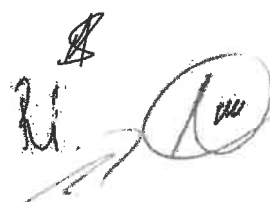


**SOUTH AFRICAN LOCAL AUTHORITIES  
PENSION FUND**

**(PF 12/8/19727)**

**REVISED RULES**




**RESOLUTION OF THE BOARD OF TRUSTEES OF THE  
SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND ("the FUND")**

**RESOLVED ON THE MEETING HELD AT 12 FREDMAN DRIVE, SALA HOUSE SANDTON ON 22 JANUARY 2020 THAT**, with effect from the EFFECTIVE DATE, the RULES of the FUND be substituted by the set of the revised RULES attached hereto for the following reasons:

1. To incorporate the provisions of registered amendments to date;
2. To amend various definitions, including PROVINCE, PROVINCIAL COMMITTEE and SPOUSE in line with the South African structure of provinces as well as the Pension Funds Act.
3. To amend the TERM OF OFFICE clause in order to clarify the term of office of the incoming BOARD to be elected and make provision for the standard term of office subsequent BOARDS stand to serve.
4. To include a dispute mechanism in the event that consensus is not met, alternatively where there is an equality of votes;
5. To insert the new Rules 8.1 and 8.2 introducing the benefits in respect of SAMWU MEMBER and the EJOBURG MEMBER. The purpose of inserting these RULES is to cater for the exit of SAMWU and EJOBURG members.
6. To restructure certain provisions of the Rules; and
7. To bring the Rules in line with the provisions of the Pension Funds Act.

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Certified further that the above resolution has been adopted in accordance with the provisions of the RULES of the FUND.

  
Chairperson of the Trustees


  
Principal Officer

  
Trustee

I certify that these RULES are financially sound.

  
Valuator

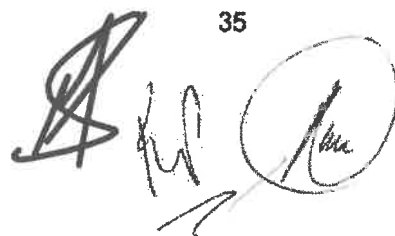
  
Signature

REGISTERED in terms of  
Pension Funds Act, No. 24 of 1956  
28 JUL 2020  
  
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY



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## PREAMBLE

### 1. Name

A fund known as SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND was established with effect from 1 March 1985 (hereinafter referred to as "the COMMENCEMENT DATE").

### 2. Object of the FUND

The objective of the FUND shall be to provide benefits for MEMBERS on their retirement, resignation, dismissal or retrenchment or, upon the death of the MEMBERS, for their DEPENDANTS and/or nominees.

### 3. Registered Office of the FUND

The registered office of the FUND shall be at Ground Floor, SALA House, 12 Fredman Drive, Sandton, 2146 or at such other office in the Republic of South Africa as the BOARD may from time to time decide.

### 4. Legal Persona

The FUND will, in its own name, be capable of suing and being sued and of acquiring, holding and alienating property, movable and immovable.

### 5. Registration of Amendments to the RULES

If an amendment to the RULES of the FUND is registered after the EFFECTIVE DATE of the amendment, such amendment will be effective from the EFFECTIVE DATE.

### 6. RULES

- 6.1. Payment of all benefits in respect of MEMBERS whose membership terminated before the EFFECTIVE DATE shall be made in terms of the RULES in force on the date on which membership was terminated.
- 6.2. The FUND is governed by these RULES which are binding on the FUND, ADMINISTRATOR, MEMBERS, officers of the FUND and on any person who claims under these RULES or whose claim is derived from a person so claiming.

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6.3. If the registration of these RULES in terms of the ACT is effected later than the EFFECTIVE DATE, the RULES shall nevertheless take effect from the EFFECTIVE DATE.

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## 1 RULE 1: DEFINITIONS

In these RULES, unless the context indicates otherwise:

- The defined words and expressions are indicated by capital letters throughout.
  - If a word appears in the singular, it must be read to include the plural; and likewise, if a word appears in the plural, it must be read to include the singular.
  - If a pronoun or word refers to one gender it must be read to include the other genders.
  - All the terms defined in the ACT which are not defined in the RULES, will bear the same meanings as are ascribed to them in the ACT.
  - If reference is made to any statutory provision that has been repealed, the reference will be construed as a reference to the statutory provision, which substituted the provision referred to (if any).
- 1.1 **ACT** means the Pension Funds Act, 1956 (Act No. 24 of 1956), as amended, and the regulations promulgated thereunder, or any legislation enacted to replace such Act and/or regulations.
- 1.2 **ADJUDICATOR** means the Pension Funds Adjudicator or Deputy Pension Funds Adjudicator and any other acting Pension Funds Adjudicator appointed under section 30C(1) of the ACT.
- 1.3 **ADMINISTRATOR** means the person or organisation approved by the **AUTHORITY** in terms of section 13B (1) of the ACT who has been appointed by the **TRUSTEES** to administer the **FUND** in terms of these RULES.
- 1.4 **ANNUAL BONUS** means the most recent annual bonus paid to a **MEMBER** in respect of which current contributions have been paid to the **FUND** in terms of **RULE 4.1(2)** and **RULE 4.2(2)**.
- 1.5 **ANNUAL SALARY** means the basic salary or wage per annum of a **MEMBER** according to a scale determined by an **EMPLOYER** as the salary scale for the post or class of post he occupies and shall exclude:
- (1) cost-of-living or climatic allowance;
  - (2) fees or honoraria of any kind;

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- (3) transport and subsistence allowance;
- (4) overtime payments;
- (5) special remuneration which a MEMBER may receive for performing special duties or while acting in any office; or
- (6) any other allowance, in cash or in kind, not herein specifically mentioned.

Provided that:

- (a) In respect of a CONTRACT WORKER, the ANNUAL SALARY will be based on the salary earned prior to the MEMBER becoming a CONTRACT WORKER, increased by 10 per cent initially and annually thereafter by the South African Local Government Association wage increase negotiated between the trade unions and the EMPLOYERS at a bargaining council;
- (b) Changes in a MEMBER'S salary and the corresponding changes in benefits and contributions will become effective from the actual date of change in salary.

- 1.6 **APPROVED PENSION FUND** means a fund registered in terms of the ACT and approved as such by the COMMISSIONER but shall exclude an APPROVED PRESERVATION PENSION FUND.
- 1.7 **APPROVED PRESERVATION PENSION FUND** means a fund registered in terms of the ACT and approved as a preservation pension fund by the COMMISSIONER.
- 1.8 **APPROVED PRESERVATION PROVIDENT FUND** means a fund registered in terms of the ACT and approved as a preservation provident fund by the COMMISSIONER.
- 1.9 **APPROVED PROVIDENT FUND** means a fund registered in terms of the ACT and approved as such by the COMMISSIONER but shall exclude an APPROVED PRESERVATION PROVIDENT FUND.
- 1.10 **APPROVED RETIREMENT ANNUITY FUND** means a fund registered in terms of the ACT and approved as such by the COMMISSIONER.

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- 1.11 **ASSESSED CONTRIBUTIONS** means, for the purposes of RULE 4.1(3)(a) and RULE 4.2(4), 8 (eight) per cent of ANNUAL SALARY and 7 (seven) per cent of ANNUAL BONUS on the date on which an eligible EMPLOYER becomes a MEMBER of the FUND or on the date which follows immediately on the date on which the period of leave or suspension referred to in RULE 1.50(1)(b)(ii) expired, as the case may be, multiplied by the period of PENSIONABLE SERVICE referred to in RULE 1.50(1)(b)(i) or RULE 1.50(1)(b)(iii).
- 1.12 **AUDITOR** means an auditor registered under the Auditing Profession Act, 2005, as amended, appointed in terms of these RULES and whose appointment has been approved by the AUTHORITY.
- 1.13 **AUTHORITY** means the Financial Sector Conduct Authority as referred to in the ACT.
- 1.14 **BENEFICIARY** means a nominee of a MEMBER or a DEPENDANT who is entitled to a BENEFIT, as provided for in the RULES of the FUND.
- 1.15 **BENEFIT** means any amount payable to a MEMBER or BENEFICIARY in terms of the rules of the FUND.
- 1.16 **BOARD** means collectively, the TRUSTEES who direct, control and oversee the operations of the FUND in accordance with the RULES.
- 1.17 **CLIENT SERVICES CONTRACT** means the agreement recording the duties and responsibilities of a service provider in relation to the FUND and the remuneration payable to such service provider, which is concluded by the FUND and the ADMINISTRATOR in terms of the ACT and the AUTHORITY'S requirements or concluded by the FUND and any other service provider such as consultants, AUDITORS, actuaries, attorneys, etc.
- 1.18 **COMMENCEMENT DATE** means 1 March 1985.
- 1.19 **COMMISSIONER** means the Commissioner for the South African Revenue Service.
- 1.20 **COMMITTEES** means the committees established in terms of Rule 2.15 .
- 1.21 **COMPLAINT** means a COMPLAINT of a complainant relating to the administration of the FUND, the investment of its funds or the interpretation and application of its rules, and alleging –

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- (a) that a decision of the FUND or any person purportedly taken in terms of the RULES was in excess of the powers of the FUND or person, or an improper exercise of its powers;
- (b) that the complainant has sustained or may sustain prejudice in consequence of the maladministration of the FUND by the FUND or any person, whether by act or omission;
- (c) that a dispute of fact or law has arisen in relation to the FUND between the FUND or any person and the complainant; or
- (d) that an EMPLOYER who participates in the FUND has not fulfilled its duties in terms of the RULES of the FUND;

but shall not include a COMPLAINT which does not relate to a specific complainant.

- 1.22 **CONTRACT WORKER** means an employee who is employed by an EMPLOYER in terms of a fixed term contract of at least 5 years and whose status as such has been advised, in writing, by the EMPLOYER to the ADMINISTRATOR and/or the REGISTERED INSURER.
- 1.23 **CONTRIBUTION RESERVE ACCOUNT** means a reserve account maintained in terms of RULE 4.7.
- 1.24 **DEFERRED MEMBER** means a MEMBER who has left the service of the EMPLOYER as envisaged by RULE 7 and who has elected the option of a paid-up BENEFIT in the FUND in terms of RULE 7.3.
- 1.25 **DEPENDANT** means a dependant as defined in the ACT.
- 1.26 **DEPENDANT CHILD** means a child, stepchild or a legally adopted child of a MEMBER who is unmarried, under the age of 18 (eighteen) years and was dependent on the MEMBER at the time of the MEMBER'S death and shall include a child whom the TRUSTEES consider would have been dependent on the MEMBER had the MEMBER not died;

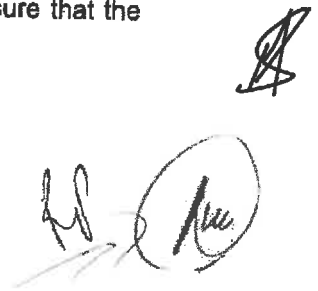
Provided that:

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- (1) where the TRUSTEES so direct, the age of 18 (eighteen) years may be extended,
- (a) up to 23 (twenty three) years where such child is a full-time student, or
- (b) indefinitely where such child is, in the opinion of the TRUSTEES, permanently incapacitated by reasons of physical or mental infirmity from supporting himself.
- (2) where the TRUSTEES so direct, any other child may be included, provided that such discretion is exercised in a reasonable and proper manner.
- 1.27 **EFFECTIVE DATE** means 1 January 2019.
- 1.28 **EJOBURG CESSATION DATE** means 31 December 2004.
- 1.29 **EJOBURG MEMBER** means a person who was in the service of the City of Johannesburg before 31 December 2004 and remains in the service of the City of Johannesburg in respect of whom contributions to the FUND ceased on the EJOBURG CESSATION DATE.
- 1.30 **EJOBURG RESERVE VALUE** is the actuarial reserve calculated by the Valuator at the EJOBURG CESSATION DATE for each EJOBURG MEMBER reduced by 18.1% to reflect the funding level of the FUND at that date.
- 1.31 **ELIGIBLE EMPLOYEE** means a person employed in a full-time permanent capacity with an EMPLOYER and who is not a member of any other pension or provident fund in which employees of the EMPLOYER may participate and who is under the NORMAL RETIREMENT AGE as at the date of commencement of participation hereunder; provided that
- (1) **ELIGIBLE EMPLOYEE** shall also include:
- (a) a person employed by a LOCAL AUTHORITY as a municipal policeman prior to 1 October 1989;
- (b) a person who is a MEMBER and who is transferred or seconded from LOCAL AUTHORITY to a MUNICIPALITY ENTITY or any other entity, as long as he or she remains in the service of such MUNICIPAL ENTITY or any other entity, and

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- (i) a CONTRACT WORKER;
  - (ii) a person employed by a MUNICIPAL ENTITY.
- (2) a person who was a MEMBER on 1 October 1989.
- 1.32 **EMPLOYEE REPRESENTATIVE** means a representative of the employees who are MEMBERS of the FUND.
- 1.33 **EMPLOYER** means:
- (1) a LOCAL AUTHORITY which, with the approval of the TRUSTEES, participates in the FUND;
  - (2) SAPS;
  - (3) any provincial legislature which, with the approval of the TRUSTEES, participates in the FUND;
  - (4) any MUNICIPAL ENTITY and any other entity to which MEMBERS are transferred or seconded to and which, with the approval of the TRUSTEES, participate in the FUND.
- 1.34 **EMPLOYER REPRESENTATIVE** means a representative of the EMPLOYER.
- 1.35 **FINAL SALARY** means the average ANNUAL SALARY earned, and the bonus received by a MEMBER during the last two years (24 months) ending on the day before the MEMBER'S actual retirement date.
- 1.36 **FINANCIAL YEAR** means the period of 12 (twelve) consecutive months commencing on 1 July each year and ending on 30 June of the following year.
- 1.37 **FUND** means the SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND.
- 1.38 **INCOME TAX ACT** means the Income Tax Act, 1962 (Act No 58 of 1962), as amended, or any legislation enacted to replace such Act.
- 1.39 **LIFE ASSURANCE BENEFIT COVER** means an amount equal to the life cover provided in respect of each MEMBER, as secured with a REGISTERED INSURER with the contributions in terms of RULE 4.2. The TRUSTEES will ensure that the



MEMBERS are advised annually of the amount of their LIFE ASSURANCE BENEFIT COVER.

- 1.40 **LIQUIDATOR** means any person appointed by the TRUSTEES to liquidate the FUND and whose appointment is approved by the AUTHORITY.
- 1.41 **LOCAL AUTHORITY** means a Municipal body and/or Regional Service Council and/or such other governmental bodies as may be approved by the TRUSTEES provided that, in the absence of a properly constituted Local Authority, the Administrator as appointed by the Provincial Administration, shall be regarded as the Local Authority.
- 1.42 **MEMBER** means an ELIGIBLE EMPLOYEE who has become or remained a member in terms of RULE 3.1 and who has not ceased being a member under the provision of these RULES.
- 1.43 **MONITORING PERSON** means the PRINCIPAL OFFICER or Deputy PRINCIPAL OFFICER or any person authorised by the TRUSTEES in terms of these RULES for the purpose of monitoring and ensuring compliance with Section 13A of the ACT.
- 1.44 **MUNICIPAL ENTITY** means any municipal entity as defined in the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000) over which one or more municipalities or local authorities exercise ownership control as contemplated by that Act.
- 1.45 **NON-MEMBER SPOUSE** shall mean a person who is no longer the spouse of that MEMBER due to the dissolution or confirmation of the dissolution of the relationship by court order and to whom the court ordering or confirming the dissolution of the relationship has granted a share of the MEMBER'S pension interest in the FUND.
- 1.46 **NORMAL RETIREMENT AGE** means:
- (1) in respect of MEMBERS who are employees of SAPS, the age of 60 (sixty), and
  - (2) in respect of any other MEMBER who:
    - (a) joined the FUND before 1 April 2000, the age of 60 (sixty) or 65 (sixty five) as chosen by such MEMBER, or
    - (b) joined the FUND on or after 1 April 2000, the age of 65 (sixty five).



