

**SOUTH AFRICAN LOCAL AUTHORITIES  
PENSION FUND**

**Revised Rules effective from  
1 October 2008**

**Prepared by Thipa Incorporated Attorneys**

**RESOLUTION OF THE TRUSTEES OF THE**

**SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND ("the FUND")**

PASSED AT CAPE TOWN ON THE 19<sup>TH</sup> DAY OF FEBRUARY 2009

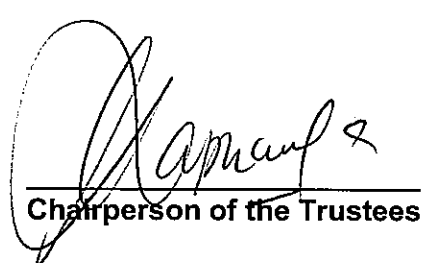
**RESOLVED THAT**, with effect from 1 October 2008 ("the EFFECTIVE DATE"), the RULES of the FUND be substituted by the set of the revised RULES attached hereto for the following reasons:

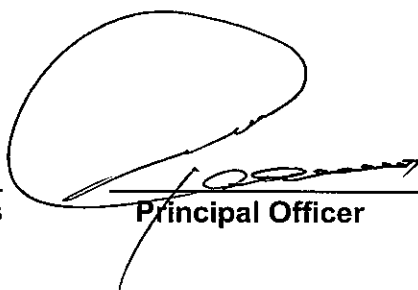
1. to incorporate the provision of registered amendments to date; e registered address of the FUND following the appointment of new ADMINISTRATORS;
2. to amend certain definitions, delete definitions that are not relevant and define certain terms that are frequently used in the RULES;
3. to allow Members who transfer to or are seconded to a Municipal Entity to remain members of the Fund;
4. to make provision for the appointment of ADMINISTRATORS and the administration of the FUND by such ADMINISTRATORS;
5. to reflect that all FUND expenses are borne by the FUND;
6. to make provision for the appointment of a LIQUIDATOR on partial termination of the FUND in line with Section 28 of the ACT;
7. to reflect that membership of the FUND will only terminate upon a MEMBER receiving all his or her benefits from the FUND;
8. to make it clear that contributions are payable within 7 days after the end of the month to which they relate;
9. to provide for submission of reconciliation of contributions within the period prescribed in the ACT;
10. to make provision for payment of late payment interest on late payment of contributions in line with Section 13A of the ACT;
11. to provide for reporting mechanism in the event of non-payment or late payment of contributions in line with Regulation 33;
12. to provide for minimum benefits on withdrawal in line with the minimum benefits requirements in the ACT;
13. to allow defined benefit members to transfer to preservation funds on exit from the FUND;
14. to provide for withholding of members' benefits on termination of the Fund in the event that the employer has instituted legal proceedings against the member;
15. to comply with the REGISTRAR'S requirements in respect of unclaimed benefits;

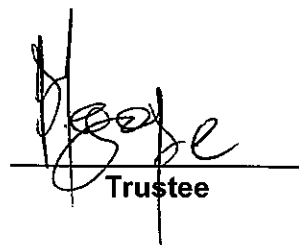
16. to allow for deduction of tracing expenses from the MEMBER'S benefit;
17. to make it clear that the risk benefits are insured and payment thereof is subject to all the conditions prescribed by the insurer;
18. to reflect that risk benefits will only be payable by the FUND if the relevant premiums are paid to the FUND and the claim thereof is approved by the insurer;
19. to make it clear that members have access to the FUND'S documents in line with Section 35 of the ACT; and
20. to make provision for payment of MEMBER'S benefits by means of electronic funds transfer.

Certified that these are the revised RULES of the FUND which will become effective on the EFFECTIVE DATE and which will apply to all MEMBERS on that date and all ELIGIBLE EMPLOYEES who become MEMBERS after that date. The FUND shall be governed by and administered in accordance with these RULES.

Certified further that the above resolution, in terms of which the RULES have been accepted, has been adopted in accordance with the provisions of the RULES of the FUND.

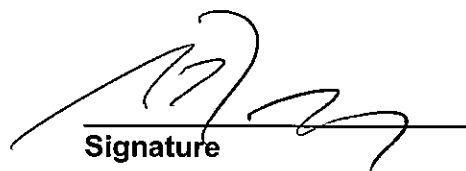
  
 Chairperson of the Trustees

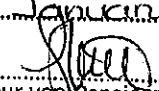
  
 Principal Officer

  
 Trustee

I certify that these RULES are financially sound.

