

# Press Release

For immediate release

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South African Institute of Race Relations

*The power of ideas*

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## **IRR welcomes today's debate on prescribed assets**

The Institute of Race Relations (IRR) welcomes today's debate in Parliament on the issue of prescribed assets.

The motion was brought by Geordin Hill-Lewis of the Democratic Alliance (DA), and follows statements by President Cyril Ramaphosa in Parliament that there should be debate on the issue of prescribed assets.

Prescribed assets is a policy that enables the government to dictate to pension funds where they must invest a portion of the funds and savings of their members. It is increasingly likely that the government will implement such a policy in order to fill funding gaps in the government and in state-owned enterprises which have resulted from reckless spending, corruption, and mismanagement.

The IRR is concerned that very few fund managers are raising the alarm about the risks to their members' assets. Some fund managers, such as Wayne McCurrie and Magda Wierzycka, have gone on record as saying that a policy of prescribed assets will be a sacrifice the country may have to make if it is to stave off a bailout from the International Monetary Fund (IMF).

Those who diligently contribute to a pension to provide for themselves in their old age should not be faced with having a portion of that money (no matter how small a proportion) being diverted to plug funding gaps caused by government failures. In addition, history shows that prescribed assets provide a far lower return for investors than equities, which means that if such a policy is implemented, South African savers will be worse off when they retire.

The debate in Parliament today is an important one and the IRR supports the DA in bringing this motion. Prescribed assets – like other policies which will make us all poorer, such as expropriation without compensation and National Health Insurance – must be debated and, if necessary, opposed.

The IRR has given South Africans who are worried about this issue the opportunity to raise their concerns with their fund managers, and to demand answers on what they are doing to protect the pensions of ordinary South Africans. They can do so by going to this [link](#).

**Ends**