- 1.47 **NORMAL RETIREMENT DATE** means the first day of the month next following attainment of the NORMAL RETIREMENT AGE.
- 1.48 **OTHER FUND** means the Associated Institutions Pension Fund and such other pension or provident fund or scheme which is administered by or under the control of the Minister of Finance under any law, and any pension fund or scheme for a LOCAL AUTHORITY, the rules of which (in the opinion of the TRUSTEES) are consistent with these RULES in such respects as the TRUSTEES shall determine.
- 1.49 **PAID-UP MEMBERSHIP CERTIFICATE** means a certificate issued by the FUND in respect of a DEFERRED MEMBER which records the personal information of the member as contemplated in the Regulations.
- 1.50 **PENSIONABLE SERVICE** means:
- (1) In relation to a MEMBER,
    - (a) Any period of uninterrupted service with an EMPLOYER in respect of which a MEMBER contributes or contributed or was liable to contribute to the FUND, from the COMMENCEMENT DATE or the date on which he became a MEMBER of the FUND, whichever is applicable.
    - (b) Any period, which at the written request of the MEMBER and on recommendation of the EMPLOYER concerned and in the discretion of the TRUSTEES, is allowed as pensionable service, in respect of:
      - (i) any period of uninterrupted service during which a MEMBER, immediately prior to the date on which he became a MEMBER of the FUND, was in the employ of an EMPLOYER in a temporary capacity and in respect of which he did not contribute to any other pension fund, pension scheme or provident fund;
      - (ii) any period of previous SERVICE considered to be pensionable in respect of which a MEMBER contributed to the FUND and in respect of which a BENEFIT was paid to him or is payable to him;
      - (iii) any period during which a MEMBER was absent on leave or was suspended from duty without pay and in respect of which he did not contribute to the FUND, or where such absence continued for

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more than one year, without such period having been extended by the TRUSTEES;

- (iv) any period of SERVICE which was pensionable with any OTHER FUND which is allowed as pensionable service in terms of RULE 11.2;
- (v) any other period, provided such period does not extend prior to the date on which a MEMBER attained the age of 16 (sixteen) years;

Provided that:

- (A) No previous PENSIONABLE SERVICE shall be allowed as PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(ii) if a period of seven years has elapsed between the date on which the BENEFIT referred to in that paragraph was paid and the date on which the MEMBER concerned last became a MEMBER of the FUND, unless such MEMBER submits documentary proof to the satisfaction of the TRUSTEES of such previous PENSIONABLE SERVICE and of the amount of such BENEFIT.
- (B) No period of PENSIONABLE SERVICE which coincides with or derives from previous membership of any OTHER FUND shall be taken into account in the determination of any BENEFIT payable in terms of these RULES, unless such OTHER FUND shall have transferred to the FUND such amount as the Valuator of the FUND shall consider adequate to finance that portion of the BENEFIT which is attributable to the aforesaid PENSIONABLE SERVICE.
- (C) Any period which has been allowed as PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(iii) and RULE 1.50(1)(b)(v) shall be excluded when calculating a BENEFIT which shall be paid to a MEMBER or his estate in terms of these RULES on his resignation or on his

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discharge on account of misconduct or his death without DEPENDANTS, except to the extent to which the payment of contributions, as calculated by the Valuator in respect of such service, have been received by the FUND up to six months prior to the date on which such a claim arose. Any such amount of contributions which have been paid within the six month period immediately preceding the date on which a claim arose, will be repaid to the MEMBER with compound interest of 5,5 (five comma five) per cent per annum.

- (2) For the purpose of these RULES the period of PENSIONABLE SERVICE shall be calculated by the year and portion of a year and any portion of a year shall be determined according to the proportions which the number of days in that portion of a year bears to 365 (three hundred and sixty five) days.
- 1.51 **PENSIONER** means a person who is in receipt of a pension paid under these RULES.
- 1.52 **POLICEMEN** means MEMBERS of the police component who:
- (1) are former municipal police whose contracts of employment have been taken over by SAPS, and
  - (2) were MEMBERS of the FUND immediately prior to 1 October 1989, and
  - (3) elected to continue to participate in the FUND.
- 1.53 **POLICY** means the policy of insurance issued by the REGISTERED INSURER.
- 1.54 **PRINCIPAL OFFICER** means the person appointed in terms of these RULES to fulfil the functions of a principal executive officer as defined in the ACT or prescribed by the AUTHORITY from time to time.
- 1.55 **PROVINCE** means the principal divisions of the Republic of South Africa as divided into nine.
- 1.56 **PROVINCIAL COMMITTEE** means a committee established in each PROVINCE and constituted of:
- (1) One EMPLOYER REPRESENTATIVE for each LOCAL AUTHORITY, appointed in terms of RULE 2.3(1);

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- (2) One **EMPLOYEE REPRESENTATIVE** for each **LOCAL AUTHORITY**, elected in terms of **RULE 2.3(2)**;
- (3) One **POLICEMAN** elected in terms of **RULE 2.4(1)** whose function shall be to be a communication line. The terms of the reference of the formal Charter will be recorded in a policy;
- 1.57 **REGISTERED INSURER** means an insurer registered under the Long-term Insurance Act, 1998 (Act No. 52 of 1988), as amended, and in respect of **LIFE ASSURANCE BENEFIT COVER** will mean the insurer that underwrites the relevant **LIFE ASSURANCE BENEFIT COVER**.
- 1.58 **RESPONSIBLE PERSON** means an employee of the **ADMINISTRATORS** who is responsible to receive contributions or check the receipt of electronic transfers into the **FUND'S** bank account in respect of contributions payable to the **FUND** in terms of these **RULES**.
- 1.59 **RETIREMENT BENEFITS COUNSELLING** means a written explanation of the risks, costs and charges of:
- (1) Available investment portfolios;
  - (2) Terms of the **FUND'S** annuity strategy; and
  - (3) Terms and process by which the **FUND** handles paid-up benefits."
- 1.60 **RULES** means these **RULES** and such alterations thereto as may at any time be applicable (the **RULES** that will govern the **FUND** in terms of clause 6 of the preamble).
- 1.61 **SAMWU** means South African Municipal Workers Union.
- 1.62 **SAMWU MEMBER** means a person who was or is a member of **SAMWU** and was accepted as a Member.
- 1.63 **SAMWU TRANSFER AMOUNT** means the amount that should have been transferred on the **SAMWU TRANSFER DATE** relevant to a **SAMWU MEMBER**.
- 1.64 **SAMWU TRANSFER DATE** means the date recorded by the Fund as the date on which a **SAMWU MEMBER** should have transferred out of the Fund.
- 1.65 **SAPS** means the South African Police Service.

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- 1.66 **SIMILAR FUND** means a fund or scheme which the TRUSTEES may approve for the purposes of these RULES on such terms and conditions as they may determine, provided that in the case of a fund referred to in RULE 11.3, such fund is approved by the COMMISSIONER.
- 1.67 **SERVICE** means employment in the service of the EMPLOYERS.
- 1.68 **SOLVENCY RESERVE ACCOUNT** means a reserve account maintained in terms of RULE 4.6.
- 1.69 **SPOUSE** means a person who is the permanent life partner or spouse or civil union partner of a member in accordance with the Marriage Act, 1961, the Recognition of Customary Marriages Act, 1998 or the Civil Union Act, 2006 or the tenets of a religion.
- 1.70 **TRANSFER AMOUNT** means the amount available for transfer in terms of the law or the RULES or regulations governing this FUND or a SIMILAR FUND, determined in accordance with the following formula:
- (1) Multiply the factor in the following scale by one per cent of the MEMBER'S ANNUAL SALARY in the FUND from which he is transferred and multiply the result by the period of PENSIONABLE SERVICE up to the date of transfer expressed in years, taking into account complete months.

*The minimum transfer value will be the withdrawal benefit in respect of the MEMBER.*

Age at last birthday at date of transfer	Factor
30 or under	11,28
31	11,64
32	12,00
33	12,36
34	12,72
35	13,08
36	13,44

Age at last birthday at date of transfer	Factor
37	13,80
38	14,28
39	14,76
40	15,24
41	15,72
42	16,20
43	16,68
44	17,16
45	17,64
46	18,12
47	18,60
48	19,20
49	19,80
50	20,40
51	21,00
52	21,60
53	22,20
54	22,92
55	23,64
56	24,36
57	25,08
58	25,80
59	26,64
60	27,48
61	28,32
62	29,16
63 or over	30,00

1.71 **TRANSFER FORMULA** means, in respect of the calculation in RULE 11.2(1)(a):

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*[Handwritten initials]*  
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$R \times Z \times N \times D$

where

R represents a rate of 8 (eight) per cent.

Z represents the MEMBER'S average ANNUAL SALARY during the last three years of his PENSIONABLE SERVICE or during the whole period of such service, whichever is the shorter period; and

Provided that for the purposes of the calculation of any BENEFIT payable to or in respect of a MEMBER who has less than one year of PENSIONABLE SERVICE to his credit, the average ANNUAL SALARY of such MEMBER shall be deemed to be an amount which shall be calculated in accordance with the formula:

A/B x C in which formula-

A = the total amount of the ANNUAL SALARY which the MEMBER concerned received during the whole period of his PENSIONABLE SERVICE;

B = the number of days during which the MEMBER concerned contributed to the FUND; and

C = 365 (three hundred and sixty five);

N represents the period of the MEMBER'S PENSIONABLE SERVICE, and

D shall be determined by subtracting a number calculated in accordance with the following table from 10 000 (ten thousand) and dividing the result by 10 000 (ten thousand):

(I) TABLE

COMPLETED MONTHS OF PENSIONABLE SERVICE	CALCULATION OF NUMBER
0 to 36	0
37 to 120	0 plus 26 for each completed month of PENSIONABLE SERVICE in excess of 36 months;

121 to 240	2 184 plus 17 for each completed month of such service in excess of 120 months;
241 to 360	4 224 plus 11 for each completed month of such service in excess of 240 months;
361 to 480	5 544 plus 7 for each completed month of such service in excess of 360 months;
481 and over	6 384 plus 5 for each completed month of such service in excess of 480 months;

- 1.72 **TRUSTEE** means a member of the BOARD appointed in terms of these RULES.
- 1.73 **UNCLAIMED BENEFIT FUND** shall mean a fund established for the receipt of unclaimed BENEFITS contemplated in the definitions of a pension preservation fund and provident preservation fund in section 1 of the INCOME TAX ACT, 1962, (Act 58 of 1962)
- 1.74 **WITHDRAWAL FORMULA** means, in relation to RULE 7.1:

$R \times Z \times N$

in which:

- R represents a rate of 8 (eight) per cent;
- Z represents the MEMBER'S FINAL SALARY; and
- N represents the period of the MEMBER'S PENSIONABLE SERVICE.



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## 2 **RULE 2: MANAGEMENT OF THE FUND**

### 2.1 **Object of the BOARD**

The object of the BOARD shall be to direct, control and oversee the operation of the FUND in accordance with the applicable laws and the provisions of these RULES.

### 2.2 **Composition of the BOARD of TRUSTEES**

- (1) The FUND shall be controlled by a BOARD of TRUSTEES consisting of twenty two (22) TRUSTEES, constituted as follows:
  - (a) A total of nine (9) EMPLOYER REPRESENTATIVES, with one (1) EMPLOYER REPRESENTATIVE per PROVINCE being elected in terms of RULE 2.3(1);
  - (b) A total of nine (9) EMPLOYEE REPRESENTATIVES, with one (1) EMPLOYEE REPRESENTATIVE per PROVINCE being elected in terms of RULE 2.3(2); and
  - (c) two (2) TRUSTEES appointed in terms of RULE 2.4(1) representing POLICEMEN in the various PROVINCES and two (2) TRUSTEES appointed in terms of RULE 2.4(2) to represent SAPS.
- (2) The BOARD of TRUSTEES are bound by the terms of these RULES and have a duty towards the FUND to ensure that it is managed in a proper and professional manner. The BOARD of TRUSTEES shall:
  - (a) subject to the RULES, do all lawful things as may be necessary for the due attainment and fulfilment of the objectives of the FUND;
  - (b) attend their scheduled meetings;
  - (c) ensure that proper records are kept of membership data;
  - (d) ensure that MEMBERS' contributions are paid over to the FUND promptly and in accordance with the terms of the ACT;




- (e) ensure that MEMBERS are kept informed as regards matters of the FUND, BENEFITS under the FUND and changes to the FUND which affect MEMBERS;
- (f) avoid benefitting themselves or any third party at the expense of the FUND or its MEMBER; and
- (g) declare in writing any personal interest they may have in any company or firm to which the FUND may grant a loan or invest in.

**2.3 Election of EMPLOYER and EMPLOYEE REPRESENTATIVES and operation of PROVINCIAL COMMITTEE**

**(1) Appointment of EMPLOYER REPRESENTATIVES**

- (a) Each LOCAL AUTHORITY will, once every five (5) years appoint one EMPLOYER REPRESENTATIVE via a valid resolution of that LOCAL AUTHORITY.
- (b) The person appointed by the LOCAL AUTHORITY shall attend at the PROVINCIAL COMMITTEE.
- (c) The first meeting of the PROVINCIAL COMMITTEE duly convened by the BOARD, subsequent to the appointment of all EMPLOYER REPRESENTATIVES and election for all EMPLOYEE REPRESENTATIVES, shall be chaired by a TRUSTEE authorised by the BOARD to act in such capacity, until such time as the PROVINCIAL COMMITTEE elects a chairperson from amongst its number. The election of the chairperson of the PROVINCIAL COMMITTEE shall be conducted according to the process adopted by the BOARD from time to time.
- (d) Subsequent to the election of a chairperson of the PROVINCIAL COMMITTEE the EMPLOYER REPRESENTATIVES appointed in terms of RULE 2.3(1)(a) above, shall elect one (1) from amongst their number to be the EMPLOYER REPRESENTATIVE TRUSTEE for that PROVINCE, in accordance with the process adopted by the BOARD from time to time.

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- (e) The meeting at which the elections described in this RULE is held:
- (i) must be convened on at least fourteen (14) calendar days written notice to the relevant appointed EMPLOYER REPRESENTATIVES; and
  - (ii) is subject to a quorum of 50% (fifty per cent) of the EMPLOYER REPRESENTATIVES in that PROVINCE plus one being in attendance, in the absence of which the quorum requirements set out in RULE 2.8(4) will apply.

(2) Election of EMPLOYEE REPRESENTATIVES

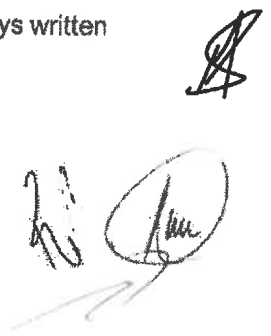
- (a) In a LOCAL AUTHORITY that comprises of:
- (i) a single municipality, the EMPLOYEE REPRESENTATIVES in that municipality, shall at a meeting duly convened by the municipal manager of that municipality, elect one (1) from amongst their number to be the EMPLOYEE REPRESENTATIVE for that LOCAL AUTHORITY, in accordance with the procedure adopted by the BOARD from time to time;
  - (ii) more than one municipality;
    - (A) the members in each municipality, shall at a meeting duly convened by the municipal manager of each municipality elect one (1) from amongst their number to be the EMPLOYEE REPRESENTATIVE for that municipality, in accordance with the procedure adopted by the BOARD from time to time;
    - (B) a further meeting shall then be convened by the municipal manager of the LOCAL AUTHORITY, at which the EMPLOYEE REPRESENTATIVES elected in terms of RULE 2.3(2)(a)(ii)(A) shall elect one (1) from amongst their number to be the EMPLOYEE REPRESENTATIVE for that LOCAL AUTHORITY, in accordance with the process adopted by the BOARD from time to time .

- (b) Subsequent to the election of a chairperson of the PROVINCIAL COMMITTEE, the EMPLOYEE REPRESENTATIVES elected in a LOCAL AUTHORITY, shall elect one (1) from amongst their number to be the EMPLOYER REPRESENTATIVE TRUSTEE for that PROVINCE, in accordance with the process adopted by the BOARD from time to time.
  - (i) In order for election of the EMPLOYEE REPRESENTATIVE TRUSTEE to be valid, the meetings at which the elections described in this RULE are held:
    - (A) must be convened on at least fourteen (14) calendar days written notice to the relevant EMPLOYEE REPRESENTATIVES; and
    - (B) must be attended by at least 50 (fifty) per cent of the elected EMPLOYEE REPRESENTATIVES plus one, in the absence of which the quorum requirements set out in RULE 2.8(4) will apply.

**2.4 Appointment of POLICEMEN and SAPS TRUSTEES**

**(1) Appointment of POLICEMEN TRUSTEES**

- (a) At a meeting duly convened by the BOARD, in each PROVINCE, the POLICEMEN in each PROVINCE, shall in accordance with a policy adopted by the BOARD elect one (1) from amongst their number to represent that PROVINCE.
- (b) At a meeting duly convened by the BOARD the POLICEMEN appointed in terms of RULE 2.4(1)(a) above, shall in accordance with a policy adopted by the BOARD elect two (2) from amongst their number who shall represent the POLICEMEN on the BOARD of TRUSTEES.
- (c) In order for election of the POLICEMEN TRUSTEES to be valid, the meeting at which the elections described above are held:
  - (i) must be convened on at least fourteen (14) calendar days written notice to the relevant POLICEMEN; and

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- (ii) must be attended by at least 50% (fifty per cent) of the members of the relevant POLICEMEN plus one member, in the absence of which the quorum requirements set out in RULE 2.8(4) will apply.

