



DEFAULT REGULATIONS

The Minister of Finance issued the Default Regulations, in terms of Section 36 of the Pension Funds Act 24 of 1956, which prescribe conditions for default investment portfolios, default preservation and portability, and annuity strategies for Retirement Funds. All new default arrangements that came into operation on or after 1 September 2017 must comply with the requirements set out in the Default Regulations. Existing default arrangements must be fully aligned to the Default Regulations by 1 March 2019 and the Financial Sector Conduct Authority (FSCA) will examine funds' compliance with the Default Regulations from 1 March 2019. [Click here to download the Government Gazette.](#)

The Trustees of the Destiny Retirement Funds, together with their supporting committees, have outlined how the Funds will comply with these regulations which requires:

▼ ESTABLISHING A DEFAULT INVESTMENT STRATEGY

Regulation 37 requires that a fund offers its members a default investment portfolio which is not excessively complex or unreasonably expensive.

The purpose is to seek to standardise and simplify the default investment portfolios in which members are enrolled during the accumulation stage, with the aim of promoting transparency and fair costs.

The Destiny Retirement Funds' default investment strategy for its members is the **Destiny LifeStage Model**, allowing members to be invested in a Portfolio relative to their age. This is regularly reviewed by the Funds' Investment Committee.

| | | | |
|--------------------|---------------------------|--------------------|---------------------|
| Age < 50 | Market Enhanced Portfolio | Age 50 - 57 | Moderate Portfolio |
| Age 57 - 62 | Conservative Portfolio | Age > 62 | Defensive Portfolio |

Taking the above into consideration, a Member Representative Committee or the Employer Authorised Representative/s of the Destiny Umbrella Funds or individual members of the Destiny Preservation Funds or the Destiny Retirement Annuity Fund may have set parameters that differ to the abovementioned default investment strategy in terms of Default Regulation 37.

▼ ESTABLISHING A METHOD OF PRESERVATION AND PORTABILITY

Regulation 38 requires that a fund offers its members the option of preservation and portability when leaving the service of their employer.

The purpose is to seek to encourage preservation when members change jobs, which is critical in assisting members in achieving their retirement needs.

The Destiny Retirement Funds allow members who terminate service before retirement to become paid-up in the Fund, until the Fund is instructed by the member in writing to make payment of or transfer his/her benefit. This process will be facilitated by allowing members to confirm their instruction when completing their Claim Notification Form upon termination of service.

Further, in line with legislation, upon leaving their employer, members have the option to transfer to the Destiny Preservation Fund. This allows members to remain invested in the investment strategy or portfolios they were invested in upon exit from employment while still enjoying the benefits of economies of scale and having the option to switch to other portfolios offered by the Fund.

Regulation 38 also requires that members have access to retirement benefit counselling before their withdrawal is processed. The Destiny Retirement Funds offer all members this service, at any time, through the Member Engagement process.

All members are provided much needed information to assist them in every step of their retirement savings journey, enabling them to make well informed decisions about their retirement savings.

▼ ESTABLISHING AN ANNUITISATION STRATEGY THAT WOULD BE APPROPRIATE FOR ITS MEMBERS

Regulation 39 requires that a retirement fund offers its members an annuity strategy.

The purpose is to protect members at retirement by providing them with cost-effective and suitable annuities.

The Trustees of the Destiny Retirement Funds have endorsed an annuity strategy that complies with regulatory requirements and will be available to all members of the Funds. The annuity strategy provides sufficient flexibility in terms of income and investments.

The Board of Trustees has selected the Momentum Wealth Retirement Income Option utilising the Destiny Portfolios as the default Living Annuity. The costs are highly competitive and allow members to continue to invest in the Destiny range of portfolios.

| ASSOCIATED COSTS | | | | | |
|--------------------------------------|---|----------|--------------|-----------|--------------|
| Destiny Portfolio | Market Enhanced | Moderate | Conservative | Defensive | Money Market |
| Asset Manager Fees | 0.66% | 0.64% | 0.62% | 0.58% | 0.46% |
| Momentum Wealth Platform Fees | 0.40% | 0.40% | 0.40% | 0.40% | 0.40% |
| Financial Planning Fees | Negotiated (max 0.5% plus VAT upfront & 0.75% plus VAT ongoing) | | | | |