

STATEMENT TO CONTRIBUTORS – MOTOR INDUSTRY RETIREMENT FUNDS

(Administered by : MIFA (Motor Industry Fund Administrators (Pty) Ltd.)

Recently, Mamodupi Mohlala the former Pension Funds Adjudicator publicly introduced a 'so-called' SCORE-CARD against which she rated 290 of the country's 13 000 registered retirement funds, in an attempt to gauge their performance.

The Adjudicator was not appointed to usurp the functions of the FINANCIAL SERVICES BOARD, the Body that regulates the Retirement Industry, but merely to deal with member complaints against their funds. This limited role of the Adjudicator was publicly acknowledged in the press by Mr. Jurgen Boyd, the Deputy Registrar of Pension Funds, who further stated that the retirement industry is in good health and that the threat issued by the Adjudicator that funds performing poorly in terms of her scorecard, "could have their licences revoked", is a non-issue, as Pension Funds were not licensed entities. Funds were merely required to register with the Financial Services Board for regulatory purposes.

However, the TRUSTEES responsible for the management and administration of the MOTOR INDUSTRY RETIREMENT FUNDS were appalled to learn that the Motor Industry Pension and Provident Funds had been included in her list of 20 "most poorly rated funds".

Her public utterances and rating of the industry have been poorly researched and unfounded. They are both damaging to the retirement fund industry and irresponsible. A public apology and retraction would be appropriate.

The Motor Industry Pension Fund was merged some four years ago with two other pension funds to create a closed pension fund of some 8 000 pensioners. At the same time the Motor Industry Provident Fund was established currently with some 40 000 members. Both funds function extremely well and are closely monitored by the TRUSTEES, the Fund's ACTUARY, separate firms of EXTERNAL and INTERNAL AUDITORS and most importantly THE FINANCIAL SERVICES BOARD in its role as regulator. The MIFA Management and Board support sound governance principles and ongoing monitoring by the FSB, valuing the impeccable relationship developed over the years.

MIFA administers two Pension Funds (defined benefit Funds) and two large Provident Funds on behalf of the retail motor industry employees. The total active membership is 200 662. During the past twelve months no less than 38 000 claims were successfully finalised by the Funds' Administrator. Any attempt by Insurance Brokers/Agents to capitalise on the score-card publicity must be seen as pure opportunism.

It is a fact that frivolous cases are often referred to the Office of the Adjudicator. It is also a fact of life that nobody has any control over the submission of a frivolous complaint, totally devoid of substance. Both the Funds and the Office of the Adjudicator simply have to deal with it and inform the complainant of his/her legal rights and benefits available in terms of the rules of the relevant fund.

Even if all known complaints, whether frivolous or not, are taken into account it would represent only 0.12% of the entire membership served by MIFA! Most importantly, **the Pension Funds Adjudicator has not found it necessary to issue a single determination against ANY of the Funds administered by MIFA over the past two years! Over the past ten years only one determination went against us!**

The TRUSTEES are deeply disappointed that the outgoing Pension Funds Adjudicator, in her enthusiastic attempts to promote her "score-card" legacy, made public utterances, damaging to the good reputation of our Funds (earned over some 56 years) without proper prior research. We refute in the strongest terms the inclusion of any of the Funds administered by MIFA in her list of twenty poorly rated Funds.

Issued by the BOARD OF DIRECTORS OF MIFA AND TRUSTEES OF THE FUNDS UNDER ADMINISTRATION BY MIFA.

RANDBURG – 5 October 2009.