  
 Valuator

  
 Signature

DEUR MY GEREISTREER OP HEDE DIE REGISTERED BY ME ON THIS THE
DAG VAN DAY OF ... 26 January 2010 ...
 Registrateur van Pensioenfondse Registrar of Pension Funds

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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. OBJECTIVE 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/nominees.

**3. REGISTERED OFFICE OF THE FUND**

The registered office of the Fund shall be at 1<sup>st</sup> Floor, Soho on Strand, 128 Strand Street, Cape Town, 8001.

**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 OF THE FUND**

If an amendment to the RULES of the FUND is registered after the effective date of the amendment, such amendment will be deemed to take effect on the effective date of the amendment.

**6. RULES**

6.1. These RULES constitute a revised set of RULES incorporating all amendments made to the RULES up to 1 October 2008 (hereinafter referred to as "the EFFECTIVE DATE"). Payment of all benefits in respect of MEMBERS who

terminated membership 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.

## 7. REGISTRATION

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.



**RULE 1: DEFINITIONS**

- 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. **ADMINISTRATOR** means the Administrator appointed in terms of these RULES.
- 1.3. **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 4.1.2.1(b) and RULE 4.2.2.1(b).
- 1.4. **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:
- (a) cost-of-living or climatic allowance;
  - (b) fees or honoraria of any kind;
  - (c) transport and subsistence allowance;
  - (d) overtime payments;
  - (e) special remuneration which a MEMBER may receive for performing special duties or while acting in any office; or
  - (f) any other allowance, in cash or in kind, not herein specifically mentioned.

Provided that:

- (i) 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

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South African Local Government Association wage increase negotiated between the trade unions and the EMPLOYERS at a bargaining council;

- (ii) 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.
- 1.5. **APPROVED PENSION FUND** means a fund approved as such by the COMMISSIONER but shall exclude an Approved Preservation Pension Fund.
- 1.6. **APPROVED PRESERVATION PENSION FUND** means a fund approved as a preservation pension fund by the COMMISSIONER.
- 1.7. **APPROVED PRESERVATION PROVIDENT FUND** means a fund approved as a preservation provident fund by the COMMISSIONER.
- 1.8. **APPROVED PROVIDENT FUND** means a fund approved as such by the COMMISSIONER but shall exclude an APPROVED PRESERVATION PROVIDENT FUND.
- 1.9. **APPROVED RETIREMENT ANNUITY FUND** means a fund approved as such by the COMMISSIONER.
- 1.10. **ASSESSED CONTRIBUTIONS** means, for the purposes of RULE 4.1.3.1 and RULE 4.2.3(a), 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 1.36.1.(b)(iii) expired, as the case may be, multiplied by the period of PENSIONABLE SERVICE referred to in RULE 1.36.1(b)(i) or RULE 1.36.1.(b)(iii).
- 1.11. **AUDITOR** means an auditor registered under the Public Accountants' and Auditors' Act, 1991 (Act No. 80 of 1991), as amended, appointed in terms of these RULES and whose appointment has been approved by the REGISTRAR.

- 1.12. **CLIENT SERVICES CONTRACT** means the agreement between the TRUSTEES and a third party in terms of which services are provided to the TRUSTEES to ensure the smooth running of the FUND.
- 1.13. **COMMENCEMENT DATE** means 1 March 1985.
- 1.14. **COMMISSIONER** means the Commissioner for the South African Revenue Service.
- 1.15. **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.
- 1.16. **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.
- 1.17. **DEPENDANT** means a dependant as defined in the ACT.
- 1.18. **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:
- 1.18.1. 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.

1.18.2. where the TRUSTEES so direct, any other child may be included.

1.19. **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

1.19.1. 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 Government to a MUNICIPALITY ENTITY, as long as he or she remains in the service of such MUNICIPAL ENTITY, and
- (c) a CONTRACT WORKER;

1.19.2. a person who was a MEMBER on 1 October 1989, and who transferred from the Municipal Police to SAPS as from 1 October 1989, will remain a MEMBER of the FUND as long as he remains in the service of SAPS.

