

Press Release

For immediate release

8 March 2019



South African Institute of Race Relations

The power of ideas

Media contact: Marius Roodt, Head of Campaigns Tel: 063-694-2611 Email: marius@irr.org.za

Media enquiries: Michael Morris Tel: 066 302 1968 Email: michael@irr.org.za;
Kelebogile Leepile Tel: 011 482 7221 ext: 2018 Email: kelebogile@irr.org.za

Institute of Race Relations (IRR) launches #protectpensions campaign

Data from the IRR shows that the South African government is running out of money. The ratio of government debt to gross domestic product (GDP) is now higher than it has been at any time in the history of South Africa. At the same time, the debt of state-owned enterprises is high and continues to rise, with no end in sight. Without reform within the government, our debt levels will continue to rise. But given the current ideological bent of the government and the African National Congress (ANC), reform sufficient to change our economic fortunes is an unlikely prospect.

Raising taxes is also an unlikely prospect, as taxpayers are already being squeezed for much of their income, and there is not much room left to extract more.

Short of going to the International Monetary Fund (which is also politically unpalatable), there is only one other option – the pensions of ordinary hard-working South Africans.

Don't take our word for it – the 2019 ANC election manifesto says that prescribed assets (where pension funds and other investors are mandated to invest in certain

sectors or companies) will be investigated as a source of funding for economic and social development. This could mean using the pensions of ordinary South Africans to fund Eskom, for example.

Renowned economist, Mike Schussler, who has worked closely with the IRR on this, has shown that South African pension assets are very large, ranking 8th highest in the world. A large proportion of South Africans – at least a third of adults – have or are investing in a pension. Schussler has shown, moreover, that it will not be difficult for the government to force pension funds and other asset managers to invest in certain sectors, and that no legislative amendment will be required to do so.

What is clear is that any attempt to tamper with pensions (taking into account dependants of pensioners) will directly affect half of all South Africans, while any move that damages the value of pensions will have a broader damaging knock-on effect on the South African economy, making everyone poorer.

The IRR's campaign invites ordinary South Africans to help us put pressure on their financial and investment advisers by sending them a letter, which they can access through our website: <https://irr.org.za/campaigns/pensions/financial-advisor>

This asks financial advisers how serious the risk to pensions is, in their view, and what steps they have taken to help protect people's pensions.

The IRR has approached all the major retirement fund administrators for comment, but has only received replies from some. We are also waiting to be briefed by the Association for Savings and Investment South Africa on how serious they perceive the threat to be and what steps they are taking to protect the pensions of ordinary South Africans.

The threat to the savings of ordinary South Africans is real and increasingly imminent.

Take a stand with the IRR and help us #protectpensions

Ends