

## **Media Release**

**Association for Savings and Investment South Africa (ASISA)**

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### **ASISA finalises standardised cost disclosure for umbrella funds**

Employers will find it much easier to select the most cost effective umbrella retirement fund solutions for their employees from March next year when the new ASISA Retirement Savings Cost (RSC) Disclosure Standard comes into effect.

The new RSC Disclosure Standard commits members of the Association for Savings and Investment South Africa (ASISA) to present all costs (based on certain assumptions) relating to umbrella retirement fund solutions in a standardised manner, enabling employers to compare like with like when considering quotations from different ASISA members. This will also make it easier for the Boards of Trustees of umbrella funds to consider costs as part of their fiduciary duties.

ASISA and its members started developing the new RSC Disclosure Standard two years ago following the launch of the ASISA Retail Standard on Effective Annual Cost (EAC). The Retail EAC Standard enables consumers and advisers to compare charges and their estimated impact on investment returns across most retail savings and investment products.

Taryn Hirsch, senior policy consultant at ASISA, says while the Retail EAC Standard was being developed, it became apparent that a standardised cost disclosure measure was also necessary in the sponsored commercial retirement fund arena.

Hirsch says it is important to understand that the current RSC Disclosure Standard is only relevant at an employer and trustee level. "It is not a fund member cost disclosure standard and is not designed for disclosure to individual fund members. It should therefore not be confused with the Retail EAC Standard."

The RSC Disclosure Standard also does not apply to stand-alone retirement funds, retirement annuity (RA) funds, preservation funds, beneficiary funds and other retail savings products covered under the Retail EAC Standard.

She says the development of a member-level disclosure standard is the next priority for the ASISA RSC Disclosure working group.

### **What to expect from RSC disclosure**

From 1 March 2019, ASISA members will provide employers and trustees with a disclosure template indicating all costs that will be incurred at a scheme level.

The template will reflect four separate components into which various charges are allocated over various investment periods:

- investment management charges;
- advice charges;
- administration charges; and

- other charges including regulatory, compliance and governance costs.

The RSC is calculated separately for each of the four components and then totalled to derive the RSC for the umbrella fund as a whole. The value for each of the components, as well as the total RSC, will be displayed as a percentage in a table at four mandatory disclosure periods.

	<b>1 Year</b>	<b>1 to 3 Years</b>	<b>1 to 5 Years</b>	<b>1 to 10 Years</b>
Investment management	RSC <sub>Inv</sub> (1)	RSC <sub>Inv</sub> (3)	RSC <sub>Inv</sub> (5)	RSC <sub>Inv</sub> (10)
Advice	RSC <sub>Adv</sub> (1)	RSC <sub>Adv</sub> (3)	RSC <sub>Adv</sub> (5)	RSC <sub>Adv</sub> (10)
Administration	RSC <sub>Adm</sub> (1)	RSC <sub>Adm</sub> (3)	RSC <sub>Adm</sub> (5)	RSC <sub>Adm</sub> (10)
Other	RSC <sub>Oth</sub> (1)	RSC <sub>Oth</sub> (3)	RSC <sub>Oth</sub> (5)	RSC <sub>Oth</sub> (10)
<b>Retirement Savings Cost</b>	<b>RSC Total (1)</b>	<b>RSC Total (3)</b>	<b>RSC Total (5)</b>	<b>RSC Total (10)</b>

### Consultative process

The RSC Disclosure Standard was developed in consultation with a number of stakeholders including the Financial Sector Conduct Authority (FSCA) (the former Financial Services Board), intermediaries, Batseta (the Council of Retirement Funds for South Africa) and other retirement fund trustee bodies.

The final version, which was well received by all stakeholders, was approved by the ASISA Board in April for implementation from 1 March 2019.

### Adherence to the Standard

Hirsch explains that ASISA members are required to submit a compliance certificate to ASISA annually certifying that the RSC calculations and disclosures comply in all respects with the letter and spirit of the RSC Disclosure Standard. The certificate must be signed by the company's CEO as well as either the auditor, statutory actuary, or chief compliance officer.

**Note to Editors:** Please refer to the [RSC Disclosure Standard](#) for more detail as well as examples of the retirement savings cost disclosures.

### Ends

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*ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.*