1.20. **EMPLOYER** means:

1.20.1. a LOCAL AUTHORITY which, with the approval of the TRUSTEES, participates in the FUND;

1.20.2. SAPS;

1.20.3. any provincial legislature which, with the approval of the TRUSTEES, participates in the FUND;

1.20.4. any MUNICIPAL ENTITY to which MEMBERS are transferred or seconded to and which, with the approval of the TRUSTEES, elects to participate in the FUND.

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- 1.21. **FACTOR D** means D of the TRANSFER FORMULA.
- 1.22. **FINAL SALARY** means the average ANNUAL SALARY earned by 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.
- 1.23. **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.
- 1.24. **FUND** means the SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND.
- 1.25. **INCOME TAX ACT** means the Income Tax Act, 1962 (Act No 58 of 1962), as amended, or any legislation enacted to replace such Act.
- 1.26. **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.
- 1.27. **LIQUIDATOR** means any person appointed by the TRUSTEES to liquidate the FUND and whose appointment is approved by the REGISTRAR.
- 1.28. **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.
- 1.29. **MEMBER** means an ELIGIBLE EMPLOYEE who participates in the FUND, but does not include any such member or former member or person who has received all the benefits which may be due to him from the FUND and whose membership has thereafter been terminated in accordance with the Rules of the FUND.
- 1.30. **MONITORING PERSON** means the 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.

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- 1.31. **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.
- 1.32. **MUNICIPAL POLICEMAN** means members of the police component who:
- 1.32.1. are former municipal police whose contracts of employment have been taken over by SAPS, and
  - 1.32.2. were MEMBERS of the FUND immediately prior to 1 October 1989, and
  - 1.32.3. elected to continue to participate in the FUND.
- 1.33. **NORMAL RETIREMENT AGE** means:
- 1.33.1. in respect of MEMBERS who are employees of SAPS, the age of 60 (sixty), and
  - 1.33.2. 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).
- 1.34. **NORMAL RETIREMENT DATE** means the first day of the month next following attainment of the NORMAL RETIREMENT AGE.
- 1.35. **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.

1.36. **PENSIONABLE SERVICE** means:

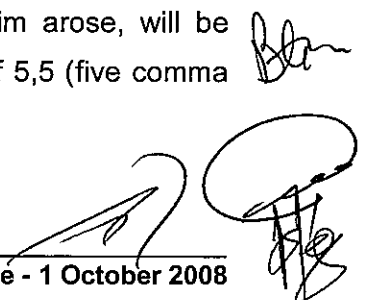
1.36.1. In relation to a MEMBER,

- (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 PENSIONABLE SERVICE 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 more than one year, without such period having been extended by the TRUSTEES;
  - (iv) any period of PENSIONABLE SERVICE with an OTHER FUND which is allowed as PENSIONABLE SERVICE in terms of RULE 9.2;

- (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:

- (aa) No previous PENSIONABLE SERVICE shall be allowed as PENSIONABLE SERVICE in terms of RULE 1.36.1(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.
- (bb) 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.
- (cc) Any period which has been allowed as PENSIONABLE SERVICE in terms of RULE 1.36.1(b)(iii) and RULE 1.36.1(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 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.

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- 1.36.2. 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.
- 1.37. **PENSIONER** means a person who is in receipt of a pension under these RULES.
- 1.38. **POLICY** means the policy of insurance issued by the REGISTERED INSURER.
- 1.39. **PRINCIPAL OFFICER** means the person appointed in terms of these RULES to fulfill the functions of a principal executive officer as defined in the ACT or prescribed by the REGISTRAR from time to time.
- 1.40. **REGISTERED INSURER** means an insurer registered under the Long-term Insurance Act, 1998 (Act No. 52 of 1988), as amended, and in the case of a RISK DEATH BENEFIT will mean the insurer that underwrites the relevant RISK DEATH BENEFIT.
- 1.41. **REGISTRAR** means the Registrar of Pension Funds referred to in the ACT.
- 1.42. **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.
- 1.43. **RISK DEATH BENEFIT** means the LIFE ASSURANCE BENEFIT COVER.
- 1.44. **RULES** means these rules, the TRUST DEED and such alterations thereto as may at any time be applicable.
- 1.45. **SAPS** means the South African Police Service.
- 1.46. **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 9.3, such fund is approved by the COMMISSIONER.