(2) Appointment of SAPS TRUSTEES

Two (2) representatives shall be appointed from the SAPS Head Office to represent SAPS on the BOARD.

**2.5 Term of Office**

(1) TRUSTEES

- (a) All TRUSTEES, will hold office for a period of five (5) years commencing from 1am on the date of the first Board meeting subsequent to the trustee election and ending at 12am on the date of the first Board meeting to be held subsequent to the next trustee election.
- (b) Elections for new TRUSTEES shall take place not more than three (3) months from the date of the expiry of the term of office of TRUSTEES.
- (c) In the event that a TRUSTEE vacates his position prior to the expiry of his term of office in terms of these RULES, his position shall be filled by a replacement TRUSTEE within three (3) months of the occurrence of the vacancy. The replacement TRUSTEE shall be elected or appointed in a manner prescribed in rules 2.3 and 2.4. The replacement TRUSTEE shall then serve on the board of TRUSTEES until the expiry of the term of office of the TRUSTEE he has replaced.
- (d) In the event of the position being vacated by a SAPS TRUSTEE then SAPS will appoint a new incumbent. The replacement TRUSTEE shall then serve on the BOARD of TRUSTEES until the expiry of the term of office of the TRUSTEE he has replaced. If a TRUSTEE is elected or appointed mid-term, his or her term of office will expire at the next trustee election.

(2) Chairperson

- (a) The BOARD shall elect from its number a chairperson; and

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- (b) A further member of the BOARD as a deputy chairperson.
- (c) Subject to RULE 2.6, each chairperson and deputy chairperson shall hold office for a period of two and a half (2.5) years.
- (d) Subject to RULE 2.6, the chairperson of each PROVINCIAL COMMITTEE shall hold office for a period of two and a half (2.5) years.
- (e) Should the position for chairperson become vacant before the expiry of the term of office, the BOARD must appoint another chairperson for the unexpired term of office.
- (f) The chairperson may be removed from such office in the event of a majority vote by the BOARD to this effect.
- (g) If the chairperson is temporarily unable to discharge his duties, the deputy chairperson shall take up the position of chairperson. If the deputy chairperson is also not available, the BOARD may resolve that one of their number be appointed as acting chairperson. Such appointment shall be for such period and for such purpose as resolved by the BOARD.
- (h) The provisions in these RULES regarding the chairperson, shall *mutatis mutandis* apply to the position for deputy chairperson and any acting chairperson.
- (i) The provisions of this RULE shall *mutatis mutandis* apply to the position for the chairperson of the PROVINCIAL COMMITTEE with the exception of the term of the Chairperson of the PROVINCIAL COMMITTEE being two and a half years.

**2.6 Termination of Office and disqualification from acting as TRUSTEE:**

- (1) A TRUSTEE shall cease to hold office if:
  - (a) his appointment is terminated by the body which appointed him;
  - (b) he has resigned by giving written notice to the chairperson of the BOARD, or, if it is the chairperson of the BOARD who is resigning, by giving written notice to the PRINCIPAL OFFICER.;

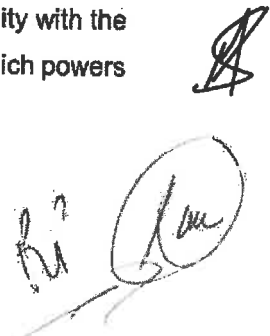
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- (c) his term of office expires, provided that he may be eligible for appointment on ceasing to hold office, or
  - (d) he no longer meets the fit and proper requirements of the FUND as recorded in the FUND's code of conduct adopted from time to time.
  - (e) he, irrespective of the fact that apologies are tendered, is absent from three consecutive meetings of the board of TRUSTEES and consequently disqualifies himself to act as such.
- (2) The following persons shall be automatically disqualified from being appointed or acting as TRUSTEES:
- (a) a person who becomes mentally or physically incapable of performing his duties or functions as a TRUSTEE;
  - (b) a person whose estate is sequestrated, surrendered or assigned for the benefits of his creditors and who has not been rehabilitated;
  - (c) a person who is removed by a court of law on account of misconduct from any office of trust;
  - (d) a minor or any other person without full legal capacity;
  - (e) a person who is convicted whether in the Republic or elsewhere, of a criminal offence where dishonesty was an element of such offence; or
  - (f) a person who has been convicted of any offence and sentenced to imprisonment without the option of a fine.

**2.7 Powers of the TRUSTEES:**

**(1) Exercising of powers**

- (a) The TRUSTEES shall be vested with all necessary powers and authority to enable them to carry out any transaction arising out of or in connection with the RULES. Such powers shall be exercised in conformity with the provisions of the ACT and any other applicable legislation, which powers



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shall (without derogating from the generality of their powers set out in the ACT and any other applicable legislation), include the power:

- (i) to pay the costs and expenses preliminary and incidental to the formation and establishment of the FUND and matters incidental thereto;
- (ii) to manage, insure, dispose of, give in exchange, or in any other way deal with all assets and investments from time to time.
- (iii) to invest money in such manner as they may think fit but subject to the terms of the Financial Institutions (Protection of Funds) Act 28 of 2001 and to vary such investments from time to time;
- (iv) to retain and invest any surplus income from time to time in such securities or assets as they deem fit;
- (v) to institute and defend any proceedings or otherwise take any action in any Court of Law or other tribunal;
- (vi) to compound and allow time for the payment or satisfaction of any debts due to the FUND, to compromise or abandon any claims or demands by the FUND;
- (vii) to attend any meeting of creditors of any person, company or body indebted to the FUND and to vote thereat;
- (viii) to employ persons to carry out the objectives of the FUND and to pay them out of the FUND's funds and dismiss any such persons;
- (ix) to appoint an agent or agents to represent them for any purpose and to pay such agent or agents from the FUND's funds;
- (x) to exercise any option or take up any right;
- (xi) to determine the manner of registration of any shares held by the FUND;
- (xii) to exercise their voting power in such manner as they consider to be in the best interests of the FUND;

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- (xiii) to open and operate bank and building society accounts and to draw cheques, bills and promissory notes;
- (xiv) to make and give receipts, releases and other discharges for money payable to the FUND and for the claims and demands of the FUND;
- (xv) to decide or settle any dispute in connection with the business of the FUND;
- (xvi) to execute or endorse any contract, deed, negotiable instrument or document in such manner as they may from time to time determine;
- (xvii) generally to enter into any contracts and do all such things as they consider necessary or desirable in the interests of the FUND.

(2) Delegation of Powers

- (a) The BOARD may delegate to the COMMITTEE/S such of the BOARD'S powers and functions and on such terms as the BOARD shall deem fit; Provided that the BOARD shall at all times retain full responsibility for all the decisions and acts of the COMMITTEE/S.
- (b) The BOARD can decide on the duration of such delegation.
- (c) The BOARD shall retain full power to review, amend or rescind any decision of the COMMITTEE/S. Further, the BOARD may terminate the delegation of its powers to any COMMITTEE or may vary the terms of the appointment.
- (d) The BOARD shall determine and from time to time review the geographic boundaries of PROVINCES to ensure the effective, efficient and fair representation of the MEMBERS.
- (e) The BOARD shall from time to time determine and review the roles of the chairpersons at various levels as well as other officials within the FUND.

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- (f) The final responsibility for ensuring that PROVINCIAL COMMITTEES and COMMITTEES are established and kept in place in accordance with these RULES shall rest with the BOARD.

## 2.8 Meetings of TRUSTEES and COMMITTEES

- (1) Members of the COMMITTEES shall, at their respective meetings, elect a chairperson and a deputy chairperson who shall hold office for the period prescribed in terms of RULE 2.5(2)(c).
- (2) The chairperson of the respective COMMITTEES or of the BOARD must ensure, that within at least fourteen (14) calendar days written notice to the other members of a particular COMMITTEE or of the BOARD, a meeting is convened. A shorter period of notice may be given, provided the majority of the TRUSTEES consent.
- (3) The chairperson shall preside at all meetings, provided that if the chairperson is not present within 15 minutes of the commencement of the meeting the deputy chairperson shall preside failing which the members present shall appoint one of their number as chairperson of the meeting.
- (4) A quorum at any meeting shall be 50 (fifty per cent) of the members of the COMMITTEE, plus one and in the case of the BOARD meetings, 50 (fifty) per cent of the TRUSTEES plus one TRUSTEE.
- (5) If within thirty (30) minutes after the time appointed for a meeting a quorum is not present, the meeting shall stand adjourned to such other day not being more than fourteen (14) calendar days after such meeting as a majority of members personally present may appoint, at which meeting decisions shall be taken upon a two-third majority vote of those present in person or by proxy.
- (6) A COMMITTEE-member or member of the BOARD may be represented at a meeting by a proxy appointed in writing, provided that such proxy shall be a member of that particular COMMITTEE or a member of the BOARD.
- (7) At any COMMITTEE or BOARD meeting, each member of such body shall each have 1 (one) vote.

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- (8) The BOARD must make a reasonable effort to reach consensus, however a decision favoured by the majority of the members of the BOARD must be carried. In the event that the BOARD is unable to reach a decision, the matter must be referred to the next meeting of the BOARD. Subject to RULE 2.8(7), a decision favoured by the majority of the BOARD at such meeting shall be a decision of the BOARD.
- (9) If a majority vote cannot be reached at the meeting in RULE 2.8(8), the matter will be referred to a mediator with expertise in pension fund matters agreed upon by the BOARD, failing consensus thereon, appointed by the chairperson of the Johannesburg Bar Council. The mediator will attempt to obtain consensus, failing which he will furnish the TRUSTEES with his written opinion in regard to the decision he considers the TRUSTEES ought to make. If consensus is still not reached after receipt of the mediator's written opinion, a dispute must be referred to arbitration in accordance with the provisions of the Arbitration Act, No. 42 of 1965, as amended. The arbitrator will be appointed by the TRUSTEES or, failing consensus thereon, by the chairperson of the Johannesburg Bar Council. The decision of an arbitrator will be deemed to be a decision of the TRUSTEES. Costs incurred in resolving disputes will be met by the FUND, subject to an arbitrator's discretion to award costs against individual TRUSTEES, should the arbitrator deem it appropriate.
- (10) Except as otherwise provided in these RULES all decisions shall be taken upon a majority vote of those present in person or by written proxy.
- (11) Voting shall take place by show of hands or by ballot as may be directed by a decision of the TRUSTEES.
- (12) If the decision was not taken in a meeting but taken on a round robin resolution where all Trustees are required to vote, the majority vote will be regarded as the decision of the Board.
- (13) A decision taken by round robin resolution must be noted at the next Board meeting and included in the Fund's resolution register.

## 2.9 Discretion of TRUSTEES

The TRUSTEES shall have an absolute discretion in the exercise of the authority vested in them by these RULES.

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## 2.10 Signature to Documents

The BOARD may authorise, in writing, any person to sign documents in writing or digitally, or enter into and sign contracts binding the FUND. However, any documents that must be submitted to the AUTHORITY must be signed by the persons specified in the ACT.

## 2.11 Appointment of the PRINCIPAL OFFICER

- (1) The BOARD shall appoint the PRINCIPAL OFFICER. Any such appointment may be changed by the TRUSTEES in their sole discretion.
- (2) The BOARD shall notify the AUTHORITY, in writing, of the name of the PRINCIPAL OFFICER and shall furnish the AUTHORITY with the prescribed information in respect of the PRINCIPAL OFFICER within thirty (30) calendar days of the appointment of the PRINCIPAL OFFICER.
- (3) A Deputy PRINCIPAL OFFICER may be appointed by the BOARD to assist the PRINCIPAL OFFICER and act as the PRINCIPAL OFFICER when the PRINCIPAL OFFICER is absent from the Republic and/or is unable for any reason to discharge his/her duties of the PRINCIPAL OFFICER in terms of the ACT until the FUND formally in the manner directed in its RULES appoints a new PRINCIPAL OFFICER, subject to the provisions of RULE 2.11(2) above.
- (4) The BOARD shall appoint and conclude an agreement with a Deputy PRINCIPAL OFFICER in any circumstances that it deems necessary but must notify the AUTHORITY of such appointment within 30 (thirty) calendar days who will act in the absence of the PRINCIPAL OFFICER.
- (5) The AUTHORITY may object to the appointment if he, subject to the provisions of the Promotion of Administrative Justice Act, 2000, reasonably believes that the PRINCIPAL OFFICER is not, or is no longer, a fit and proper person to hold that office, or if it is not in the public interest that the PRINCIPAL OFFICER holds or continues to hold such office.
- (6) If the AUTHORITY objects to the appointment of the PRINCIPAL OFFICER in terms of RULE 2.11(5) above, the BOARD must terminate the appointment within thirty (30) calendar days of the AUTHORITY informing the BOARD of the

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finalisation of the processes and procedures provided for in the Promotion Administrative of Justice Act, 2000.

- (7) The AUTHORITY may for purposes of assessing if the PRINCIPAL OFFICER is not, or is no longer, a fit and proper person in accordance with paragraph RULE 2.11(5) above, have regard to—
- (a) the competence and soundness of judgment of the person for the fulfilment of the responsibilities of the particular office and the type of fund;
  - (b) the diligence with which the person concerned is likely to fulfil those responsibilities;
  - (c) previous conduct and activities of the person in business or financial matters; and
  - (d) any evidence that the person—
    - (i) after 27 April 1994 has been convicted in the Republic or elsewhere of theft, fraud, forgery or uttering a forged document, perjury, an offence under the Prevention and Combating of Corrupt Activities Act, 2004, an offence under the Prevention of Organised Crime Act, 1998, or any offence involving dishonesty;
    - (ii) has been convicted of an offence committed after the Constitution of the Republic of South Africa, 1993, took effect, and sentenced to imprisonment without the option of a fine;
    - (iii) has contravened the provisions of any law the object of which is the protection of the public against financial loss;
    - (iv) is a former principal officer of an APPROVED PENSION FUND, an APPROVED PROVIDENT FUND, an APPROVED PRESERVATION PENSION FUND, an APPROVED PRESERVATION PROVIDENT FUND or an APPROVED RETIREMENT ANNUITY FUND and whose actions contributed to that fund's inability to pay its debts or caused financial loss to its members;

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- (v) has taken part in any business practices that, in the opinion of the AUTHORITY, were deceitful, prejudicial, or otherwise improper (whether unlawful or not) or which otherwise brought discredit to that person's methods of conducting business; or
  - (vi) has taken part in or been associated with any other business practices, or conduct that casts doubt on his or her competence and soundness of judgement. The AUTHORITY may request any person to assist him or her in assessing whether a person is fit and proper to act as PRINCIPAL OFFICER of the FUND.
  - (vii) The PRINCIPAL OFFICER must perform all the functions required to fulfil his duties in terms of the ACT, the RULES and the directions of the TRUSTEES.
- (8) The PRINCIPAL OFFICER must—
- (a) within twenty one (21) calendar days of his appointment being terminated, other than in accordance with the conditions referred to in RULE 2.11(5), submit a written report to the AUTHORITY detailing his perceived reasons for the termination; and
  - (b) on becoming aware of any matter relating to the affairs of the FUND which, in his opinion, may prejudice the FUND or its MEMBERS, inform the AUTHORITY thereof in writing.

## 2.12 Appointment of the AUDITOR

- (1) Subject to the provisions of the ACT, the requirements of the AUTHORITY as prescribed from time to time, the BOARD shall, in a manner determined in the FUND'S procurement policy, appoint an AUDITOR, for such period as they determine. The TRUSTEES may withdraw that appointment in terms of the provisions of the CLIENT SERVICES CONTRACT concluded between the FUND and the AUDITOR, and appoint a new AUDITOR in terms of the FUND'S procurement policy.
- (2) The TRUSTEES shall, within 30 calendar days of the appointment of the AUDITOR, apply to the AUTHORITY for approval of the appointment.


