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Please quote our ref: PFA/GA/7155/2006/MD

RE: DETERMINATION IN TERMS OF SECTION 30M OF THE PENSION FUNDS ACT, 24 of 1956 (“the act”): DP BLIGNAUT (“the complainant”) v SOUTH AFRICAN RETIREMENT ANNUITY FUND (“first respondent”) AND OLD MUTUAL LIFE ASSURANCE COMPANY (SA) LIMITED (“second respondent”)

1. Introduction

1.1 This complaint concerns the allegation of changing a retirement annuity from an annual to a monthly payment mode, thereby resulting in the reduction of the complainant’s annuity payments.

1.2 The complaint was received by this office on 24 January 2006 and a letter acknowledging receipt thereof was sent to the complainant on 28 March 2006. A letter of the same date was sent to the respective respondents giving them until 18 April 2006 to file responses to the complaint. A response dated 18 April 2006 was received from the respondents. On 17 July 2007 a letter was dispatched to the

M Mohlala (Adjudicator), C Nkuhlu (Snr Assistant Adjudicator), F Mtayi (Snr Assistant Adjudicator), K MacKenzie (Snr Assistant Adjudicator), R Maharaj (Snr Assistant Adjudicator), M Ndaba (Snr Assistant Adjudicator), M Daki (Snr Assistant Adjudicator), E de la Rey (Snr Assistant Adjudicator), N van Coller (Assistant Adjudicator), L Mbalo (Assistant Adjudicator), S Gcelu (Assistant Adjudicator), M Ramabulana (Assistant Adjudicator), N Sihlali (Assistant Adjudicator), S Mothupi (Assistant Adjudicator), P Mphephu (Assistant Adjudicator), C Seabela (Assistant Adjudicator), P Myokwana (Assistant Adjudicator), L Nevondwe (Assistant Adjudicator)

Office Manager: L Manuel, Financial Manager: F Mantsho, Accountant: R Soldaat

complainant to file a reply to the response on 31 July 2006, if he wished to do so. The complainant has, however, failed to file a reply.

- 1.3 Having considered the written submissions before me, I find it unnecessary to hold a hearing. My determination and reasons therefor appear below.

2. Factual Background

- 2.1 The complainant is a member of the first respondent, which in turn is administered by the second respondent.
- 2.2 The complainant is a pensioner and by virtue of his membership with the first respondent receives retirement annuity payments from the second respondent.

3. Complaint

- 3.1 The complainant states that, he has been receiving retirement annuity payments from the second respondent from July 1995 and that in July 2005, his payments changed from annual to monthly in terms of the contract he has with the second respondent.
- 3.2 He avers that as a consequence of the said change regarding the period of payment, he is now paid less than he used to receive in the annual payment arrangement.

4. Respondent's Response

- 4.1 Mr Andreas Ras, has submitted a response on behalf of the respondents respectively.
- 4.2 He has submitted that, the reduction in the annuity is the result of interest rate change that significantly dropped from 16.60% in August 1996 to 8.50% in August 2005.
- 4.3 He further states that, the reason the above criteria was used, was as a result of a contractual change which therefore constituted a re-issue of the annuity based on the new requirements from the change date.
- 4.4 He submits that the respondents cannot trace any record of the complainant signing a quote from annual income to monthly income.

Yours faithfully

MAMODUPI MOHLALA
PENSION FUNDS ADJUDICATOR