains unclaimed as well as beneficiaries are excluded.

With respect to the levies on pension funds, commercial umbrella funds, preservation funds and administrators set out above, the following applies:

The calculation of the levy is based on the number of members reflected in the latest statistics furnished to the FSCA as at 30 June 2018.

If a transfer of members is in process and not finalised on 30 June 2018, the transferor fund must pay the levy in respect of the members to be transferred.

Where the appointment of a liquidator of a fund is approved by the FSCA after 30 June 2018, the levy for the fund is payable in full for the levy year.

Applicable levies must be paid by no later than 31 August 2018.

Levy on retirement annuity funds

The levy on retirement annuity funds ("RAF's") is **R1 206.28** (R1 138);

PLUS

an additional amount equal to **0, 0097** per cent of the value of the assets of the RAF. The value of the assets is that reflected in the latest statistics furnished to the FSCA as at 30 June 2018.

If a transfer of members is in process and not finalised on 30 June 2018, the transferor fund must pay the levy in respect of the value of the assets for the members to be transferred.

With respect to all RAFs, where the appointment of a liquidator of a fund is approved by the FSCA after 30 June 2018, the levy for the fund is payable in full for the levy year.

The FSCA has laid down a method for valuing the assets of a RAF.

Applicable levies must be paid by no later than 31 August 2018.

Levy for Pension Funds Adjudicator

All pension, (including commercial umbrella funds), preservation, and RAFs have to pay a levy for the Pension Fund Adjudicator of **R6.05** (R5.21) per member. Included as members are any persons who receive a regular periodic payment from such fund, but excluding any person whose benefit in the fund remains unclaimed.

Where a transfer of members is in process and not finalised on 30 June 2018, the transferor fund must pay the levy in respect of the value of the assets for the members to be transferred.

Where the appointment of a liquidator of a fund is approved by the FSCA after 30 June 2018, the levy for the fund is payable in full for the levy year.

Applicable levies must be paid by no later than 31 August 2018.

Levy on friendly societies

Any friendly society registered or provisionally registered in terms of the Friendly Societies Act of 1956 remains exempt from the payment of levies since 1 April 2006.

Levy on long-term insurers

The levy on long-term insurers registered or deemed to be registered in terms of the Long-term Insurance Act who issues disability, fund, health, life or sinking fund policies, remains unchanged and is an amount of **R112 360** plus **0.00837** per cent of the liabilities under unmaturing long-term policies.

The levy on long-term insurers that enters into assistance policies only is **R11 236** plus **0.00837** per cent of the liabilities under unmaturing long-term policies.

The insurer's liabilities taken into account in determining the levy excludes liabilities under a policy funding the liabilities of a Friendly Society or a pension fund. In respect of pension fund liabilities, individual fund member policy liabilities are not excluded.

Special SAM levy on long-term insurers

In addition to the standard levy on long-term insurers above, a long-term insurer who issues disability, fund, health, life or sinking fund policies must pay a SAM levy of **0.00133** per cent of the liabilities under unmatured long-term policies.

Levy on local collective investment schemes

The levy payable by all registered collective investment schemes is a total amount of:

R15 691 816.00 (R15 088 285.00)

The levies due are calculated as follows:

- a) 10% apportioned equally among all managers;
- b) 60% apportioned according to the number of portfolios administered by each manager; and
- c) 30% apportioned in proportion to the total assets administered by each manager.

Levy on authorised financial services providers

Levies are also payable by certain authorised financial service providers, as defined in the Financial Advisory and Intermediary Services Act (FAIS). The levy payable is dependent on the category the financial service provider is registered in. There is an additional levy payable by such providers to fund the office of the FAIS Ombudsman.

This levy is payable on or before 31 October 2018.

Exemption Applications

Financial institutions may apply, in writing, to the FSCA for exemption from any of the above levies. Such application, which must contain full particulars of the institution, must be well motivated and must be made at least one month before the date on which the exemption, as set out in the application, is to take effect.

The application must contain –

- i. confirmation by the financial institution that it will provide the FSCA with information the FSCA may require in connection with the institution or application; and
- ii. particulars of the address at which the financial institution will accept service by the FSCA of any notice in connection with the institution's application for exemption.

Notices by the FSCA can be served by registered post at the address furnished by the financial institution.

Interest payable on overdue levies

Interest will be charged on all overdue levy accounts at the prime interest rate.

Manner of payment

Levies, and interest if any, are payable by cheque, cash or money transfer.

If you need more information, please contact your consultant.
