

15 May 2020

Dear Valued Member

CONTRIBUTION RELIEF FOR THE MOTOR INDUSTRY PROVIDENT FUNDS

On 22 April we advised members that the **Motor Industry Retirement Funds** approved rule changes that will permit Members to make application for financial relief for a period of up to 6 months. These rule changes were however subject to approval by the Financial Services Conduct Authority (FSCA). This approval has now been obtained, after substantial lobbying and influencing by the RMI.

These rule changes permit a Member to make no contributions, or lesser contributions, which would require a change in pensionable salary for employee via MIBCO return system and the inclusion of an acceptance letter from Funds. The rule changes also makes provision for an instance where the employee works normal weekly hours, but by agreement, receives a reduced pensionable salary, which would also require an amendment to the MIBCO Return for the business and the remittance of a lesser amount of contributions for such a period. The normal 23-hour rule remains in place, i.e. where an employee works for less than 23 hours in any week, NO contributions to MIBCO (including provident fund contributions) are payable for that employee, for that week.

The last option in the table below, has been introduced in the Funds' rules in light of the extraordinary economic circumstances in our country due to the COVID-19 pandemic. The Funds recognise that employers may find themselves in a very poor financial position during this period and they will need time to recover financially before they are back in a financially neutral position. In order to assist an employer that finds itself in this position, the Funds will allow the employer to apply to them to alter their contributions to the Funds. It must be noted that an employer will only be given this relief if it applies for it and if the Funds accept that it is in financial distress.

	OPTION	CONTRIBUTION PAYABLE	ACTION
1	Employee works and receives a salary for working more than 23 hours in a week.	Normal contributions payable.	Submit contributions and schedules via MIBCO return system.
2	Employee not at work and not receiving salary.	No contributions payable.	Submit change in pensionable salary for employee via MIBCO return system.
3	Employee works but for less than 23 hours in a week.	No contribution payable.	Submit change in pensionable salary for employee via MIBCO return system.

4	Employee works normal weekly hours but by agreement receives a reduced pensionable salary.	Contributions payable on adjusted pensionable salary.	Submit contributions and schedules via MIBCO return system.
5	Employee works normal hours but Employer in financial distress and Fund accepts application for relief (see below).	No contributions, or lesser contributions payable in terms of fund agreement with employer.	Submit change in pensionable salary for employee via MIBCO return system. Include acceptance letter from Fund.

Relief measures may be approved for an initial period of up to 6 months, however should the Member be able to show that it is still in distress at the end of this period, an application for a further 3 months' relief may be brought to the Funds.

It has been emphasised though that even if retirement savings contributions are not paid, an employer must try as far as possible to still pay the cost of risk benefits to the Funds for it will jeopardise members and their families if an event such as death or ill-health occurs. The Funds are not in a position to pay the risk portion of the benefit.

Applications for relief may be brought by completing the **forms attached at the end of this Monitor**. Only fully completed forms and certifications will be considered. The employer will be informed of the Funds' decision as soon as possible but not later than 30 days after receiving a properly completed application.

Implementation of the special relief measure for suspension of contributions must only take place after receiving an acceptance letter from the Funds and for the period granted. To the extent that the employer's condition changes during the suspension period and it is able to re-commence contributions before the end date, it must do so.

All completed applications with required attachments must be sent via electronic mail to:

covid19@mifa.org.za



RMI's dedicated help email: rmicovid19info@rmi.org.za

FORM 1

Application for temporary suspension or reduction of Contributions to the Auto Workers' Provident Fund or Motor Industry Provident Fund (delete the fund which is not applicable)

(To be completed by the Employer)

I the undersigned, _____ (insert full names), the (title) _____ of _____ (full registered name and registration number of employer) (hereinafter 'the employer'), with Motor Industry Bargaining Council (MIBCO) reference number _____ and am duly authorised to make this application and declarations on behalf of the employer as the responsible person for retirement fund contributions.

I hereby declare under oath and make the following undertakings and requests on behalf of the employer:

1. The employer is experiencing financial difficulty and/or low cash flow and is (please tick appropriate box below):

_____ Not in a position to pay any contributions

_____ Only able to pay _____% of employer and _____% member contributions to the Fund for the period _____ (start date) to _____ (end date).

Please note that this period commences from 1 April 2020 at the earliest and for a maximum period of 6 months.

2. The employer attaches a letter of confirmation of its distressed financial position from its auditor and/or accountant, who is registered as such with the relevant professional body for accountants and/or auditors in South Africa. The accountant/auditor's letter must confirm that s/he has evaluated the employer's financial position, the employer is in financial distress, the extent of the distress is serious but of a temporary nature, and must also confirm that the suspension/reduction of retirement fund contributions is a necessary measure to bring the employer back to financial stability.

