



NAMIBIA FINANCIAL  
INSTITUTIONS SUPERVISORY AUTHORITY

– Safeguarding the Nation's Wealth! –

06 January 2003

*Enquiries: Ms. G.Gaoses*

**TO: ALL PENSION AND RETIREMENT FUNDS PRINCIPAL OFFICERS  
ALL PENSION AND RETIREMENT FUNDS ADMINISTRATORS**

Circular No: PI/PF/2/2003

Dear Sir/Madam

**SECTION 14 OF THE PENSION FUNDS ACT, 1956: AMALGAMATIONS AND TRANSFERS**

This circular will attempt to clarify some of the increasing commonly asked section 14 transfer questions. NAMFISA would like simultaneously to articulate its position on Circular PF No.78 issued by FSB in South Africa.

1. No transaction involving the amalgamation or transfers of any business carried on by a registered fund with any business carried on by any other person irrespective of whether that other person is or is not a registered fund shall be valid unless the provision of section 14 have been complied with.
2. The valuator of the transferor fund must set out the basis and method followed to calculate the transfer values. In the same vein, the valuator of the transferee fund must submit the report to enable the Registrar to determine that the transferring members, deferred pensioners and pensioners reasonable benefit expectations have been met. It should therefore be noted that irrespective of the type of fund (defined benefit or defined contribution), only the valuator that may determine the above latter.
3. NAMFISA has of late received several requests by Board of Trustees to authorize cash payouts. Boards of Trustees have a fiduciary duty and responsibilities towards the fund and its members and must at all times act with care and due diligence. The Pension Funds act, 1956 was passed with the aim of ensuring that employees, when they reach retirement dates or their dependents at their death, have some money available to sustain their livelihood in order to alleviate the burden on the State social welfare scheme for old-age pension. No benefit may fall due until the employer/employee relationship is severed. The Pension Funds Act prohibits the Registrar from approving cash payouts of fund credits unless the member dies or reaches retirement date.

Yours truly,

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**Frans Van Rensburg**  
**REGISTRAR: PENSION FUNDS**