1.47. **SPOUSE** means a person who, at the date of the MEMBER'S death, was either

1.47.1. the legal spouse of the MEMBER, or

1.47.2. the spouse as designated by the MEMBER as his spouse in the MEMBERS'S personal records kept with the EMPLOYER or the TRUSTEES, or

1.47.3. the MEMBER'S partner

(a) in a union according to customary law or in a union recognised as a marriage under any religion, or

(b) in a relationship where the partners, who may be persons of the same or the opposite sex, have co-habited and have undertaken and committed themselves to a reciprocal duty of support, subject to the TRUSTEES determining that the partner qualifies in terms of this RULE, or

1.47.4. in the absence of the above or where a MEMBER has more than one wife, the spouse shall be designated by the TRUSTEES.

1.48. **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:

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
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

1.49. **TRANSFER FORMULA** means, in respect of the calculation in RULE 9.2.1(a):

$R \times Z \times N \times D$

where

*Ban*

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;

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):

**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;

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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;

1.50. **TRUST DEED** means the founding document of the FUND as amended from time to time.

1.51. **TRUSTEES** means the board of Trustees appointed in terms of the TRUST DEED establishing the FUND to manage the FUND.

1.52. **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.

**RULE 2: OPERATION OF THE FUND****2.1. ADMINISTRATION OF THE FUND**

- 2.1.1. Subject to the provisions of the ACT and the requirements of the REGISTRAR 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.
- 2.1.2. 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.
- 2.1.3. 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 2.1.2, the RULES and on the instructions determined from time to time by the TRUSTEES and advised in writing to the ADMINISTRATOR.
- 2.1.4. 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.
- 2.1.5. The ADMINISTRATOR shall keep full and true accounts of the FUND as required in terms of RULE 2.3.1.
- 2.1.6. 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.

## 2.2. MANAGEMENT OF THE FUND

### 2.2.1. APPOINTMENT OF TRUSTEES

The FUND shall be controlled by a Board of TRUSTEES in terms of the TRUST DEED. The Board of TRUSTEES shall consist of the following number of TRUSTEES appointed or elected in a manner prescribed in the TRUST DEED:

2.2.1.1. Two (2) TRUSTEES elected by the Regional Committee of each Region to represent that Region;

2.2.1.2. Two (2) TRUSTEES elected to represent MUNICIPAL POLICEMAN; and

2.2.1.3. Two (2) TRUSTEES appointed by the commissioner of police.

2.2.1.4. 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 appointed or elected in a manner prescribed in the TRUST DEED. 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.

2.2.1.5. Any irregularity in the appointment or election of a TRUSTEE shall not invalidate any decision of the TRUSTEES, unless the vote of such TRUSTEE was instrumental in the particular decision of the TRUSTEES.

2.2.1.6. The term of office of the TRUSTEES shall be set out in the TRUST DEED.

2.2.2. DECISION OF TRUSTEES

In the event of any matter arising not being covered by these RULES the decision of the TRUSTEES shall be final and binding on all MEMBERS.

2.2.3. DISCRETION OF TRUSTEES

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

2.2.4. APPOINTMENT OF OFFICERS

Subject to the provisions of the ACT and the requirements of the REGISTRAR as prescribed from time to time,

2.2.4.1. the TRUSTEES shall appoint an AUDITOR for such period as they determine and may withdraw such appointment and make another appointment in its place;

2.2.4.2. the TRUSTEES shall appoint a VALUATOR who shall perform the functions and duties of the valuator in terms of the ACT and the duties of the VALUATOR in terms of these RULES for such period as they determine, and may withdraw such appointment and make another appointment in its place, and

2.2.4.3. the TRUSTEES shall appoint a PRINCIPAL OFFICER on such terms and conditions as they may determine. If the PRINCIPAL OFFICER is absent from the Republic of South Africa or is unable for any reason to discharge his duties for more than thirty days, the TRUSTEES will appoint another person as PRINCIPAL OFFICER of the FUND for such period of absence or incapacity. In this event the Board of TRUSTEES will inform the REGISTRAR thereof in writing within thirty days of such appointment. The FUND will at all times be represented by the PRINCIPAL OFFICER.





2.2.4.4. The TRUSTEES may appoint consultants, attorneys and other service providers on such terms as they may determine and may withdraw any such appointment at any time.

2.2.5. DISPUTES

2.2.5.1. 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 three (3) months after the MEMBER received notification of that decision.

