



## Introduction

### Pension or Provident? Stand-alone or umbrella?

Employee benefit programmes are an essential tool in a company's armoury for attracting and retaining key personnel. Increasingly, employers are offering more and more sophisticated retirement benefit plans as part of their employees' total remuneration packages.

When choosing a retirement fund administrator, an employer should investigate not only their track record, but also drill-down into their technical capability. Leading fund administrators, whilst obviously requiring high-level consultants, also need technically sophisticated systems managed by skilled and competent people.

Companies can offer retirement fund benefits to their employees through either their own private stand-alone funds or by participating in an umbrella fund.

A private stand-alone pension or provident fund will be structured for a specific and dedicated employer. The fund must be registered with the Registrar of Pension Funds and conform to the provisions of the Pension Funds Act. The fund must set up a board of trustees and appoint a principal officer. Generally, only large employers establish private funds as they are costly and place increased fiduciary duties and responsibilities on trustees.

An umbrella pension or provident fund is a single fund to which multiple employers can apply for membership. Professionally run umbrella funds are attractive for small to medium-sized companies wanting to ensure they receive value for their own contributions as well as those of their employees. Employers (even of larger companies) are increasingly seeing umbrella funds as viable alternatives to stand-alone retirement funds.

GTC offers employers the opportunity to structure their specific retirement fund needs in consultation with their employees in both private stand-alone and umbrella funds.

Once employers become GTC clients, fund members, through unique usernames and passwords, have access to the GTC Employee Benefits website ([www.gtc-eb.co.za](http://www.gtc-eb.co.za)) and can view or action:

- benefit statements
- the history of pensionable and risk salaries, as well as monthly contributions
- single premiums of benefits transferred from previous funds
- communiques from the trustees, administrator and investment managers
- update beneficiary details
- the GTC Retirement Toolkit

### **GTC's administration systems**

GTC's Employee Benefits Administration caters for both umbrella funds and stand-alone private funds, providing integrated administration, fund accounting, investment management and trustee and member reporting.

If administration systems are important, the people running them are vital. Technical systems, no matter how good, cannot deliver if operated by incompetent operators.

Efficient administration requires a balance of:

- an excellent administration system
- sound and clear processes
- competent, motivated people

At GTC achieving this balance is all-important.

### **GTC's retirement fund platform**

GTC uses the state-of-the-art, fully transparent fund administration software system - with a proven track record - Everest. GTC were the first users of the system introduced into South Africa in 2000. GTC has integrated bespoke workflow systems with Everest to ensure seamless administration and claim processes. GTC's proprietary reporting systems are also linked directly into Everest, facilitating business intelligence and service level management.

GTC's payroll reconciliation software streamlines contribution collections, enhances the accuracy of records, reduces the number of billing queries and improves service levels. In addition to annual printed benefit statements, reports can be drawn as regularly as required from our website interface.

Employers can access the client portal to obtain information on the fund, member claims and payroll.

Contributions are collected and reconciled monthly, ensuring that errors are picked up and corrected immediately.

The Everest system has a fully-integrated financial accounting function, ensuring that information does not need to be manually transposed into a separate accounting package. Member records are updated automatically once contributions have been uploaded.

## Retirement Toolkit

The GTC Retirement Toolkit enables members to review their expected income at retirement, based on their current benefit value, salary, investment portfolio and net contributions.

Expected retirement income is compared graphically against 100% of the member's salary and 75% of the member's salary, regarded as the minimum level a member should aim to achieve at retirement. The programme incorporates calculations such as:

- long-term inflation rate
- long-term outperformance of the net return achieved by the investment portfolio over inflation
- salary progression compared to inflation
- income that will be provided at retirement from the accumulated capital (share of fund at retirement)

Members may also pay additional voluntary contributions (AVC's) to the fund, through the payroll. No commissions, administration or servicing costs are deducted and members gain 100% investment allocation.

Using the Retirement Toolkit, members can consider different investment portfolios, contribution rates and AVC's. The retirement calculator then re-calculates expected income based on these new choices.

Additional investments and savings, outside of the fund, can also be entered into the programme. The calculator determines the expected income based on current fund benefits plus the additional investments.

As with all components of GTC's Retirement Fund Platform, continual enhancements are underway for the Retirement Toolkit, insured benefits projections being the latest enhancement project.

## Mobile application

Members can access fund benefit information from their smartphones by downloading the GTC app from the Apple App Store or Google Play Store.

## HR/consultant portal

Members can approach the employer's HR department, or the fund's consultants, to request membership information. They can also track the status of withdrawal claims and obtain payment letters once these have been processed.

## Unicore payroll integrator system

GTC's proprietary HR/payroll integrator system, Unicore, creates an electronic interface between a client's payroll system and Everest for direct contribution reconciliation.

GTC's software improves the efficiency of submission of monthly membership, payroll and contribution data for the client's payroll administration department. This allows approved, password-controlled employer-appointed operators to make payroll data available for import into the member benefit administration system. Online exception reports highlight any issues.

The online process eliminates the risks associated with manual manipulation of data files and avoids human error.

Once the payroll interface file is received and verified, the contribution collection process is automatically triggered for authorisation and payment by the employer.

## The GTC Product Platform

Members have the option to seamlessly transfer monies from their retirement fund into various compulsory (preservation/retirement annuity/living annuity) and discretionary products without incurring transferring commissions or fees onto the GTC Product Platform. Investment portfolios can be selected or retained at the same pricing structure as enjoyed in the participating retirement fund. Providing genuine seamless transition, these personal investments too are available on the same platform as the retirement funds are. This market leading innovation allows for a consolidated and centralised view of a person's financial planning.

## Registered administration managers - 1985

GTC was an integral component of Grant Thornton for some 25 years, before international regulations forced the audit practice's exit from GTC. Grant Thornton has been a registered pension fund administrator since 1985, being the first administrator, outside of a life insurer, to launch a registered retirement annuity fund.

GTC has been independently registered as a pension fund administrator and investment manager since 2000, administering some 100 000 member records through 350 participating employers.

GTC has consistently been recognised within the industry as conducting best practice, specifically being awarded various PMR awards over the years, culminating in the **2018 PMR.africa Diamond Arrow Award**, honoured for being the highest rated in the category of pension fund administrators and consultants administering between 100 000 to 150 000 members.

GTC truly lives the brand promise - **Consult · Partner · Manage.**

Should you require any further information, please contact us on **T:** +27 (0) 10 597-6800 or **E:** [info@gtc.co.za](mailto:info@gtc.co.za).