



TSRF EMPLOYER NEWSFLASH

SECTION 14 TRANSFERS



TRANSPORT
Sector Retirement Fund

What is a Section 14 Transfer?

Why Does the FSCA Need to Approve It?

Important things Employers and Members should know

What are the Regulatory and Legal Requirements?

What are the key Supporting Documentation needed (Per Application)?

This Newsflash Conclusion

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The FSCA must ensure that no member is disadvantaged by the move to a new fund.

What is a Section 14 Transfer?

A Section 14 transfer happens when a group of members (and their retirement savings) moves from one pension fund to another. This can happen when a participating employer changes from one umbrella fund to another or restructures their retirement funding arrangements.

Participating employers of the Transport Sector Retirement Fund (TSRF) need to take note of the legal and governance requirements of Section 14 transfers.

These transfers must be approved by the Financial Sector Conduct Authority (FSCA) before a transfer can be implemented. There is an onerous process to be followed.

It is important to understand this process and for employers to be aware that Section 14 transfers will not be approved if an employer is non-compliant with regards their contributions to the Fund and if the benefits in the new proposed fund, are lesser than the benefits provided for by the TSRF. The FSCA must ensure that no member is disadvantaged by the move to a new fund.



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Why Does the FSCA Need to Approve It?

The FSCA's job is to protect members' retirement savings. They check that:

- ✓ Members are properly informed about the transfer.
- ✓ There's no unfair loss of benefits.
- ✓ The correct value of each member's savings is transferred.
- ✓ Any fees or costs are fair and explained.
- ✓ Both the old and new funds remain financially healthy after the transfer.

Important things Employers and Members should know

- ✓ Members must be notified about the planned transfer.
- ✓ Member consent is usually not needed if benefits remain the same or improve. If any benefit worsens, the FSCA won't allow it.
- ✓ It is important to take note of the requirements for consent by the members, to ensure those are complied with.
- ✓ The transfer value (member's savings amount) must be accurately calculated and approved.
- ✓ Any fees related to the transfer must be clearly communicated.
- ✓ The receiving fund's investment strategy must be suitable for members being transferred.

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What are the Regulatory and Legal requirements?

Requirement	Legal Provision/Standard
FSCA Approval	Section 14(1): No transfer may be executed without prior written approval from the FSCA.
Joint Transfer Application	Directive PF 6: Both funds must submit a full application with transfer agreement and supporting documentation.
Member Communication	Section 14 and FSCA Guidelines: Members must be informed of the transfer. Consent required where benefits or rights reduce.
No Reduction in Benefits	Section 14(1)(c): FSCA must be satisfied that no prejudice to members' benefits or expectations will result.
Valuation and Transfer Value Certification	FSCA Conduct Standard 1 of 2020: Transfer values must be certified by a valuator (DB funds) or accurately calculated (DC funds).
Disclosure of Fees and Costs	PF130 Principles and Conduct Standard 1 of 2020: Full disclosure of transfer fees and associated costs.
Investment Strategy Review	PF130 Governance Guidelines: Ensure receiving fund's strategy is appropriate for transferred members.
Financial Soundness of Funds	Section 14(1)(a): Both funds must remain financially sound post-transfer.
Confirmation of Regulatory Compliance	Funds to confirm compliance with the Act, Conduct Standards, FSCA Directives, and fund rules.



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What are the key Supporting Documentation needed (Per Application)?

- ✓ Transfer Agreement signed by both boards of trustees
- ✓ Auditor / Valuator certificates
- ✓ Section 14 certificate of compliance from both funds
- ✓ Member communication templates and records
- ✓ FSCA-approved transfer value schedules
- ✓ Investment strategy comparison (where relevant)

Compliance with the above legal requirements is **mandatory for any Section 14 transfer application.** The FSCA's role is to safeguard the interests of retirement fund members, ensuring fair treatment, financial security, and adherence to statutory provisions.

Failure to comply may result in regulatory action, application rejection, or penalties as provided for under the Financial Sector Regulation Act, 2017.

This Newsflash Conclusion

This onerous process ensures your retirement money is safely and fairly transferred without reducing benefits or putting members' retirement future at risk. The TSRF provides superior benefits at a very competitive costing and employers are cautioned to think carefully before considering to move to another retirement fund.