- (3) The provisions of RULES 2.11(5), 2.11(6) and 2.11(7) shall apply *mutatis mutandis* to the appointment of the AUDITOR.
- (4) Where the AUDITOR is a partnership, the appointment of such AUDITOR will not lapse by reason of a change in the composition of the partnership, as long as not less than half of the partners in the reconstituted partnership are persons who were partners at the date when the appointment of the partnership was last approved by the AUTHORITY.
- (5) The AUDITOR has for the purpose of performing his functions and duties –
- (a) the right of access at all reasonable times to the accounting records and all books, vouchers, documents and other property of the FUND;
  - (b) the right to require from the TRUSTEES such information and explanations as he deems necessary;
  - (c) the right to investigate whether there are adequate measures and procedures for the proper application of sound economical, efficient and effective management of the FUND and for the utilisation of all the resources under the control of the TRUSTEES; and
  - (d) the right to investigate any matter, including the efficiency and effectiveness of the internal control of the FUND, relating to expenditure by and the revenue of the FUND.
  - (e) The TRUSTEES must cause full and true accounts of the FUND to be kept in respect of each FINANCIAL YEAR. Such accounts must be made up as at the end of each FINANCIAL YEAR, audited by the AUDITOR, and submitted to the AUTHORITY; Provided that all of the aforementioned functions must be performed in accordance with the provisions of the ACT.
- (6) The AUDITOR must –
- (a) within twenty one (21) calendar days of his appointment being terminated, other than in accordance with the conditions referred to in RULE 2.11(5), submit a written report to the AUTHORITY detailing his perceived reasons for the termination;

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- (b) if he, but for the termination referred to in RULE 2.11(5), would have had reason to submit a report contemplated in Section 45(3) of the Auditing Profession Act, 2005, submit such a report to the AUTHORITY; and
- (c) The AUDITOR shall, on becoming aware of any matter relating to the affairs of the FUND, which, in the AUDITOR'S opinion, may prejudice the FUND or its MEMBERS, inform the AUTHORITY thereof in writing.

### 2.13 Appointment of Valuator

- (1) The TRUSTEES must, subject to the ACT and in a manner determined in the FUND'S procurement policy, appoint a Valuator. The TRUSTEES may withdraw that appointment in terms of the CLIENT SERVICES CONTRACT concluded between the FUND and the Valuator and appoint a new Valuator in terms of the FUND'S procurement policy.
- (2) The provisions of RULES 2.11(5), 2.11(6) and 2.11(7) will apply *mutatis mutandis* to the Valuator.
- (3) The Valuator will be the Valuator of the FUND in terms of the ACT and will, in addition to the function of Valuator, perform such other functions as may be specified in the RULES.

### 2.14 Appointment of other Service Providers

- (1) The TRUSTEES may, at the expense of the FUND and in a manner determined in the FUND'S procurement policy, appoint consultants, investment advisors, investment managers, attorneys and other service providers to assist the TRUSTEES in performing their duties and functions where they consider it necessary and prudent.
- (2) The appointment, functions and remuneration of advisers mentioned in RULE 2.14(1) must be regulated by the CLIENT SERVICES CONTRACT concluded between the FUND and service provider, and must occur in compliance to the FUND'S procurement policy.

### 2.15 Committees

- (1) The TRUSTEES may decide that any power of decision on any matter that is vested in them shall be delegated, on such terms and conditions as they may

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specify, to a COMMITTEE or committees, of such of their number as they nominate. The decision of such COMMITTEE or COMMITTEES to which a power is so delegated shall be referred to the TRUSTEES for ratification.

- (2) It is specifically provided that the TRUSTEES have established the following committees:
- (a) Administration and Communication Committee;
  - (b) Benefits and Loans Committee;
  - (c) HRM Committee
  - (d) Investment Committee
  - (e) Governance Committee;
  - (f) Finance, Audit and Risk Committee.

#### 2.16 Remuneration

- (1) The TRUSTEES shall be entitled to be remunerated for the services performed in the execution of their duties for the management of the FUND at such rate as may be determined from time to time by the BOARD in the relevant policy.
- (2) The TRUSTEES shall be entitled to reimbursement by the FUND for all other reasonable expenses incurred by them in the performance of their duties in a manner determined in the Board of TRUSTEES Subsistence and Travelling Allowance Policy.
- (3) TRUSTEES remuneration and the reasonable expenses incurred must be disclosed and recorded as an expense of the FUND in its financial statement.

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### 3 **RULE 3: MEMBERSHIP**

#### 3.1 **Eligibility**

- (1) All ELIGIBLE EMPLOYEES will be able to join the FUND provided they are under the NORMAL RETIREMENT AGE. Save insofar as these RULES specifically entitle or require a MEMBER to withdraw from his membership while he remains in the service of the EMPLOYER, a MEMBER shall not be entitled to withdraw from the FUND while he remains in SERVICE
- (2) All MEMBERS who participated in the FUND immediately prior to the EFFECTIVE DATE shall continue to participate in the FUND.
- (3) All persons who become ELIGIBLE EMPLOYEES on or after the EFFECTIVE DATE shall be obliged to participate in the FUND from the date of their becoming ELIGIBLE EMPLOYEES.
- (4) All ELIGIBLE EMPLOYEES who become MEMBERS on or after 1 November 2006 may elect to participate either in terms of the benefit structure described in the main body of these RULES or the benefit structure described in the Annexure to these RULES. Should a MEMBER fail to make such an election, the FUND shall be entitled to regard such a MEMBER as having elected to participate in the benefit structure described in the main body of these RULES provided that: if the contributions received by the FUND are in line with contribution 1 to 4 or 6 of RULE 4.1(1) under clause 5 of the Annexure of these RULES, the corresponding benefit structure shall apply. An ELIGIBLE EMPLOYEE who transfers to the FUND in terms of the RULES will become a MEMBER on the EFFECTIVE DATE of the transfer.

#### 3.2 **Insurability**

- (1) The liability of the FUND to any MEMBER in respect of any LIFE ASSURANCE BENEFIT COVER shall be limited to the amount which is paid in respect of such benefit by the REGISTERED INSURER with whom such benefit is insured;
- (2) A MEMBER'S right to benefits in terms of LIFE ASSURANCE BENEFIT COVER is conditional upon all the insurability requirements being satisfied and on such

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limitations and conclusions as may be laid down by the REGISTERED INSURER in respect of the benefit from time to time.

- (3) A BENEFICIARY of a LIFE ASSURANCE BENEFIT must ensure that any information including medical evidence is submitted to the relevant REGISTERED INSURER. The Fund will not be liable for the cost of providing such information.

### 3.3 Temporary Absence

- (1) While a MEMBER is absent on sick or other leave from the service of the EMPLOYER or while he is suspended from duty and continues to receive his full pay or a reduced pay, or where he is absent on leave without pay for a period of less than 31 (thirty one) calendar days, contributions shall continue to be made in terms of RULE 4.1 and RULE 4.2(2) respectively and the MEMBER'S PENSIONABLE SERVICE shall not be interrupted. Such contributions shall be calculated on his full ANNUAL SALARY (and ANNUAL BONUS where applicable) on the day immediately prior to the commencement of such absence.
- (2) While a MEMBER is absent from service and such absence is authorized by the EMPLOYER, or if he is suspended from duty without receiving any pay for a period exceeding 31 (thirty one) calendar days, his PENSIONABLE SERVICE shall not be interrupted provided that -
- (a) the MEMBER'S contributions in terms of RULE 4.1(2), based on his ANNUAL SALARY (and ANNUAL BONUS where applicable) immediately prior to the commencement of the absence, shall be paid by the EMPLOYER to the FUND on behalf of the MEMBER. The contributions so paid shall be repaid by the MEMBER concerned to the EMPLOYER on the termination of the leave without pay, in a manner determined by such EMPLOYER;
- (b) the EMPLOYER'S contributions in terms of RULE 4.2(2) based on the MEMBER'S ANNUAL SALARY (and ANNUAL BONUS where applicable) immediately prior to the commencement of the absence, shall be paid by the EMPLOYER to the FUND in respect of the MEMBER concerned;



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- (c) such absence from service without pay shall not exceed a period of one year from the last day on which the MEMBER was actively at work, after which the MEMBER'S membership of the FUND shall terminate unless the TRUSTEES, at the written request of the MEMBER and with the approval of the EMPLOYER, have agreed to extend such period.
- (d) Any period of absence which is not authorised by the EMPLOYER, will not be considered as PENSIONABLE SERVICE.
- (e) Any period of service, which does not constitute PENSIONABLE SERVICE in terms of this RULE, may be allowed as PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(iii)
- (f) For the purposes of these RULES, a MEMBER who is in receipt of a disability income in accordance with the disability income arrangement, shall not be regarded as being absent from service.

#### 3.4 Cessation of Membership

A MEMBER's membership of the FUND shall terminate:

- (1) when a MEMBER who for any reason leaves the service of the EMPLOYER and elects to have his benefit transferred in terms of RULE 7.3(2);
- (2) when a MEMBER has received all benefits from the FUND that he qualifies for;
- (3) on the death of a MEMBER; or
- (4) on the liquidation of the FUND;

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**4 RULE 4: CONTRIBUTIONS AND RESERVE ACCOUNTS****4.1 MEMBER'S Contributions**

- (1) A MEMBER, other than a DEFERRED MEMBER, shall make current contributions to the FUND from the date of his/her commencement of participation in the FUND. In addition a MEMBER shall make past period contributions in respect of any previous service which are allowed as PENSIONABLE SERVICE.
- (2) A MEMBER shall make:
  - (a) a minimum monthly payment to the FUND equal to 8.6% of his ANNUAL SALARY, divided by 12 i.e.  $((8.6\% \times \text{ANNUAL SALARY}) / 12)$ .
- (3) The MEMBER'S contributions in respect of periods allowed as PENSIONABLE SERVICE shall be made at the following rate:
  - (a) in respect of service which is allowed as PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(i) and RULE 1.50(1)(b)(iii) an amount equal to the ASSESSED CONTRIBUTIONS; and
  - (b) in respect of service which is allowed as PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(ii), the MEMBER concerned shall refund to the FUND the benefit referred to in that RULE, which was paid to him, together with compound interest thereon, calculated at 5,5 (five comma five) per cent per annum as from the date on which the said benefit was paid to him, up to and including the date on which the said benefit is so repaid to the FUND.
  - (c) in respect of service which is allowed as PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(v), such amount as determined by the Valuator.
  - (d) in respect of service which is allowed as PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(iv), an amount in terms of RULE 11.2 shall be paid by the OTHER FUND to the FUND.
  - (e) Transfers from any Funds not defined in these RULES:

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A MEMBER may transfer to the FUND from any other APPROVED PENSION FUND, an APPROVED PROVIDENT FUND, an APPROVED PRESERVATION PENSION FUND or an APPROVED PRESERVATION PROVIDENT FUND any amount payable in respect of his participation under such fund, which shall be applied under the FUND to purchase a period of PENSIONABLE SERVICE as determined by the Valuator.

#### 4.2 EMPLOYER'S Contributions

- (1) From the COMMENCEMENT DATE of the FUND or date of commencement of participation, the EMPLOYER shall, subject to the provisions of these RULES, make periodical contributions which together with the MEMBER'S contributions shall be sufficient to provide the benefits in terms of these RULES, provided that the sum of the costs of the personal risk benefits, the funeral benefit arrangement and the disability income arrangement in respect of MEMBERS shall be deducted from such contributions and shall not exceed 7 (seven) per cent of ANNUAL SALARY.
- (2) The EMPLOYER'S current contributions shall be made at the rate of 20,78 (twenty comma seven eight) per cent of such MEMBER'S ANNUAL SALARY. Such contributions shall be subject to review at each actuarial investigation.
- (3) The EMPLOYER'S contributions in respect of PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(i) and RULE 1.50(1)(b)(iii) shall be at the following rate:
  - (4) an amount equal to 2,04 (two comma zero four) times the ASSESSED CONTRIBUTIONS, and
    - (a) interest calculated at 2,75 (two comma seven five) per cent per annum on the amount referred to in RULE 4.1(2)(a) of this RULE plus the amount referred to in RULE 4.1(3)(a) in respect of each year or part of a year of such PENSIONABLE SERVICE, and
    - (b) compound interest calculated at 5,5 (five comma five) per cent per annum on the total amounts referred to in sub paragraph (a) and (b) of this RULE together with the amount referred to in RULE 4.1(3)(a), as from the date on which the MEMBER concerned became a MEMBER of

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the FUND or the date immediately following the date on which the period of absence or suspension from duty expired, as the case may be, up to and including the date on which the said amounts are paid.

- (c) An EMPLOYER shall pay contributions in respect of the period referred to in RULE 1.50(1)(b)(iii) in the manner determined in RULE 4.1(2) and RULE 4.2(2) and the contributions so paid by the EMPLOYER on behalf of the MEMBER concerned shall be repaid to the EMPLOYER by the MEMBER concerned on the termination of the leave without pay in the manner determined by such EMPLOYER.

#### 4.3 Collection of Contributions

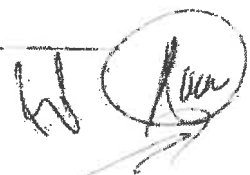
- (1) The amount which a MEMBER is required to contribute to the FUND in terms of RULE 4.1(2) shall be deducted by his EMPLOYER from the ANNUAL SALARY of the MEMBER monthly or at such times as the TRUSTEES may, from time to time, determine, and be paid in full to the FUND by the EMPLOYER.
- (2) Any amount which is payable by an EMPLOYER to the FUND in terms of RULE 4.2(2), shall be paid in full to the FUND at such times and in such manner as the TRUSTEES may, from time to time, determine.
- (3) Any amount which a MEMBER is required to pay to the FUND in terms of RULE 1.50(1)(b), shall be deducted from the ANNUAL SALARY of the MEMBER monthly, or in such manner and at such times, and in such instalments, as the TRUSTEES may determine, and be paid to the FUND.
- (4) Any amount which is owing to the FUND by a MEMBER at the time of his death in respect of contributions shall be set off against any benefit which is payable to the DEPENDANTS or the estate of such MEMBER from the FUND in terms of these RULES; Provided that, if the amount so owing exceeds the amount of the said benefit, the difference shall not be recoverable from the estate of the MEMBER.

#### 4.4 Payment of Contributions

- (1) Any contributions due to the FUND in terms of these RULES shall be paid by the EMPLOYER to the FUND within a period of 7 (seven) calendar days from the end of the calendar month to which such contributions relate. The FUND will

pay such contributions into the banking account referred to in RULE 9.3 not later than the first business day following the date of receipt of the contributions.

- (2) The EMPLOYER shall further ensure that the reconciliation of the contributions made in terms of RULE 4.1 and RULE 4.2 as prescribed under Regulation 33(1) of the Regulations to the ACT is submitted to the FUND within the period prescribed by the ACT.
- (3) Should the EMPLOYER fail to pay contributions within the period prescribed in RULE 4.4(1), the following shall apply:
- (a) the EMPLOYER shall be required to pay interest at the rate envisaged in the ACT on any contributions not transmitted within the prescribed period. Such interest shall constitute an investment income for the FUND and shall be utilised in the manner determined by the TRUSTEES;
  - (b) the FUND shall not be liable for payment of any benefit payable in terms of these RULES which would have been secured by the contributions not transmitted to the FUND; Provided that the TRUSTEES shall take all reasonable steps in ensuring that contributions are paid to the FUND and the interests of the MEMBERS are protected in terms of the ACT and these RULES,
  - (c) the RESPONSIBLE PERSON shall report outstanding contributions and non-transmission of the reconciliation of contributions to the MONITORING PERSON within the period prescribed in the ACT;
  - (d) the MONITORING PERSON shall then in writing report the matter to the TRUSTEES within 7 calendar days after receipt of the report from the RESPONSIBLE PERSON;
  - (e) after receiving the MONITORING PERSONS' report, the TRUSTEES shall within a reasonable period instruct the MONITORING PERSON to inform those MEMBERS of the FUND in respect of whom the contributions are outstanding, and
  - (f) where failure to transmit contributions has continued for a period of 90 calendar days or more, the MONITORING PERSON shall report the matter to the SAPS at the branch nearest to the FUND'S registered



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office in accordance with the provisions of the ACT and the requirements of the AUTHORITY. The MONITORING PERSON shall also advise the AUTHORITY accordingly.

- (g) In the case of a MEMBER who is in receipt of a disability income benefit from the disability income arrangement, contributions shall continue to be paid to the FUND in respect of him in terms of these RULES; Provided that the MEMBER'S contributions in terms of RULE 4.1 shall be deducted by the EMPLOYER from the MEMBER'S disability income benefit and paid to the FUND together with the EMPLOYER'S contributions referred to in RULE 4.2 and the provisions of this RULE 4.4 shall apply *mutatis mutandis*.