2.2.5.2. Any MEMBER dissatisfied with the response of the TRUSTEES referred to in 2.2.5.1 above, may lodge a complaint with the Pension Funds Adjudicator in terms of Section 30A of the ACT.

2.2.5.3. In the event that the subject matter of any dispute does not fall within the jurisdiction of the Pension Funds Adjudicator, the TRUSTEES shall on their own initiative or at the request of the MEMBER in question 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 borne by the FUND.

2.2.6. SIGNATURES TO DOCUMENTS

All documents shall be deemed to be validly executed by the FUND if signed by the chairperson of the TRUSTEES or his duly appointed deputy in the capacity of acting chairperson and the PRINCIPAL OFFICER and, where applicable, in the manner prescribed in the ACT.



### 2.3. BOOKS OF ACCOUNT

- 2.3.1. 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.
- 2.3.2. 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 all books, papers, vouchers, accounts and documents connected with the FUND and shall certify, in writing, the result of each audit.
- 2.3.3. Within six months from the expiry of every FINANCIAL YEAR, or such other period as determined by the REGISTRAR, the TRUSTEES shall furnish to the REGISTRAR audited financial statements in terms of section 15 of the ACT.

### 2.4. 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.

### 2.5. 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.

### 2.6. 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.

## 2.7. 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 REGISTRAR 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.

## 2.8. AMENDMENT TO THE RULES

- 2.8.1. 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).
- 2.8.2. No amendment to the RULES shall be enforceable until the amendment has been approved by the REGISTRAR.
- 2.8.3. Within a period of six months of the expiry of each FINANCIAL YEAR, 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.

## 2.9. HOUSING LOANS AND GUARANTEES

- 2.9.1. 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.
- 2.9.2. 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 REGISTRAR.

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2.9.3. A housing loan or guarantee provided by the FUND in terms of RULE 2.9.1 or RULE 2.9.2 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 guaranteed 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.
- (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. 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.

- (f) 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 7.1.1, then the TRUSTEES reserves the right, on the advise 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.
- (g) 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.

## 2.10. FUND'S EXPENSES

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 audit and the 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 the TRUST DEED;
- (c) the cost of the insurance of the officers of the FUND in terms of RULE 2.6; and
- (d) any other expenses deemed necessary by the TRUSTEES;

shall be borne by the FUND.

## 2.11. DISCONTINUANCE OF THE FUND

### 2.11.1. TOTAL DISCONTINUATION

2.11.1.1. 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 REGISTRAR and the COMMISSIONER.

2.11.1.2. The TRUSTEES may close or discontinue the FUND at any time, in which event the provisions of RULE 2.11.1.1 above shall apply as if the EMPLOYERS had dissolved.

2.11.1.3. On discontinuance of the FUND in terms of RULE 2.11.1.1 or RULE 2.11.1.2, the TRUSTEES shall, subject to the approval of the REGISTRAR, appoint a LIQUIDATOR who must liquidate the FUND with effect from the date of the REGISTRAR'S approval of his appointment.

2.11.1.4. The LIQUIDATOR shall terminate the FUND by –

- (a) settling the claims of secured, preferential and ordinary creditors;

- (b) paying all expenses incurred in terminating the FUND, and thereafter,
- (c) subject to the provisions below, apportioning the FUND'S assets among MEMBERS on an equitable basis recommended by the VALUATOR.

2.11.1.5. The apportionment of the FUND'S assets in terms of RULE 2.11.1.4 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 REGISTRAR 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 –
  - (i) 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

- (ii) if the MEMBER so requests, be paid to the MEMBER in cash;
- (d) 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
- (e) 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.

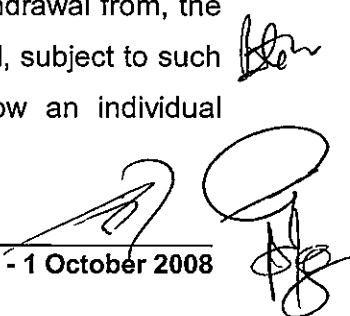
2.11.1.6. When all payments have been made by the FUND in terms of RULE 2.11.1.5, the FUND shall have no further liability to any person and its registration in terms of the ACT shall be cancelled.

2.11.1.7. Subject to the provisions of the ACT, the INCOME TAX ACT and the requirements of the REGISTRAR 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.