3. The employer therefore requests the fund to allow it to (please tick which is applicable)

_____ Suspend contributions

_____ Reduce contributions for the above-mentioned period.



4. The employer undertakes to resume contributions upon the expiry of the end date. To the extent that it is still unable to do so, the employer will make a second and new application in a similar form to this application to the fund for a suspension of contributions from the end date to the extended date, which extended date will not be longer than three months from the end date. In the event that the employer is able to resume contributions before the end date, the employer undertakes to re-commence contributions as soon as this occurs.
5. To the extent that the employer and its affected employees will be able to pay the contributions not paid during the contribution break once it has returned to a stable financial position, the employer will make every endeavour to pay these contributions to the fund.
6. The employer will continue to pay the cost of risk benefits and administration costs to the fund in order to ensure that the fund is able to continue paying any death and/or ill-health benefits that its employees or their beneficiaries may become eligible for during the suspension period.
7. In the event that the employer is unable to pay the cost of risk benefits and administration costs, the employer acknowledges and undertakes to inform its employees that the fund will try to continue paying these benefits, but that the trustees on the advice of the valuator may cease or reduce these benefits in the event that it is decided that the fund is no longer able to pay them in terms of its rules.
8. The employer provides a list of all its affected employees as an attachment to this sworn declaration.
9. The employer also confirms that it has circulated the attached copy of member communication to its affected employees on behalf of the fund. It is noted that a condition of granting this application for suspension of contributions is that members are informed of this application before it is granted.
10. The employer hereby acknowledges that the Fund relies on the information provided to it by its accountants and itself. If it is found that the information provided is false or incorrect, the employer will be obliged to pay all contributions plus late payment interest to the Fund at the normal contribution rate as if no relief was granted to it. The Fund is hereby empowered to accept this representation as a consent to judgment against it if the information herein is found to be false or incorrect. In addition, the Pension Funds Act, 1956 also makes non-payment of contributions a criminal offence, so the employer would be liable for criminal sanctions as well. The Fund will also be permitted to report the employer's accountants to the Regulatory body for Auditors and Accountants in South Africa for disciplinary action if the accountant's representations are false or incorrect.
11. The employer acknowledges that the granting of relief from contributing to the fund is at the discretion of the trustees and subject to the fund's rules. The employer



makes this application in the knowledge that the facts deposed herein are true and correct.

Signed at _____ on this _____ day of _____ 2020

Full names

Witness 1

Designation at employer

Witness 2

I hereby certify that the deponent declares, knows and understands the contents of this affidavit and that it is to the best of the deponent's knowledge both true and correct. This affidavit was signed and sworn/affirmed to before me at _____ on this _____ day of _____ 2020 and that the Regulations contained in Government Notice R1258 of 21 July 1972, as amended, have been complied with.

COMMISSIONER OF OATHS

For office use

Receipt date: _____

Received by: _____



RMI's dedicated help email: rmicovid19info@rmi.org.za

FORM 2

MEMORANDUM

TO: _____

DATE: _____

RE: NOTIFICATION OF APPLICATION TO TEMPORARILY SUSPEND RETIREMENT FUND CONTRIBUTIONS TO THE AUTO WORKERS' PROVIDENT FUND/MOTOR INDUSTRY PROVIDENT FUND (DELETE THE FUND WHICH IS NOT APPLICABLE)

Your retirement fund has carefully looked after your retirement funding savings for more than two decades and will continue to do so for many more years. The fund and its trustees will always act in your best interests and will protect your rights in the fund to the best of their ability.

As you know, our country has been deeply affected by the Covid-19 pandemic, the national lockdown and the extended measures put in place by our Government. This has affected the operations of our company and it finds itself in a financially distressed position. In order to prevent the closure of the company, several emergency measures have been introduced. One of these actions which has become available is for our company to apply to the retirement fund for a temporary suspension of contributions.

You are hereby informed that our company will make application to the AUTO WORKERS' PROVIDENT FUND/MOTOR INDUSTRY PROVIDENT FUND (DELETE THE FUND WHICH IS NOT APPLICABLE) for a suspension/reduction (delete whichever is not applicable) of retirement fund contributions in respect of the employer and employee (delete whichever is not applicable) for the period starting _____ (insert start date, which must be on or after 1 April 2020) to _____ (insert end date, which cannot be more than six months from the start date).

Our company will continue paying for risk benefits and administration expenses during this period, so your death and ill-health benefits in the fund are not affected OR Our company will also stop paying risk benefit and administration portion of expenses during this period, in which case you may not receive your full death and ill-health benefits, or they may be reduced by the fund. (delete whichever is not applicable)



Please direct any enquiries to the human resources department, alternatively to the retirement fund by electronic mail _____.

The fund will notify the employer whether it is successful with its application as soon as possible but not later than 30 days after the fund receives the application.

Yours faithfully

Name

Designation