#### 4.5 Adequacy of Contributions

If at any time the balances in the accounts of the FUND are in the opinion of the Valuator, not adequate to provide the benefits in terms of these RULES, the Valuator, in consultation with the TRUSTEES, shall require either

- (1) an additional contribution to be paid by the EMPLOYER at such time or times and of such amounts as decided upon between the Valuator and the TRUSTEES, or
- (2) an increase in the future rate of EMPLOYER'S and/or MEMBER'S contributions, or
- (3) a reduction in future benefits, or
- (4) any combination of the above.

#### 4.6 Solvency Reserve Account

- (1) To the SOLVENCY RESERVE ACCOUNT shall be credited such amount as shall be determined by the TRUSTEES in consultation with the Valuator.
- (2) The balance in the SOLVENCY RESERVE ACCOUNT shall be reviewed by the TRUSTEES in consultation with the Valuator at least as at the date of each statutory actuarial valuation and no interest shall be allocated in this account.




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- (3) The credit balance in the SOLVENCY RESERVE ACCOUNT shall be used for the purpose determined by the TRUSTEES from time to time in consultation with the Valuator in order to protect the solvency of the FUND from adverse experience.
- (4) On the discontinuance of the FUND in terms of RULE 9.11(1) the balance in the SOLVENCY RESERVE ACCOUNT will be included in the apportionment of the FUND'S assets as provided in RULE 9.11(1)(d)(iv)(A).
- (5) On the discontinuance of an individual EMPLOYER in terms of RULE 9.11(2) the TRUSTEES will determine the equitable share of the SOLVENCY RESERVE ACCOUNT attributable to MEMBERS of that EMPLOYER. Such share shall be included in the balance to be distributed to those MEMBERS of that EMPLOYER.

#### 4.7 CONTRIBUTION RESERVE ACCOUNT

- (1) The purpose of the CONTRIBUTION RESERVE ACCOUNT shall be to stabilise the future contribution rate of the defined benefit section of the Fund.
- (2) The CONTRIBUTION RESERVE ACCOUNT shall be credited by such amount as shall be determined by the TRUSTEES in consultation with the Valuator at the date of each actuarial valuation of the FUND as required by RULE 9.6.
- (3) The CONTRIBUTION RESERVE ACCOUNT shall be credited with investment return as determined by the TRUSTEES in consultation with the Valuator at the date of each actuarial valuation of the FUND that is required in terms of RULE 9.6.
- (4) The CONTRIBUTION RESERVE ACCOUNT shall be debited by such amount as shall be determined by the TRUSTEES in consultation with the Valuator at the date of each actuarial valuation of the FUND that is required in terms of RULE 9.6.
- (5) The credit balance in the CONTRIBUTION RESERVE ACCOUNT shall be utilised to subsidise any shortfall between the required EMPLOYER contribution rate determined by the Valuator to fund future benefits and the current contribution rate from time to time in consultation with the Valuator at the date of each actuarial valuation of the FUND as required by RULE 9.6.

- (6) In the event that the purpose for which the CONTRIBUTION RESERVE ACCOUNT was created becomes obsolete the account shall be dissolved and the balance of the account will be included in the FUND's bank account as determined by the TRUSTEES in consultation with the Valuator.
- (7) No part of the CONTRIBUTION RESERVE ACCOUNT may be paid to a MEMBER on exit from the FUND for any reason.
- (8) On the discontinuance of the FUND in terms of RULE 9.11(1) the balance in the CONTRIBUTION RESERVE ACCOUNT will be included in the apportionment of the FUND'S assets as provided in RULE 9.11(1)(d)(iv).
- (9) On the discontinuance of an individual EMPLOYER in terms of RULE 9.11(2) the TRUSTEES will determine the equitable share of the CONTRIBUTION RESERVE ACCOUNT attributable to MEMBERS of that EMPLOYER. Such share shall be included in the balance to be distributed to those MEMBERS of that EMPLOYER.

**5 RULE 5: BENEFITS ON RETIREMENT**

**5.1 Retirement**

A retirement benefit shall become payable to a MEMBER if a MEMBER retires in any of the following circumstances:

(1) Normal Retirement

On his NORMAL RETIREMENT DATE.

(2) Early Retirement

Within 5 years before his NORMAL RETIREMENT DATE.

(3) Late Retirement

After the NORMAL RETIREMENT DATE as agreed between the EMPLOYER and the MEMBER on an annual basis, but membership of the FUND may not continue beyond the date the MEMBER attains age 65 (sixty five).

**5.2 Amount of Retirement Benefit in respect of MEMBERS who are employees of SAPS**

(1) The amount of retirement benefits payable in respect of any MEMBER, who is an employee of SAPS and who retires shall be as follows:

(a) In the case of retirement in terms of RULE 5.1(1) or RULE 5.1(3):

(i) a gratuity equal to 6,72 (six comma seven two) per cent of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE,

Plus

(ii) a pension equal to 1/55<sup>th</sup> (one fifty fifth) of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE,

or

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- (iii) a cash lump sum equal to 21 (twenty one) per cent of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE.
- (b) In the case of retirement in terms of RULE 5.1(2):
- (i) a gratuity equal to 6,72 (six comma seven two) per cent of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE; reduced by 4 (four) per cent per annum for the period between the date the MEMBER retired and the NORMAL RETIREMENT DATE,
- plus
- (ii) a pension equal to 1/55<sup>th</sup> (one fifty fifth) of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE; reduced by 4 (four) per cent per annum for the period between the date the MEMBER retired and the NORMAL RETIREMENT DATE
- or
- (iii) a cash lump sum equal to 21 (twenty one) per cent of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE; reduced by 4 (four) per cent per annum for the period between the date the MEMBER retired and the NORMAL RETIREMENT DATE.

**5.3 Amount of Retirement Benefit in respect of all MEMBERS who are employees of LOCAL AUTHORITIES, MUNICIPAL ENTITIES and provincial legislature**

- (1) In the case of retirement in terms of RULE 5.1(1) or RULE 5.1(3):
- (a) a gratuity equal to 6,72 (six comma seven two) per cent of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE
- plus
- (b) a pension equal to 1/55<sup>th</sup> (one fifty fifth) of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE

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or

- (c) A cash lump sum equal to
- (i) in respect of a MEMBER who was a MEMBER of the FUND before 1<sup>st</sup> April 2000, 21 (twenty one) per cent of FINAL SALARY multiplied by the period of his PENSIONABLE SERVICE,
  - (ii) in respect of a MEMBER who joined the FUND on or after 1<sup>st</sup> April 2000, 19,75 (nineteen comma seven five) per cent of FINAL SALARY multiplied by the period of his PENSIONABLE SERVICE.

(2) In the case of retirement in terms of RULE 5.1(2):

- (a) a gratuity equal to 6,72 (six comma seven two) percent of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE; reduced by
- (i) in respect of a MEMBER who joined the FUND prior to 1<sup>st</sup> April 2000 and who retires between the ages of 60 (sixty) and 65 (sixty five), 0 (zero) per cent;
  - (ii) in respect of a MEMBER who joined the FUND prior to 1<sup>st</sup> April 2000 and who retires prior to age 60 (sixty), 0 (zero) per cent per annum in respect of the period between the date the MEMBER would have attained age 60 (sixty) and the NORMAL RETIREMENT DATE, plus 4 (four) per cent per annum in respect of the period between the date the MEMBER actually retired and the date the MEMBER would have attained age 60 (sixty);
  - (iii) in respect of a MEMBER who joined the FUND on or after 1<sup>st</sup> April 2000, 4 (four) per cent per annum in respect of the period between the date the MEMBER retired and the NORMAL RETIREMENT DATE.

plus

- (b) a pension equal to 1/55<sup>th</sup> (one fifty fifth) of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE; reduced by

- (i) in respect of a MEMBER who joined the FUND prior to 1<sup>st</sup> April 2000 and who retires between the ages of 60 (sixty) and 65 (sixty five), 0 (zero) per cent;
- (ii) in respect of a MEMBER who joined the FUND prior to 1<sup>st</sup> April 2000 and who retires prior to age 60 (sixty), 0 (zero) per cent per annum in respect of the period between the date the MEMBER would have attained age 60 (sixty) and the NORMAL RETIREMENT DATE, plus 4 (four) per cent per annum in respect of the period between the date the MEMBER retired and the date the MEMBER would have attained age 60 (sixty);
- (iii) in respect of a MEMBER who joined the FUND on or after 1<sup>st</sup> April 2000, 4 (four) per cent per annum in respect of the period between the date the MEMBER actually retired and the NORMAL RETIREMENT DATE;

or

- (c) A cash lump sum equal to
  - (i) in respect of a MEMBER who was a MEMBER of the FUND before 1<sup>st</sup> April 2000, 21 (twenty one) per cent of FINAL SALARY reduced by:
    - (A) in respect of a MEMBER who joined the FUND prior to 1<sup>st</sup> April 2000 and who retires between the ages of 60 (sixty) and 65 (sixty five), 0 (zero) per cent;
    - (B) in respect of a MEMBER who joined the FUND prior to 1<sup>st</sup> April 2000 and who retires prior to age 60 (sixty), 0 (zero) per cent per annum in respect of the period between the date the MEMBER would have attained age 60 (sixty) and the NORMAL RETIREMENT DATE, plus 4 (four) per cent per annum in respect of the period between the date the MEMBER retired and the date the MEMBER would have attained age 60 (sixty);

- (C) in respect of a MEMBER who joined the fund on or after 1<sup>st</sup> April 2000, 19,75 (nineteen comma seven five) per cent of the FINAL SALARY, reduced by 4 (four) per cent per annum in respect of the period between the date the MEMBER retired and the NORMAL RETIREMENT DATE.

#### 5.4 Manner of Payment

- (1) Pensions payable on retirement in terms of these RULES are payable in equal monthly instalments commencing on the first day of the month next following the date of retirement (or at the discretion of the TRUSTEES and subject to the approval of the COMMISSIONER in each case, the pensions may be payable on some other basis) and will continue for the life of the MEMBER.
- (2) Each PENSIONER shall be required to submit a certificate of existence annually or within such period as shall be stipulated by the FUND from time to time, failing which the FUND shall suspend payment of pensions until such time that the certificate of existence is submitted.
- (3) Upon suspension of payment of pensions, the FUND shall appoint tracing agents to locate the PENSIONER and the costs thereof shall be deducted from the pension payable to the PENSIONER.

#### 5.5 Commutation of Pensions

- (1) PENSIONERS who retired in terms of these RULES before 1 August 1994 may exercise an irrevocable option to commute the full amount of their pension for a cash amount, provided that this option is exercised in writing, in the format determined by the TRUSTEES, on or before 31 December 1995.
- (2) Where the amount of the pension payable in terms of these RULES is equal to or less than the amount determined by the revenue services from time to time, the whole of such pension may be commuted for a cash amount on request by the MEMBER.
- (3) The amount of the cash amount payable will be determined by the TRUSTEES in accordance with an actuarial formula decided by the Valuator.



**5.6 Condition of Retirement Benefit**

A MEMBER who qualifies for a retirement benefit in terms of these RULES or a DEFERRED MEMBER who seeks to withdraw from the FUND may not receive payment of the benefit or have the benefit transferred to an APPROVED PENSION FUND, an APPROVED PROVIDENT FUND, an APPROVED RETIREMENT ANNUITY FUND or to an APPROVED PRESERVATION PENSION FUND until the MEMBER receives RETIREMENT BENEFITS COUNSELLING.

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**6 RULE 6: DEATH BENEFIT**

**6.1 Death before Retirement**

- (1) If a MEMBER dies whilst in the service of the EMPLOYER, the following benefit will become payable:
- (a) the amount determined in accordance with RULE 7.1, plus
  - (b) subject to provisions of RULE 10.8, a life assurance benefit defined in terms of the LIFE ASSURANCE BENEFIT COVER.

**6.2 Death after Retirement**

- (1) Subject to the proviso to this RULE, if a PENSIONER dies, the following benefits shall become payable, where applicable:
- (a) where the PENSIONER'S death occurs within 60 (sixty) months after his date of retirement, the balance of pension payments due for the remainder of the 60 (sixty) months period after his date of retirement will be paid in the form of a gratuity;

Plus

- (b) A SPOUSE'S and DEPENDANT CHILD'S pension set out in RULE 6.3 and RULE 6.4 respectively payable in terms of RULE 6.5;
- (2) Provided that where a MEMBER or PENSIONER has commuted his pension for a cash amount in terms of RULE 5, the benefit payable in terms of this RULE shall not apply.

**6.3 Amount of SPOUSE'S PENSION**

The SPOUSE'S pension shall be equal to 60 (sixty) per cent of the retirement pension payable in respect of the PENSIONER.

**6.4 DEPENDANT CHILD'S Pension**

- (1) The DEPENDANT CHILD'S pension shall be equal to 1/10<sup>th</sup> (one tenth) of the PENSIONER'S retirement pension, for each DEPENDANT CHILD up to a maximum of three DEPENDANT CHILDREN at any time. Where there are more

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than 3 (three) DEPENDANT CHILDREN, the 3 (three) youngest DEPENDANT CHILDREN shall be eligible for DEPENDANT CHILD'S pension; provided that

- (a) where there are more than 3 (three) DEPENDANT CHILDREN the TRUSTEES may apportion the total DEPENDANT CHILD'S pension payable amongst the DEPENDANT CHILDREN on some other basis as they, in their sole discretion, may decide, and
- (b) where the SPOUSE'S pension ceases to be payable or no SPOUSE'S pension is payable, the DEPENDANT CHILD'S pension will be doubled.

#### 6.5 Payment of SPOUSE'S and DEPENDANT CHILD'S pension

The SPOUSE'S and DEPENDANT CHILD'S pension shall be payable as follows:

- (1) the first monthly payments shall be payable on the first day of the calendar month next following the death of the PENSIONER,
- (2) the last payment of the SPOUSE'S pension shall be payable on the first day of the calendar month in which such SPOUSE'S death occurs, and
- (3) the last payment of the DEPENDANT CHILD'S pension shall be made on the first calendar month next following the date on which the DEPENDANT CHILD ceases to be a DEPENDANT CHILD.

#### 6.6 Payment of benefits on Death

The death benefit (other than the SPOUSE'S and/or DEPENDANT CHILD'S pension payable in terms of RULES 6.3, 6.4 and 6.5) shall be paid in accordance with the provisions of Section 37C of the ACT.

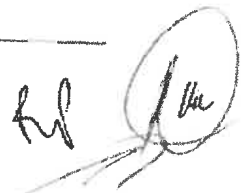
#### 6.7 Commutation of SPOUSE'S and DEPENDANT CHILD'S PENSION

- (1) Where the amount of the SPOUSE'S and all DEPENDANT CHILDREN'S pensions payable in terms of these RULES are equal to or less in total than the amount determined by the revenue services from time to time, the whole of such pension may be commuted for a cash amount.
- (2) The amount of the cash benefit payable will be determined by the TRUSTEES in accordance with an actuarial formula determined by the Valuator.

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**6.8 Cessation of participation in Death Benefits**

- (1) A MEMBER'S LIFE ASSURANCE BENEFIT COVER and his participation in the SPOUSE'S and/or DEPENDANT CHILD'S pension shall cease on the earliest of:
- (a) the date on which he ceases to be an ELIGIBLE EMPLOYEE,
  - (b) the date of his withdrawal or discharge from service,
  - (c) the NORMAL RETIREMENT DATE,
  - (d) the date of discontinuance of the FUND or the discontinuance of his EMPLOYER'S participation in terms of RULE 9.11, or
  - (e) such other date as may be provided in these RULES.
- (2) A MEMBER'S LIFE ASSURANCE BENEFIT COVER shall cease with immediate effect, when the contributions due in terms of RULE 4.1(2) and RULE 4.2(2) have been unpaid for 30 (thirty) calendar days after the date on which such contributions were due; except where the MEMBER concerned had already submitted a claim in respect of ill health, which claim was still in the process of being evaluated by the REGISTERED INSURER.

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**7 RULE 7: BENEFITS ON RESIGNATION OR DISCHARGE**

**7.1 Resignation or Discharge on account of Misconduct or Ill-Health occasioned by MEMBER'S own default**

- (1) Any MEMBER who resigns from his employment or is discharged on account of ill-health where the ill-health was occasioned by his own default, shall, subject to the proviso (C) to RULE 1.50(1), be entitled to payment of an amount which is calculated in accordance with the WITHDRAWAL FORMULA.
- (2) Any amount payable by a MEMBER in respect of any period of PENSIONABLE SERVICE referred to in proviso (C) to RULE 1.50(1), for which contributions have been paid within the six months period immediately preceding the date on which the claim arose shall be paid to him together with the amount referred to in RULE 7.1(1).
- (3) Any amount payable to the MEMBER in respect of RULE 7.1(1) shall be increased by an additional percentage of such amount in relation to the MEMBER'S PENSIONABLE SERVICE. Such additional percentage shall be determined in accordance with the following scale:

Number of Years of PENSIONABLE SERVICE	Additional Percentage
Less than 6	Nil
6	10 %
7	20 %
8	30 %
9	40 %
10	50 %
11	60 %
12	70 %
13	80 %
14	90 %
15 and over	100 %

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Provided that for the purposes hereof, PENSIONABLE SERVICE, in respect of a MEMBER as at 30 September 1990, shall include the period of membership of an OTHER FUND or a SIMILAR FUND which has been allowed as PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(iv).

