

DATED: 23 APRIL 2026

CIRCULAR NO: 2026/00026

TO: ALL PARTICIPANTS IN THE MOTOR INDUSTRY

NOTICE: NON-PAYMENT OF RETIREMENT FUND CONTRIBUTIONS – EMPLOYER IS LIABLE FOR PAYMENT OF RISK BENEFITS (DEATH AND ILL-HEALTH DISABILITY BENEFITS) DUE TO FAILURE TO PAY CONTRIBUTIONS TO THE MOTOR INDUSTRY RETIREMENT FUNDS (MIRF)

This serves to communicate the Financial Services Tribunal (FST) Judgement against one of the MIRF Funds' Participating Employer's non-payment of retirement fund contributions.

The FST ruled that should an Employer fail to pay contributions to the Fund, the Employer becomes liable to pay risk benefits (death benefit and ill-health disability benefits) to the dependents and beneficiaries, and not the Fund.

This judgement is effective and applicable to all employers in the motor industry.

THE FINANCIAL SERVICES TRIBUNAL (FST)

The Financial Sector Regulation Act 9 of 2017 ("the FSR Act") established the independent Financial Services Tribunal ("the Tribunal") in terms of section 219 thereof. Upon application by aggrieved persons, the Tribunal reconsiders decisions of decision-makers as defined in terms of section 218 of the FSR Act and performs the other functions as conferred on it by the Act and specific financial sector laws.

Important Note: It is important to emphasize that the FST judgements are legally binding.

LESSONS TO BE LEARNT FROM THIS FST JUDGEMENT

The Employer carries the risk when contributions are not paid over to the Fund. Failure to pay contributions leads to a sequence of events that can result in the immediate loss of financial protection for employees and potential legal liability for employers.

The Fund provides death and ill-health benefits to members of the Fund. The benefits are funded from the monthly contributions that Employers pay to the Funds.



Failing to pay these contributions have serious financial and risk benefit cover consequences, such as:

Loss Of Insurance Cover

- a. If contributions are not paid, the Fund's insurance cover for death and ill-health benefits ends and is no longer in force. Once this happens, your employees no longer have insurance protection from MIRF.
- b. The current Fund's insurance cover is three times the last determined annual remuneration. Therefore, on death or ill-health, the member or his/her beneficiaries are entitled to his/her Fund Credit at date of death or disability PLUS three times the last determined annual remuneration (insurance cover).

No Insurance Cover Will Become Payable on the Event of Death or Disability

- a. If the Fund's cover is no longer in force due to arrear contributions, the Fund in which your employees belong will not pay out a death benefit or ill-health disability benefit when a claim arise — for example, if an employee dies or cannot continue to work due to ill-health, the Member or his/her beneficiaries will only receive his/her Fund Credit and nothing from the MIRF insurance cover.

MIRF REQUEST TO EMPLOYERS

Employers are advised to immediately review their payroll processes to ensure timely payment and compliance with both the Pension Funds Act ("PFA") and Basic Conditions of Employment Act ("BCEA") to avoid legal action.

The PFA mandates that employers must deposit contributions to the Funds by the seventh day of the month following the month for which the contributions are due. MIRF has a 30-day exemption to this requirement and Employers are expected to deposit contributions to the Funds by the last day of the month following the month for which the contributions are due.

The MIBCO Team

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