
GENERAL NOTICES • ALGEMENE KENNISGEWINGS

PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

NOTICE 504 OF 2020

DR DT GEORGE, MP

NOTICE OF INTENTION TO INTRODUCE A PRIVATE MEMBER'S BILL AND INVITATION FOR COMMENT ON THE DRAFT, NAMELY THE PENSION FUNDS AMENDMENT BILL, 2020

Dr Dion George, MP acting in accordance with section 73(2) of the Constitution of the Republic of South Africa, 1996, intends to introduce the Pension Funds Amendment Bill, 2020 ("draft Bill"), in Parliament. An explanatory summary of the Bill is hereby published in accordance with Rule 276(1)(c) of the Rules of the National Assembly (9th Edition).

The outbreak of the COVID-19 pandemic in the Republic has had a severe impact on the South African economy and on the personal financial wellbeing of many South Africans who require financial support.

Section 19 of the Pension Funds Act, 1956 (Act No. 24 of 1956) ("the Act") currently enables pension fund members to access a loan, where the pension fund asset acts as security for such a loan, in order to obtain a home loan. However, the Act does not permit pension fund members to obtain a loan for any other purpose.

The draft Bill therefore seeks to amend the Act in order to allow for pension fund members to obtain a loan, secured by a guarantee from a registered pension fund, to alleviate financial pressure during the COVID-19 emergency or any other emergency similar to COVID-19. The draft Bill provides for a registered pension fund to offer a guarantee to a pension fund member of a maximum of 75% of their share in the value of the fund. By enabling a member to access a pension-backed loan, that member will be able to leverage their pension fund investment prior to their retirement date, without eroding their provision for eventual retirement. Lending institutions will be enabled to offer loans to pension fund members at competitive interest rates and over extended or deferred payment periods given that the loan is fully guaranteed.

Interested parties and institutions are invited to submit written representations on the proposed content of the draft Bill to the Speaker of the National Assembly within 30 days of the publication of this notice. Representations can be delivered to the Speaker, New Assembly Building, Parliament Street, Cape Town; mailed to the Speaker, P O Box 15 Cape Town 8000, or emailed to speaker@parliament.gov.za and copied to lurwinj@da.org.za.

Copies of the Pension Funds Amendment Bill, 2020 may, after introduction, be obtained from:

The Democratic Alliance

PO Box 15, Cape Town, 8000

Attention: Mr L Jeneke

Telephone: 021 404 2689

E-mail: lurwinj@da.org.za