Provided further that for the purposes hereof, PENSIONABLE SERVICE shall include SERVICE that would have accrued between the date of termination of SERVICE in terms of this RULE and the NORMAL RETIREMENT DATE, had the MEMBER'S SERVICE not been terminated on account of ill health, provided that such additional SERVICE shall be restricted to a maximum of 10 (ten) years.

- (4) The benefit payable in terms of this RULE shall be subject to the minimum benefits as defined in Section 14A of the ACT.

**7.2 Discharge other than in RULE 7.1.**

- (1) A MEMBER may, at the insistence of the EMPLOYER, be discharged owing to the abolition of his post or any reduction in staff of an EMPLOYER, provided such abolition or reduction takes place in terms of the provisions of the enabling legislation for local authorities, relevant labour law and bargaining council agreements.
- (2) A benefit shall become payable in respect of any MEMBER who is discharged in terms of RULE 7.2(1) as follows:
- (a) In the case of a MEMBER who is employed by SAPS, a cash amount equal to the greater of:
- (i) a gratuity equal to 15,5 (fifteen comma five) per cent of the MEMBER'S FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE up to the actual date of discharge, or
  - (ii) the reserve value, as determined by the TRUSTEES in accordance with an actuarial formula determined by the Valuator, of the MEMBER'S retirement benefit calculated in terms of RULE 5.2(1)(a) using PENSIONABLE SERVICE up to the date of discharge; Provided that if, in the opinion of the TRUSTEES on the advice of the Valuator, it is considered that a strain is being

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placed on the financial soundness of the FUND as a result of the incidence and/or extent of this benefit becoming payable, either in respect of any one EMPLOYER or the FUND in general, the benefit will be adjusted by the TRUSTEES on the advice of the Valuator.

- (b) In the case of a MEMBER other than in RULE 7.2(2)(a) above:
- (i) Where the MEMBER has less than 10 years PENSIONABLE SERVICE or the MEMBER refuses an offer by the EMPLOYER of employment in another position at the EMPLOYER with the same remuneration, the benefit as set out in RULE 7.2(2)(a) shall become payable.
  - (ii) Where the MEMBER has 10 years or more PENSIONABLE SERVICE and the EMPLOYER does not offer employment in another position with the same remuneration;
    - (A) a benefit determined in accordance with RULE 5.3(1)(a) and 5.3(1)(b) as if the MEMBER had retired on the NORMAL RETIREMENT DATE shall become payable. In determining this benefit the PENSIONABLE SERVICE is taken as service as defined in terms of RULE 1.50 plus service that would have accrued between the date of termination of service in terms of this RULE and the NORMAL RETIREMENT DATE, had the MEMBER'S service not been terminated. This benefit shall be commuted and paid as a cash lump sum to the MEMBER at the date of retrenchment,
    - (B) the EMPLOYER by whom the MEMBER is employed, is required to pay the amount of this benefit, less the benefit that a MEMBER would receive in terms of RULE 7.2(2) to the FUND before the benefit in terms of this RULE is paid to the MEMBER. No interest in respect of this benefit will be paid by the FUND until such time as the FUND has received the payment referred to in this subsection from the EMPLOYER.

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- (c) The liability of the FUND to the MEMBER shall never exceed that of the benefit calculated in terms of RULE 7.2(2).
- (3) Where a MEMBER transfers to another EMPLOYER or fund as provided for in RULE 11, the benefits in terms of this RULE shall not be payable to such a MEMBER.
- (4) The benefit payable in terms of this RULE shall be subject to the minimum benefit as defined in Section 14A of the ACT.

### 7.3 Option on Resignation or Discharge

- (1) A MEMBER may elect, in lieu of the cash benefit due to him from the FUND on resignation or discharge due to the abolition of his post or reduction in staff of an EMPLOYER:
  - (a) to retain his benefit in the FUND and become a DEFERRED MEMBER subject to the following:
    - (i) his benefit as determined in RULE 7.1 or RULE 7.2, together with interest thereon calculated on a basis determined by the Valuator in consultation with the TRUSTEES from the date of resignation up to the date on which the amount is paid, will become payable on the earliest of the NORMAL RETIREMENT DATE, the early retirement date or death of the MEMBER, as the case may be.
    - (ii) If a DEFERRED MEMBER subsequently rejoins the FUND he may utilise his paid-up benefit (determined as set out above as at the date of rejoining the FUND) to provide an additional period of PENSIONABLE SERVICE for him in terms of these RULES or retain his benefit as set out above, to be payable in terms of this RULE.
    - (iii) The DEFERRED MEMBER, once he has elected to retain such benefit, shall receive a PAID-UP MEMBERSHIP CERTIFICATE within two (2) months of the FUND becoming aware that the MEMBER has become a DEFERRED MEMBER.




- (iv) A DEFERRED MEMBER and/or his dependants shall not be entitled to risk benefit cover as no deductions will be made from the DEFERRED MEMBER'S paid-up benefit for purposes of the provisions of risk benefit cover.
- (2) Subject to the provisions of the INCOME TAX ACT and the requirements of the COMMISSIONER as prescribed from time to time:
- (a) transfer his benefit or a portion thereof to another APPROVED PENSION FUND, an APPROVED PROVIDENT FUND or an APPROVED RETIREMENT ANNUITY FUND, or
- (b) transfer his benefit to an APPROVED PRESERVATION PENSION FUND;

Provided that if a MEMBER elects to transfer his benefit in terms of this RULE, such benefit shall be transferred within 60 calendar days of the date of receiving written notification of the transfer from the MEMBER, failing which the FUND shall be liable to pay interest on that amount at a rate contemplated in Section 13A(7) of the ACT.

- (3) Where a MEMBER, whose employment has been terminated in terms of RULES 7.3(1)(a) and 7.3(2), becomes entitled to a withdrawal benefit referred to in those RULES and dies before the benefit has been paid to him, such benefit shall be dealt with in terms of section 37C of the Act.

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**8 RULE 8: Benefits in respect of SAMWU and EJOBURG MEMBERS**

**8.1 Benefits in respect of SAMWU Members**

Any SAMWU MEMBER who exits the FUND for any reason including but not limited to the following:

- (1) on his NORMAL RETIREMENT DATE;
- (2) within five (5) years before his NORMAL RETIREMENT DATE, in other words, early retirement;
- (3) after the NORMAL RETIREMENT DATE as agreed between the employers and the SAMWU MEMBER on an annual basis, but membership of the FUND may not continue beyond the date the SAMWU MEMBER attains age 65 (sixty-five);
- (4) when the SAMWU MEMBER resigns from his employment or is discharged on account of misconduct or ill-health occasioned by MEMBER's own default; and
- (5) on the death of a SAMWU MEMBER,

will be entitled to the SAMWU TRANSFER AMOUNT together with FUND INTEREST, as defined in the Annexure, accrued to the exit date less any applicable deductions.

**8.2 Benefits in respect of EJOBURG Members**

Any EJOBURG MEMBER who exits the FUND for any reason including but not limited to the following:


- (1) on his NORMAL RETIREMENT DATE;
- (2) within five (5) years before his NORMAL RETIREMENT DATE, in other words, early retirement;
- (3) after the NORMAL RETIREMENT DATE as agreed between the employers and the EJOBURG MEMBER on an annual basis, but membership of the FUND may not continue beyond the date the EJOBURG MEMBER attains age 65 (sixty-five);

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(4) when the EJOBURG MEMBER resigns from his employment or is discharged on account of misconduct or ill-health occasioned by MEMBER's own default; and

(5) on the death of an EJOBURG MEMBER,

will be entitled to the EJOBURG RESERVE VALUE together with FUND INTEREST, as defined in the Annexure, accrued to the exit date less any applicable deductions.

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**9 RULE 9: OPERATION OF THE FUND**

**9.1 Administration of the FUND**

- (1) Subject to the provisions of the ACT and the requirements of the AUTHORITY as prescribed from time to time, the TRUSTEES shall appoint an ADMINISTRATOR on such terms and conditions as they may determine and they may withdraw such appointment at any time.
- (2) The FUND and the ADMINISTRATOR must conclude a CLIENT SERVICE CONTRACT, which must record the powers and duties of the ADMINISTRATOR in relation to the FUND and the remuneration the FUND must pay the ADMINISTRATOR.
- (3) The ADMINISTRATOR shall administer the FUND in accordance with the provisions of the ACT and any applicable legislation, CLIENT SERVICES CONTRACT referred to in RULE 9.1(2), the RULES and on the instructions determined from time to time by the TRUSTEES and advised in writing to the ADMINISTRATOR.
- (4) The ADMINISTRATOR shall maintain fidelity cover to indemnify the FUND against any loss resulting from the dishonesty or fraud of any person employed by them.
- (5) The ADMINISTRATOR shall keep full and true accounts of the FUND as required in terms of RULE 9.2.
- (6) The ADMINISTRATOR shall keep a complete record of all necessary particulars of MEMBERS and of all persons entitled to benefits under the FUND and of all other matters essential to the operation of the FUND.

**9.2 Books of Account**

- (1) The TRUSTEES shall cause to be kept such accounts, entries, registers and records as are required for the proper operation of the FUND. The books and accounts shall be made up as at the end of each FINANCIAL YEAR.
- (2) The AUDITOR of the FUND shall audit the books and accounts of the FUND as at the end of each FINANCIAL YEAR and for this purpose shall have access to

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all books, papers, vouchers, accounts and documents connected with the FUND and shall certify, in writing, the result of each audit.

- (3) Within six months from the expiry of every FINANCIAL YEAR, or such other period as determined by the AUTHORITY, the TRUSTEES shall furnish to the AUTHORITY audited financial statements in terms of section 15 of the ACT.

### 9.3 Bank Account

All moneys received on account of the FUND will be paid into an account opened in the name of the FUND with a bank, building society or duly accredited financial services provider.

### 9.4 Indemnification

The TRUSTEES and any officer of the FUND will be indemnified by the FUND against all proceedings, costs and expenses incurred by reason of any claim in connection with the FUND not arising from their fraud or dishonesty.

### 9.5 Fidelity Guarantee

The TRUSTEES shall insure the FUND, at the expense of the FUND, against loss resulting from the fraud or dishonesty of any of its officers (including TRUSTEES) having the receipt or charge of moneys belonging to the FUND.

### 9.6 Actuarial Investigation

The Valuator shall undertake an actuarial review of the FUND at least once every 3 (three) years. Copies of the Valuator's reports shall be furnished to the TRUSTEES and the AUTHORITY within 12 (twelve) months of the date to which the review relates. In addition, a copy thereof shall be lodged at the FUND'S registered office, and the TRUSTEES shall cause a copy or a summary of the report to be sent to every EMPLOYER participating in the FUND.

### 9.7 Amendment to the RULES

- (1) The TRUSTEES may by resolution amend these RULES (which shall include, if necessary and after consultation with the Valuator, reducing benefits in respect of future service or increasing MEMBERS' contributions).

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- (2) No amendment to the RULES shall be enforceable until the amendment has been approved by the AUTHORITY.
- (3) Within a period of six months of the expiry of each FINANCIAL YEAR, the PRINCIPAL OFFICER shall forward to the FUND for distribution to each MEMBER, a summary of all RULE amendments that have been registered during the period since the last FINANCIAL YEAR.

#### 9.8 Housing Loans and Guarantees

- (1) The TRUSTEES shall have the power to grant a loan to a MEMBER for a purpose referred to in Section 19(5)(a) of the ACT. Such loan shall be subject to the provisions set out in Section 19(5)(b), (c) and (d) of the ACT.
- (2) The TRUSTEES shall also have the power to furnish a guarantee in respect of a loan by some other person to a MEMBER for a purpose referred to in section 19(5)(a) of the ACT and, if so required for such purpose, may make a deposit in pledge with a building society as collateral security. Such guarantee shall be subject to the requirements of the AUTHORITY.
- (3) A housing loan or guarantee provided by the FUND in terms of RULE 9.8(1) or RULE 9.8(2) above shall be such as to ensure that other MEMBERS are not prejudiced by the granting of the said loan or guarantee. Any housing loan or guarantee by the FUND shall be subject to the following conditions:
  - (a) The loan must be for the purpose of obtaining housing and in accordance with the requirements stipulated in Section 19(5) of the ACT.
  - (b) The maximum amount of such loan or guarantee shall not exceed 60 percent of the MEMBER'S gross withdrawal benefit that would have been paid had he/she resigned from service on the date on which he/she made application for the said loan.
  - (c) The MEMBER shall repay the amount of the housing loan on a monthly basis subject to the maximum period specified in Section 19(5)(b)(iv) of the ACT.
  - (d) The rate of interest on such loan will not be less than that prescribed by regulation framed under the ACT from time to time.

  
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- (e) In the event that a MEMBER remaining in service defaults in repayments on a housing loan granted by a recognised financial institution and guaranteed by the FUND in terms of this RULE, and such institution demands from the FUND payment of the full outstanding amount of the housing loan granted to the MEMBER, the FUND shall be entitled, after due consideration by the TRUSTEES of all available alternatives for repayment of the loan by the MEMBER, to direct as a last resort that the amount of the loan, together with any interest and tax which may be payable on such amount, be recovered from the MEMBER'S benefit at the time, as calculated by the Valuator on the date on which the TRUSTEES authorise payment of the housing loan amount to such institution or such other date as advised by the Valuator and agreed upon by the TRUSTEES. The MEMBER'S PENSIONABLE SERVICE for purposes of calculating any benefits that become payable in respect of the MEMBER, after such deduction, will be reduced in relation to the amount that the outstanding housing loan amount bears to the MEMBER'S benefit.
- (i) Notwithstanding the conditions in paragraph (e), if the loan is settled as a result of the MEMBER defaulting on the loan, and the MEMBER subsequently becomes entitled to a benefit payable in terms of RULE 9.1(1), then the TRUSTEES reserve the right, on the advice of the Valuator, to adjust the benefit in such a way that the MEMBER would be no better off than what he or she would have been had the loan been settled on the date on which the benefit becomes payable.
- (f) On the MEMBER'S retirement or termination of membership of the FUND for any reason in terms of these RULES, the FUND shall be entitled to deduct from the benefit payable to the MEMBER or DEPENDANT of the MEMBER, as the case may be, the outstanding housing loan amount or the amount due to the said recognised financial institution in respect of the said loan, together with interest and any tax that may be payable on such amount, as advised to the FUND in writing by the said financial institution, but not exceeding the total amount of the guarantee, together with an amount as may be represent the interest and tax thereon, given by the FUND. The

repayment period for the loan shall cease before the MEMBER attains the NORMAL RETIREMENT AGE.


#### 9.9 FUND'S Expenses

- (1) Except where otherwise provided, the whole of the expenses in connection with or incidental to the management or administration of the FUND and investment thereof, including
- (a) the cost of the auditing and actuarial services and the emoluments of agents of the FUND;
  - (b) the fees charged by the ADMINISTRATORS and by an institution or persons to whom the TRUSTEES' investment powers have been delegated in terms of these RULES;
  - (c) the cost of the insurance of the officers of the FUND; and
  - (d) any other expenses deemed necessary by the TRUSTEES,

shall be borne by the FUND by apportioning same to that part of the assets of the FUND attributable to the PENSIONERS and that part of the assets of the FUND attributable to MEMBERS of the FUND other than PENSIONERS, depending on whether the expenses were incurred in respect of the PENSIONERS or MEMBERS other than PENSIONERS.

#### 9.10 Disputes

- (1) Where any MEMBER (or group of MEMBERS) wishes to pursue a grievance against the FUND, he may address a written letter to the TRUSTEES wherein he sets out the full particulars of his grievance and the relief sought. The TRUSTEES shall then respond in writing thereto; provided that where a grievance relates to a decision taken by the TRUSTEES, the said letter must be received by the TRUSTEES no later than 3 (three) months after the MEMBER received notification of that decision.
- (2) Any MEMBER dissatisfied with the response of the TRUSTEES referred to in RULE 9.10(1) above, may lodge a COMPLAINT with the ADJUDICATOR in terms of Section 30A of the ACT.



