



Regulation 28

Investment limits and compliance

What is Regulation 28?

Regulation 28 of the Pension Funds Act sets limits to where people should invest their retirement savings. It makes sure that you invest in different assets or types of assets so that you don't take unnecessary investment risks. It applies to retirement funds like retirement annuity, pension, provident and preservation funds. All new retirement investments and any investment transaction on existing retirement savings must comply with the limits of Regulation 28.

The Association for Savings and Investment South Africa's Standard on living annuities also suggests these limits for living annuities as an investment guideline.

What are the Regulation 28 limits?

Broadly speaking, it means you can invest:

- a maximum of 75% of your retirement savings in shares;
- a maximum of 25% in property; and
- 45% in international assets.

You can ask your financial adviser for more detail about the limits that apply.

Who do the limits apply to?

The limits apply to members of approved retirement funds, either through their employer or individually.

The limits don't apply to retirement investments that started before 1 April 2011, as long as you don't make the following changes to the investment:

- Adding an investment amount.
- Adding regular investments.
- Changing regular investment instructions like increasing the investment amount, increasing the yearly increase, changing the payment frequency or changing the investment component allocation.
- Switching between investment components.

When do we check for compliance?

We check that what you are invested in is compliant with the regulation in the following instances:

- When you apply for a new investment.
- When you add money to investments.
- When you do investment transactions like switches.
- At least every month and when we create a valuation statement.

What happens when the investment becomes non-compliant?

We will check that your investment complies with the regulation at least once a month. Market movements may cause your investment to become non-compliant. If this happens, we will let you or your financial adviser know.

If you and your financial adviser change the investment, make sure that the investment complies with the regulation.

If, for a whole year, the investment doesn't comply, we must rebalance the investment so that it complies with the regulation. We'll switch minimal units from existing investment components that makes the investment non-compliant to our default component.

Where to get more information

If you need more information, you can speak to your financial adviser.

You can also phone us on weekdays from 08:00 to 17:00 on 0860 546 533 or send an email to wealthservice@momentum.co.za.

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