2.11.1.8. 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.

## 2.11.2. DISCONTINUANCE OF AN INDIVIDUAL EMPLOYER

2.11.2.1. 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

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EMPLOYER to withdraw from the FUND if, at the discretion of the TRUSTEES, the reasons tendered by such individual EMPLOYER are acceptable.

2.11.2.2. In this case, the provisions of RULE 2.11.1 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.

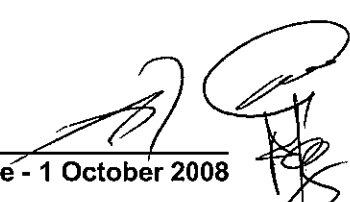
#### 2.11.3. AMALGAMATION

Subject to the provisions of the ACT, the INCOME TAX ACT and the requirements of the REGISTRAR 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 the REGISTRAR to cancel registration of the FUND in terms of Section 27(1)(a) of the ACT.

#### 2.11.4. OVERRIDING DISSOLUTION CONDITION

Notwithstanding anything to the contrary contained in RULES 2.11.1, 2.11.2 and 2.11.3, 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 REGISTRAR and/or the COMMISSIONER as prescribed from time to time.

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**RULE 3: MEMBERSHIP****3.1. ELIGIBILITY**

All ELIGIBLE EMPLOYEES will be able to join the FUND provided they are under the NORMAL RETIREMENT AGE.

**3.2. PARTICIPATION**

3.2.1. All MEMBERS who participated in the FUND immediately prior to the EFFECTIVE DATE shall continue to participate in the FUND.

3.2.2. 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.

3.2.3. Notwithstanding anything to the contrary contained in this RULE, as from 1 October 1989 this FUND was closed to all MUNICIPAL POLICEMEN. Any such employees who were MEMBERS immediately prior to 1 October 1989 continued to participate hereunder.

3.2.4. 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.

**3.3. INSURABILITY**

An ELIGIBLE EMPLOYEE'S participation in respect of any RISK DEATH BENEFIT being provided in terms of this FUND is conditional on his compliance with the insurability requirements laid down in terms of RULE 8.8 by the REGISTERED INSURER in respect of such benefit from time to time.

### 3.4. TEMPORARY ABSENCE

3.4.1. 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) days, contributions shall continue to be made in terms of RULE 4.1.2 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.

3.4.2. While a MEMBER is absent from service or if he is suspended from duty without receiving any pay for a period exceeding 31 (thirty one) days and such absence is authorized by the EMPLOYER, his PENSIONABLE SERVICE shall not be interrupted provided that -

3.4.2.1. 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;

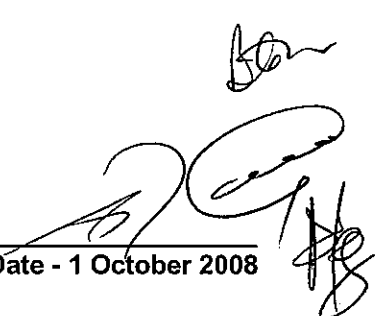
3.4.2.2. the EMPLOYER'S contributions in terms of RULE 4.2.2 based on the MEMBER'S ANNUAL SALARY (and ANNUAL BONUS where applicable) immediately prior to the commencement of the absence, shall be paid by the EMPLOYER to the FUND in respect of the MEMBER concerned;

3.4.2.3. 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.

- 3.4.3. Any period of absence which is not authorized by the EMPLOYER, will not be considered as PENSIONABLE SERVICE.
- 3.4.4. 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 1.36.1(b)(iii)
- 3.4.5. 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.

**3.5. CESSATION OF MEMBERSHIP**

- 3.5.1. 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 the service of the EMPLOYER.
- 3.5.2. A MEMBER who for any reason leaves the service of the EMPLOYER and has received all benefits from the FUND that he qualifies for shall forthwith cease to be a MEMBER.