- (3) In the event that the subject matter of any dispute does not fall within the jurisdiction of the ADJUDICATOR, the TRUSTEES shall on their own initiative refer the dispute to an arbitrator appointed by the President of the Institute of Retirement Funds of South Africa. The cost of arbitration proceedings shall be as determined by the relevant determination on costs

#### 9.11 Discontinuation of the FUND

##### (1) Total Discontinuation

- (a) If all the EMPLOYERS are dissolved (whether voluntarily or not) or cease to operate, as the case may be, the TRUSTEES shall appoint a LIQUIDATOR, who shall discontinue the FUND subject to the approval of the AUTHORITY and the COMMISSIONER.
- (b) The TRUSTEES may close or discontinue the FUND at any time, in which event the provisions of RULE (1) above shall apply as if the EMPLOYERS had dissolved.
- (c) On discontinuance of the FUND in terms of RULE 9.11(1) or RULE 9.11(2), the TRUSTEES shall, subject to the approval of the AUTHORITY, appoint a LIQUIDATOR who must liquidate the FUND with effect from the date of the AUTHORITY'S approval of his appointment.
- (d) The LIQUIDATOR shall terminate the FUND by –
- (i) settling the claims of secured, preferential and ordinary creditors;
  - (ii) paying all expenses incurred in terminating the FUND, and thereafter,
  - (iii) subject to the provisions below, apportioning the FUND'S assets among MEMBERS on an equitable basis recommended by the Valuator.
  - (iv) The apportionment of the FUND'S assets in terms of RULE 4.6(4) shall be subject to the following conditions:
    - (A) where a reserve account has been established for the FUND, an equitable portion of the reserve account shall

- be allocated to each MEMBER by the LIQUIDATOR in consultation with the Valuator; Provided that such apportionment shall only take place after a surplus apportionment exercise as required in terms of the ACT;
- (B) a MEMBER who left service during the period referred to in the relevant legislation preceding termination shall share in the termination apportionment. Due allowance for any benefit already paid shall be made in the apportionment;
- (C) subject to the provisions of the ACT, the INCOME TAX ACT and the requirements of the AUTHORITY and/or the COMMISSIONER as prescribed from time to time, each MEMBER'S share of the assets referred to above shall, as directed by the LIQUIDATOR –
- (D) be transferred for his benefit to another APPROVED PENSION FUND, an APPROVED PROVIDENT FUND, an APPROVED PRESERVATION PENSION FUND or an APPROVED RETIREMENT ANNUITY FUND as directed by the LIQUIDATOR: provided that the MEMBER becomes a member of such fund, or
- (E) if the MEMBER so requests, be paid to the MEMBER in cash;
- (v) any transfer of assets in terms of the above provisions shall be subject to the terms and conditions of the POLICY and any other policies issued to the FUND by the REGISTERED INSURER, and
- (vi) if a person to whom an amount is payable cannot be traced, the amount to which he is entitled shall be paid into the Guardian's Fund or any other fund established by law in terms of the ACT to receive such unclaimed monies.



- (e) When all payments have been made by the FUND in terms of RULE 4.6(5), the FUND shall have no further liability to any person and its registration in terms of the ACT shall be cancelled.
- (f) Subject to the provisions of the ACT, the INCOME TAX ACT and the requirements of the AUTHORITY and/or the COMMISSIONER as prescribed from time to time, if the TRUSTEES decide to establish, or participate in, another APPROVED PENSION FUND or an APPROVED PROVIDENT FUND, then the FUND shall not be liquidated in terms of the foregoing provisions of this RULE but the FUND shall cause the FUND'S assets to be transferred to the other fund.
- (g) If the FUND is liquidated, not on a voluntary basis as contemplated above, but in consequence of an order of court, the FUND'S liquidation shall take place in terms of Section 29 of the ACT.

(2) Discontinuation of an individual EMPLOYER

- (a) An individual EMPLOYER may apply to the TRUSTEES, in writing, for the termination of its contributions to, and withdrawal from, the FUND. The TRUSTEES may grant their approval, subject to such conditions as they may impose and shall allow an individual EMPLOYER to withdraw from the FUND if, at the discretion of the TRUSTEES, the reasons tendered by such individual EMPLOYER are acceptable.
- (b) In this case, the provisions of RULE 9.11(1) shall apply *mutatis mutandis* in respect of such EMPLOYER; Provided that that part of the FUND which is to be liquidated shall be limited to the assets and liabilities attributable to the MEMBERS employed by the withdrawing EMPLOYER.

(3) Amalgamation

Subject to the provisions of the ACT, the INCOME TAX ACT and the requirements of the AUTHORITY and/or the COMMISSIONER as prescribed from time to time, if the FUND is to be amalgamated with and all its assets transferred to the business of any other APPROVED PENSION FUND or an APPROVED PROVIDENT FUND then the PRINCIPAL OFFICER shall request

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the AUTHORITY to cancel registration of the FUND in terms of Section 27(1)(a) of the ACT.

(4) Overriding dissolution conditions

Notwithstanding anything to the contrary in RULES 9.11(1), 9.11(2) and 9.11(3) and the dissolution of the FUND or any partial dissolution of the FUND shall be subject to the relevant provisions of the ACT, the INCOME TAX ACT and the requirements of the AUTHORITY and/or the COMMISSIONER as prescribed from time to time.

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**10 RULE 10: GENERAL PROVISIONS**

**10.1 Proof of Age**

Proof of age to the mutual satisfaction of the TRUSTEES and the REGISTERED INSURER is required in respect of the MEMBER and of any other person to whom an insured benefit may be payable in terms hereof, before the payment of any benefit is made, unless the REGISTERED INSURER specifies otherwise. The date of birth as appearing from a passport, identity document, identity card, birth certificate or baptism certificate shall be considered prima facie proof of date of birth to calculate the age of the MEMBER or any BENEFICIARY.

**10.2 Deductions from Benefits**

- (1) Notwithstanding anything to the contrary contained elsewhere in these RULES and subject to the provisions of the ACT and the requirements of the AUTHORITY as may be prescribed from time to time, the FUND may make any deduction from a MEMBER'S benefit or the deemed MEMBER'S benefit that is permitted by the ACT, particularly under Section 37D of the ACT.
- (2) The FUND may also withhold a benefit in contemplation of giving effect to a deduction referred to in RULE 10.2(1) above if the EMPLOYER has already instituted proceedings in a court of law against the MEMBER as contemplated in Section 37D of the ACT; Provided that
  - (a) the benefit may only be withheld until the matter has been decided by the court, or the charge has been withdrawn;
  - (b) the TRUSTEES shall satisfy themselves that:
    - (i) the EMPLOYER has made a prima facie case against the MEMBER;
    - (ii) there is a reasonable possibility that the EMPLOYER will succeed in his action, and
    - (iii) the EMPLOYER will not cause any undue delays in the prosecution of the proceedings;

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- (c) if the MEMBER'S benefit exceeds the amount of the EMPLOYER'S claim, then the amount by which the MEMBER'S benefit exceeds the amount of the EMPLOYER'S claim shall be paid to the MEMBER as soon as reasonably possible;
  - (d) the TRUSTEES, at the express written request of a MEMBER whose benefit is withheld, may, if applicable and practical, permit the value of the MEMBER'S benefit as at the time of such request to be isolated, in whatever manner the TRUSTEES believe appropriate, from the possibility of a decrease therein as a result of poor investment performance;
  - (e) once the proceedings have been decided by the court, or formally withdrawn, the benefit payable to the MEMBER must be paid to him, or the EMPLOYER if so directed by the EMPLOYER forthwith, and
  - (f) if a MEMBER is retiring in terms of RULE 5, the TRUSTEES shall have the right to commute for a lump sum an amount of the MEMBER'S retirement benefit up to a maximum amount which may be commuted in terms of that RULE and to make the deductions from such lump sum.
- (3) In the event of the FUND being served with a valid court order issued in terms of the Maintenance Act, 1998 (Act No. 99 of 1998) or the Divorce Act, 1979 (Act No. 70 of 1979), the FUND shall make deductions from the MEMBER'S benefit in respect of the maintenance payments or any amounts assigned from such benefit to a NON-MEMBER SPOUSE including any tax payable thereon in terms of the INCOME TAX ACT.

### 10.3 Currency

Contributions and benefits are payable in the South African currency.

### 10.4 Moneys not to revert to EMPLOYER

Except where specifically permitted by the ACT, monies of the FUND shall not revert to or become the property of the EMPLOYER.




### 10.5 Alienation of Benefits

No benefit or right under the FUND shall be capable of being ceded, pledged or assigned nor shall any such benefit be subject to any form of attachment or execution, save to the extent permitted in terms of Sections 19, 37A, and 37B of the ACT, if applicable in respect of the MEMBER.

### 10.6 Payment of Benefits

- (1) All benefits will be paid after deduction of any tax payable thereon in terms of the INCOME TAX ACT. Tax will be paid as soon as possible, but in any event not later than 6 months after accrual of the benefit.
- (2) Payment of any benefit due in terms of these RULES shall either be made:
  - (a) by means of electronic funds transfer into a bank account registered in the name of the MEMBER or a person entitled to the benefit in terms of these RULES, with a bank registered in terms of the Banks Act, 1990 (Act No. 94 of 1990), as amended: provided that the MEMBER or a person entitled to the benefit in terms of these RULES shall, before payment is effected, inform the FUND in writing of the particulars of his bank account and such other details pertaining thereto as the TRUSTEES may prescribe from time to time, or
  - (b) by any means agreed upon by the FUND, the BENEFICIARY and the ADMINISTRATOR.
- (3) Payment of a benefit in terms of RULE 10.6(2) above shall constitute full and final settlement of all and any claims a MEMBER or a person entitled to the benefit in terms of these RULES may have against the FUND in respect of such benefit and neither the FUND, the BOARD nor the ADMINISTRATORS shall have any further liability to any person in respect of such benefit.

### 10.7 Unclaimed Benefits

- (1) Any benefit payable in terms of these RULES shall be claimed as soon as possible. Should such benefit not be claimed within the period stipulated in the ACT or the INCOME TAX ACT, or the period prescribed from time to time by 



the AUTHORITY or the COMMISSIONER, whichever is applicable, the benefit shall be kept in the FUND for a MEMBER or BENEFICIARY: provided that –

- (a) if a MEMBER or a beneficiary approach the FUND at any time, the TRUSTEES shall consider his claim and if the circumstances so warrant, pay the benefit less any tax payable thereon in terms of the INCOME TAX ACT and the requirements of the COMMISSIONER as prescribed from time to time;
- (b) any reasonable costs incurred as a consequence of the TRUSTEES tracing the MEMBER or any person who is entitled to the payment of the benefit in terms of these RULES, such costs may, at the discretion of the TRUSTEES, be recovered from such benefit;
- (c) the FUND may, at any time direct that any benefit referred to in this RULE be paid to the UNCLAIMED BENEFITS FUND or if required by any applicable legislation, any other fund established by law to receive such benefit;
- (d) any benefit referred to above remaining in the FUND at the date of termination of the FUND shall be paid into the UNCLAIMED BENEFITS FUND or any other fund established by law to receive such benefits.
- (e) any amount that remained unclaimed or unpaid to a NON-MEMBER SPOUSE within 24 (twenty four) months from the date of the deduction contemplated in section 37D(4)(a)(ii) of the Pension Funds Act, 1956(Act 24 of 1956).

#### 10.8 Life Assurance Benefit Cover Conditions

- (a) The FUND shall procure LIFE ASSURANCE BENEFIT COVER with a REGISTERED INSURER in terms of the provisions of the POLICY. Such benefits shall be subject to any terms, conditions, restrictions, exclusions and underwriting conditions the REGISTERED INSURER may impose from time to time and set out in the POLICY. A LIFE ASSURANCE BENEFIT COVER will only become payable by the FUND once the claim for the LIFE ASSURANCE BENEFIT COVER has been approved and paid by the REGISTERED INSURER to the FUND.



- (b) No LIFE ASSURANCE BENEFIT COVER shall be payable should the relevant LIFE ASSURANCE BENEFIT COVER insurance premiums required in terms of the POLICY not be paid in full within 30 (thirty) calendar days of such premium falling due.
- (c) Where an employee's participation in the LIFE ASSURANCE BENEFIT COVER or in any increase or extension thereof is not subject to evidence of his good health and insurability, such participation shall take effect from the first day on which he is actively at work in the EMPLOYER'S service that coincides with or follows the cover date.

#### 10.9 Limitation of FUND'S Liability

The FUND'S liability in respect of any LIFE ASSURANCE BENEFIT COVER will not exceed the amount or amounts payable by the REGISTERED INSURER in respect of such benefit.

#### 10.10 Representation

Any person or organisation, other than the REGISTERED INSURER, appointed by the TRUSTEES to carry out any functions or duties in respect of the FUND, will represent and act on behalf of the TRUSTEES in respect of all such functions and duties. The REGISTERED INSURER will not be responsible for any act or omission on the part of such person or organisation in respect of any such function or duty.

#### 10.11 Submission of Claims

- (1) The EMPLOYER must lodge a formal claim in writing with the REGISTERED INSURER in respect of disability and death claims in accordance with the period set out in the POLICY.
- (2) Where an EMPLOYER fails to lodge a formal claim in writing with the REGISTERED INSURER in respect of disability and death claims in accordance with the period set out in the POLICY, and the death claim is subsequently repudiated by the REGISTERED INSURER the FUND may be liable to pay the death claim and shall be entitled to recover the amount or amounts so paid from the EMPLOYER.

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#### 10.12 Copies of Documents

- (1) Subject to the payment of such fee as the TRUSTEES may require, a MEMBER shall be entitled on application to a copy of the current RULES of the FUND and the most recent revenue account and balance sheet of the FUND.
- (2) Any MEMBER shall be entitled to inspect, without charge at the registered office of the FUND, any or all of the following:
  - (a) a copy of the RULES of the FUND;
  - (b) the most recent revenue account and balance sheet prepared in terms of Section 15(1) of the ACT;

A MEMBER shall be entitled to make extracts from the above documents and any costs arising thereof shall be borne by the MEMBER, unless the TRUSTEES decide otherwise.

#### 10.13 Conditions of Service

Nothing contained in these RULES will prejudice the right of an EMPLOYER lawfully to dispense with the service of or to dismiss any MEMBER, or the right of any person to leave the service of an EMPLOYER on complying with the conditions of his employment.

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## 11 RULE 11: TRANSFERS

### 11.1 Inter-Council Transfers and Appointments

- (1) A MEMBER who resigns from the service of one EMPLOYER to take up employment in the service of another EMPLOYER shall, providing there is no break in the continuity of his service with an EMPLOYER and notwithstanding anything to the contrary in these RULES, remain a MEMBER of the FUND.
- (2) The continuity of the service of a MEMBER referred to in RULE 11.1(1) above shall be deemed not to be interrupted by a day of rest or public holiday or any period during which the MEMBER, in the discretion of the TRUSTEES, was compelled to travel from one station to another station to take up such appointment in the service of another EMPLOYER.
- (3) Notwithstanding the provisions of RULE 11.1(2) above, no period in respect of which a MEMBER referred to in RULE 11.1(1) above shall be deemed to be PENSIONABLE SERVICE, unless such period is allowed as PENSIONABLE SERVICE of such MEMBER in terms of RULE 1.50(1)(b)(iii).

### 11.2 Transfers from or to OTHER FUNDS

- (1) Any person who was a member of any OTHER FUND and who, immediately after termination of his membership of that OTHER FUND or after such break as the TRUSTEES may condone in terms of RULE 11.2(3), becomes a MEMBER of the FUND shall, with effect from the date on which he so becomes a MEMBER, contribute to the FUND in terms of RULE 4.1(2) and his PENSIONABLE SERVICE with such OTHER FUND shall be reckoned as PENSIONABLE SERVICE, subject to the payment by such OTHER FUND to the FUND of
  - (a) an amount calculated at 3,04 (three comma zero four) times the amount which is calculated in accordance with the TRANSFER FORMULA in respect of the uninterrupted period of PENSIONABLE SERVICE of the MEMBER concerned in terms of the rules or regulations of such OTHER FUND;



- (b) interest calculated at 2,75 (two comma seven five) per cent per annum on the amount referred to in sub-paragraph (a) in respect of each year or portion of a year of the period of such PENSIONABLE SERVICE;
- (c) compound interest calculated at 5,5 (five comma five) per cent per annum on the total of the amounts referred to in sub-paragraphs (a) and (b) as from the date on which the membership of the MEMBER of such OTHER FUND is terminated up to and including the date on which the said amounts are paid;

subject to the provisions of RULE 1.50(1)(b)(iv) and RULE 11.2(2).

It is specifically provided that if a member, who is a member of the Associated Institutions Pension Fund, becomes a MEMBER of the FUND, the amount to be paid from such fund to this FUND in respect of him in terms of this RULE shall be the amount as set out in subparagraphs (a), (b) and (c) above, unless such fund and the TRUSTEES agree on some other amount.

- (2) If a MEMBER referred to in RULE 11.2(1) owes an amount to the OTHER FUND referred to in that RULE on the date immediately preceding the date on which he becomes a MEMBER of the FUND, the amount owing shall be deducted by the said OTHER FUND from the amount which is owing to the FUND in terms of the said RULE and all rights of the said OTHER FUND to the amount owing shall vest in the FUND, and the last mentioned amount shall be paid by such MEMBER of the FUND in such manner and at such times as the TRUSTEES may determine.
- (3) For the purposes of sub-paragraph (a) "amount owing" shall mean an amount which is owing to an OTHER FUND in respect of the pensionable service of a member of that OTHER FUND.
  - (a) If a person who was a member of any OTHER FUND does not become a MEMBER of the FUND immediately after the termination of his membership of such OTHER FUND, the TRUSTEES may condone any break in the MEMBER'S membership of the said OTHER FUND which they may consider necessary or reasonable.

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- (b) Any period of a break which is condoned in terms of paragraph (a) shall not be reckoned as PENSIONABLE SERVICE unless such period is allowed as PENSIONABLE SERVICE in terms of RULE 1.50(1)(b)(iii).
- (4) If a MEMBER, immediately after the termination of his membership of the FUND or after a break which is condoned for the purposes of any OTHER FUND, becomes a member of such OTHER FUND and he is obliged to reckon his PENSIONABLE SERVICE as PENSIONABLE SERVICE for the purposes of such OTHER FUND, there shall be paid from the FUND to such OTHER FUND
- (a) any amount which such OTHER FUND requires to reckon his PENSIONABLE SERVICE as a MEMBER of the FUND as PENSIONABLE SERVICE for the purposes of such OTHER FUND, provided that, where the OTHER FUND concerned is not the Government Service Pension Fund, such amount shall not exceed the aggregate of the amounts calculated *mutatis mutandis* on the basis set out in sub-paragraphs (a) and (b) of RULE 11.2(1); and
- (b) compound interest calculated on the amount referred to in subparagraph (i) at the rate determined by such OTHER FUND but not exceeding 5,5 (five comma five) per cent per annum, as from the date immediately following the last day on which the MEMBER contributed to the FUND to the date on which the said amount is paid to the OTHER FUND concerned.
- (c) Any amount which is owing by such MEMBER to the FUND shall be deducted from the amount referred to in RULE 11.2(4)(a).

### 11.3 Transfers from and to SIMILAR FUNDS

- (1) Any person who was a member of a SIMILAR FUND and who becomes a MEMBER of the FUND immediately after the termination of his membership of that fund or after such interruption as the TRUSTEES may condone, shall contribute to the FUND in terms of RULE 5.1(2) with effect from the date on which he so becomes a MEMBER.

Previous pensionable service of a MEMBER referred to in RULE 11.3(1) under such SIMILAR FUND, shall be reckoned as PENSIONABLE SERVICE for the

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purposes of the FUND and the TRANSFER AMOUNT in respect of such period shall be paid to the FUND from the SIMILAR FUND concerned.

- (a) If a MEMBER immediately after the termination of his membership of the FUND or after a break which is condoned for the purposes of a SIMILAR FUND, becomes a member of the said SIMILAR FUND and is allowed to reckon his PENSIONABLE SERVICE for the purposes of such SIMILAR FUND, there shall be paid from the FUND to the SIMILAR FUND, the TRANSFER AMOUNT.
- (b) Any amount which is owing to the FUND by the said MEMBER shall be deducted from the amount referred to in sub-paragraph (a) above.
- (c) Compound interest calculated on the amount referred to in sub-paragraph (a) at a rate to be agreed upon between the valuator of the FUND to which the amount in sub-paragraph (a) is being transferred, as from the date immediately following the last day on which the MEMBER contributed to the FUND to the date on which the said amount is paid to the SIMILAR FUND concerned.

**11.4 Transfers from and to an OTHER FUND or a SIMILAR FUND (in terms of Freedom of Association)**

This rule will apply where there is no break in service (i.e. the person remains with the same employer before and after the date of transfer), or where the break in service did not in itself necessitate the transfer (i.e. the person could have elected to remain in the old fund whilst working for the new employer).

- (1) Any person who is a member of an OTHER FUND or a SIMILAR FUND, may make an irrevocable written election to become a MEMBER of the FUND during the period ending 30 June 1998, or such shorter period as the TRUSTEES may agree with such OTHER FUND or SIMILAR FUND. The person will then become a MEMBER of the FUND, and any amount transferred from the previous fund will be utilized to enhance the benefits payable from the FUND on a basis determined by the TRUSTEES on the advice of the Valuator.
- (2) Any person who is a MEMBER of the FUND may make an irrevocable written election to become a member of an OTHER FUND or a SIMILAR FUND during

the period ending 30 June 1998, or such shorter period as the TRUSTEES may agree with such OTHER FUND or SIMILAR FUND. The person will cease to be a MEMBER of the FUND, and the actuarial value of the accrued benefits will be transferred to such OTHER FUND or a SIMILAR FUND. Thereafter the FUND will have no further responsibility towards this person.

**11.5 Transfer of Staff from a LOCAL AUTHORITY to a Private Company on the outsourcing of Services**

(1) In the event of a participating EMPLOYER contracting with an EMPLOYER which falls outside the definition of:

- (a) a local authority (as envisaged in Section 1, paragraph (a) of the definition of a "pension fund" in the INCOME TAX ACT); or
- (b) MUNICIPAL ENTITY;

(hereinafter referred to as "the NEW EMPLOYER");

to take over staff of the EMPLOYER in pursuance of the privatization or outsourcing of local authority services, the following provisions shall apply:

- (c) membership of the FUND shall cease immediately on a date as agreed between the participating EMPLOYER and the NEW EMPLOYER, in respect of those employees who are to be transferred to the service of the NEW EMPLOYER;
- (d) such an employee shall become a member of the retirement fund (already in existence or to be established) with the NEW EMPLOYER on the day which follows the day on which his membership of the FUND is terminated;
- (e) the FUND shall make an amount, whether in cash or in *specie*, equal to the bigger of the resignation benefit or the actuarial reserve of the FUND, less any amount owed to the FUND as provided for in section 37D of the ACT, in respect of each MEMBER as determined by the Valuator on the date on which his membership of the FUND is terminated, with interest thereon calculated on a basis determined by the Valuator in consultation

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with the TRUSTEES from that date to the date on which the amount is paid, available to the MEMBER; provided that the MEMBER shall undertake to deposit the full amount with interest, immediately into an APPROVED PENSION FUND or an APPROVED PROVIDENT FUND of the new EMPLOYER or an APPROVED PRESERVATION PENSION FUND, provided further that such MEMBER, whilst employed by the NEW EMPLOYER, shall not be entitled to any benefits from the aforesaid retirement fund of the NEW EMPLOYER or the preservation fund, whichever is the case;

- (f) any amount still owed by such MEMBER to the FUND in respect of the purchase of past service, where this was allowed, is deducted from the amount referred to in paragraph (c);
- (g) any and all costs in connection with the withdrawal of MEMBERS from the FUND in terms of this RULE shall be dealt with in accordance with an agreement to be reached between the EMPLOYERS and the funds in question.

#### 11.6 General Transfers

- (1) The FUND may allow members to transfer from other funds, other than OTHER FUNDS or a SIMILAR FUND; subject to the RULES of the FUND, approved by TRUSTEES, any other conditions determined by TRUSTEES after consultation with the Valuator and the provisions of any relevant legislation.
- (2) If a MEMBER has transferred into the FUND in terms of RULE 10.2.1, 10.3.1, 10.4.1, 10.5.1 or 10.6 as a condition of employment from a previous fund, provided that the transfer comprises of a defined contribution component, the FUND shall request from the previous fund/(s) and/or the MEMBER a list of all PAID-UP MEMBERSHIP CERTIFICATES in respect of any retirement savings of such MEMBER.
- (3) If a MEMBER that has transferred into the FUND in terms of RULE 10.6.1 elects to transfer the retirement savings to which he is entitled and are held in respect of each PAID-UP MEMBERSHIP CERTIFICATE subject to applicable legislation, the amount so transferred shall be applied in accordance with Rules 10.2 – 10.5, as the case may be.

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**Annexure - DEFINED CONTRIBUTION BENEFITS**

1. Notwithstanding anything to the contrary contained in these RULES, the following provisions shall apply in respect of an ELIGIBLE EMPLOYEE who elects in terms of RULE 3.1(4) to participate under this Annexure:
2. The definition "LIFE ASSURANCE BENEFIT COVER" in RULE 1 shall be replaced with the following:
  - 1.33. **LIFE ASSURANCE BENEFIT COVER** means an amount equal to the life cover provided in respect of each MEMBER, as secured with a REGISTERED INSURER with the contributions referred to in RULE 4.2(2)(a) under clause 7 of this Annexure. The TRUSTEES shall ensure that the MEMBERS are advised annually of the amount of their LIFE ASSURANCE BENEFIT COVER.
3. The definition "ACCUMULATED CREDIT" shall be added in RULE 1 to read as follows:
 

**"ACCUMULATED CREDIT** means an amount equal to the sum of

  - (a) the MEMBER'S contributions and transfer amounts paid in terms of RULE 4.1, plus
  - (b) that part of the EMPLOYER'S contributions which is required to be applied in terms of RULE 4.2(2)(c) under clause 7 of this Annexure.
  - (c) "FUND INTEREST".
4. The definition "FUND INTEREST" shall be added in RULE 1 to read as follows:
 

**"FUND INTEREST** means the FUND return earned on the ACCUMULATED CREDITS of members of defined Contribution Scheme."
5. RULE 4.1 shall be replaced by the following:
  - 4.1. **MEMBER CONTRIBUTIONS**
    - (4) **Contribution Option**

Each MEMBER shall have an irrevocable option to elect that he and his EMPLOYER shall contribute on his behalf at one of the following contribution options:

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Option	MEMBER Percentage	EMPLOYER Percentage
1	7,50%	15%
2	7,50%	18%
3	8,50%	17%
4	8,60%	18,07%
5	8,60%	20,78%
6	9,00%	18%

(5) **Contribution Rate**

A MEMBER shall make a minimum monthly contribution to the FUND equal to a percentage of his ANNUAL SALARY set out in the contribution option selected by the MEMBER in terms of RULE 4.1(1) above.

(6) **Voluntary Contributions**

Subject to the INCOME TAX ACT and the requirements of the COMMISSIONER, a MEMBER may at any time undertake to make voluntary contributions. A MEMBER'S voluntary contributions will be such amounts as the MEMBER has undertaken to contribute from time to time, with the approval of the TRUSTEES and the EMPLOYER.

(7) **Transfers from OTHER FUNDS**

Subject to the INCOME TAX ACT and the requirements of the COMMISSIONER, if an amount becomes payable to the MEMBER as a result of his former membership of any APPROVED PENSION FUND, an APPROVED PROVIDENT FUND, an APPROVED PRESERVATION PENSION FUND or an APPROVED PRESERVATION PROVIDENT FUND, he may transfer this amount to the FUND. Such amount shall be deemed to be the MEMBER'S contribution.

6. RULE 4.2 shall be replaced by the following:

**4.2. EMPLOYER'S Contributions**

(1) Upon commencement of membership the EMPLOYER will make a monthly contribution in respect of each MEMBER equal to a percentage of the

MEMBER'S ANNUAL SALARY set out in the contribution option selected by the MEMBER in terms of RULE 4.1(1) above.

- (2) The contributions made in terms of RULE 4.2(1) above shall be dealt with as follows:
- (a) an amount equal to 7,5 (seven comma five) per cent of 1/12<sup>th</sup> (one twelfth) of the MEMBER'S ANNUAL SALARY or such lower percentage but not less than 3,5 (three comma five) per cent, as agreed by the TRUSTEES on the advice of the Valuator, shall be applied to cover the cost of the personal risk benefits;
  - (b) 0,75 (zero comma seven five) per cent of 1/12<sup>th</sup> (one twelfth) of the MEMBER'S ANNUAL SALARY or such other percentage as agreed by the TRUSTEES on the advice of the Valuator, shall be applied to cover the administration cost and other expenses, and
  - (c) the balance will form part of the ACCUMULATED CREDIT.

7. RULES 5.2 to 5.3 shall be replaced by the following:

#### 5.2. Amount of PENSIONS

The amount of pension payable in respect of each MEMBER who retires shall be equal to the pension that can be provided at the retirement date by the MEMBER'S ACCUMULATED CREDIT accrued in respect of such MEMBER'S PENSIONABLE SERVICE, less the amount of any commutation paid in terms of RULE 5.3.

#### 5.3. Options associated with Retirement

##### (1) Commutation of Pension

On retirement a MEMBER may take in cash up to 1/3<sup>rd</sup> (one third) of the amount available to provide the pension in terms of RULE 5.2. Where such pension would be equal to or less than the amount prescribed by legislation from time to time, the full amount available to provide such pension may be taken in cash.

The monthly pension payable to such MEMBER from his retirement will be proportionately reduced.

##### (2) Purchase of Annuities

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- (a) Any pension which becomes payable in terms of these RULES shall, after any commutation thereof as provided for in these RULES, be purchased by the FUND from a REGISTERED INSURER.
- (b) Such pension shall be purchased in the MEMBER'S name and shall be in full and final settlement of the benefit payable in terms of these RULES. Any pension so purchased shall be a compulsory, non-commutable, non-assignable annuity payable for the lifetime of the MEMBER, underwritten by the registered insurer. The purchase of any pension and the transfer of liability in respect thereof, is subject to such conditions and requirements as the AUTHORITY and the COMMISSIONER shall require from time to time. Once liability for the payment of the pension has been transferred to the REGISTERED INSURER(S), the provisions of these RULES and the ACT shall cease to apply. In the event of the death of the MEMBER any benefits payable shall be in terms of the annuity policy or policies issued to the MEMBER by the REGISTERED INSURER(S).

8. RULE 6.1 shall be replaced with the following:

**6.1. Death before Retirement**

(1) If a MEMBER dies whilst in service, the following cash benefit will become payable:

- (a) the LIFE ASSURANCE BENEFIT COVER;

Plus

- (b) The MEMBER'S ACCUMULATED CREDIT determined as at the date of death.

9. RULE 7 shall be replaced by the following:

**RULE 7: WITHDRAWAL BENEFIT**

**7.1. Amount of Withdrawal Benefit**

If a MEMBER who does not qualify for a retirement benefit in terms of RULE 5, leaves the EMPLOYER'S service as a result of redundancy or retrenchment or if the MEMBER terminates his service or is dismissed, he will have the following options:

*[Handwritten signature]*

*[Handwritten signature]*

**(1) Transfer to OTHER FUNDS**

The MEMBER may, subject to the INCOME TAX ACT and the requirements of the COMMISSIONER as prescribed from time to time, direct that the amount in RULE 7.1(2) be paid to an APPROVED PENSION FUND, an APPROVED PROVIDENT FUND, an APPROVED RETIREMENT ANNUITY FUND or to an APPROVED PRESERVATION PENSION FUND. Such MEMBER shall not be entitled to any other benefit in terms of this RULE.

or

**(2) Cash**

The MEMBER may take in cash his ACCUMULATED CREDIT as determined at the date of withdrawal

or

**(3) Default Preservation**

The MEMBER may retain his benefit in the FUND, together with interest thereon calculated on a basis determined by the Valuator in consultation with the TRUSTEES from the date of resignation or discharge up to the date on which the amount is paid. The benefit will be payable on the earliest of the NORMAL RETIREMENT DATE, the early retirement date or death of the MEMBER as contemplated in the RULES.

Any option elected in terms of this RULE 7.1 shall be irrevocable.

**7.2. Condition of Withdrawal Benefit**

A MEMBER who qualifies for a withdrawal benefit in terms of RULE 7.1 and makes an election in terms of RULES 7.1.1 to 7.1.3 regarding payment of his withdrawal benefit may not receive payment of the benefit or have the benefit transferred to an APPROVED PENSION FUND, an APPROVED PROVIDENT FUND, an APPROVED RETIREMENT ANNUITY FUND or to an APPROVED PRESERVATION PENSION FUND until the MEMBER receives RETIREMENT BENEFITS COUNSELLING.

*[Handwritten signature]*