**RULE 4: CONTRIBUTIONS****4.1. MEMBER'S CONTRIBUTIONS**

- 4.1.1. A MEMBER shall make current contributions under the FUND from the date of commencement of participation. In addition a MEMBER shall make past period contributions in respect of any previous PENSIONABLE SERVICE which is allowed as PENSIONABLE SERVICE.
- 4.1.2. The MEMBER'S current contributions shall be made at the rate of 8,6 (eight comma six) per cent of his ANNUAL SALARY including his ANNUAL BONUS.
- 4.1.3. The MEMBER'S contributions in respect of periods allowed as PENSIONABLE SERVICE shall be made at the following rate:
- 4.1.3.1. in respect of PENSIONABLE SERVICE which is allowed as PENSIONABLE SERVICE in terms of RULE 1.36.1(b)(i) and RULE 1.36.1(b)(iii) an amount equal to the ASSESSED CONTRIBUTIONS; and
- 4.1.3.2. in respect of PENSIONABLE SERVICE which is allowed as PENSIONABLE SERVICE in terms of RULE 1.36.1(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.
- 4.1.3.3. in respect of PENSIONABLE SERVICE which is allowed as PENSIONABLE SERVICE in terms of RULE 1.36.1(b)(v), such amount as determined by the ACTUARY.

4.1.3.4. in respect of PENSIONABLE SERVICE which is allowed as PENSIONABLE SERVICE in terms of RULE 1.36.1(b)(iv), an amount in terms of RULE 9.2 shall be paid by the other FUND to the FUND.

#### 4.1.4. TRANSFERS FROM ANY FUNDS NOT DEFINED IN THESE RULES

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

4.2.1. 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.

4.2.2. 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 including his ANNUAL BONUS. Such contributions shall be subject to review at each actuarial investigation.

4.2.3. The EMPLOYER'S contributions in respect of PENSIONABLE SERVICE which is allowed as PENSIONABLE SERVICE in terms of RULE 1.36.1(b)(i) and RULE 1.36.1(b)(iii) shall be at the following rate:

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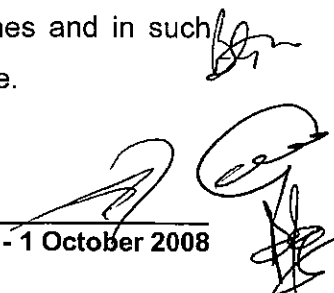
- (a) an amount equal to 2,04 (two point zero four) times the ASSESSED CONTRIBUTIONS, and
- (b) interest calculated at 2,75 (two point seven five) per cent per annum on the amount referred to in sub-paragraph (a) of this RULE plus the amount referred to in RULE 4.1.3.1 in respect of each year or part of a year of such PENSIONABLE SERVICE, and
- (c) compound interest calculated at 5,5 (five point 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 4.1.3.1, as from the date on which the MEMBER concerned became a MEMBER of 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.

4.2.4. An EMPLOYER shall pay contributions in respect of the period referred to in RULE 1.36.1(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

4.3.1. 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.

4.3.2. 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.



- 4.3.3. Any amount which a MEMBER is required to pay to the FUND in terms of RULE 1.36.1(b), shall be deducted from the ANNUAL SALARY of the MEMBER monthly, or in such manner and at such times, and in such installments, as the TRUSTEES may determine, and be paid to the FUND.
- 4.3.4. 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

- 4.4.1. 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) 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 2.4 not later than the first business day following the date of receipt of the contributions.
- 4.4.2. 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.
- 4.4.3. 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 determine by the TRUSTEES;
  - (b) the FUND shall not be liable for payment of any benefit payable in terms of these RULE 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,

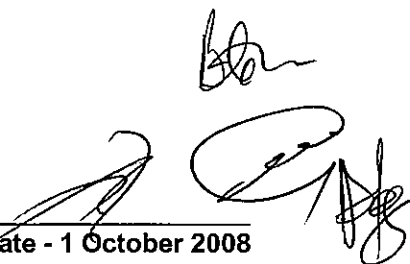
- (c) the RESPONSIBLE PERSON shall report outstanding contributions and non-transmission of the reconciliation of contributions to the MONITORING PERSON within the period prescribed in the ACT;
- (d) the MONITORING PERSON shall then in writing report the matter to the TRUSTEES within 7 days after receipt 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 days or more, the MONITORING PERSON shall report the matter to the SAPS at the branch nearest to the FUND'S registered office in accordance with the provisions of the ACT and the requirements of the REGISTRAR. The MONITORING PERSON shall also advise the REGISTRAR accordingly.

4.4.4. 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

- 4.5.1. 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
- 4.5.2. an increase in the future rate of EMPLOYER'S and/or MEMBER'S contributions, or
- 4.5.3. a reduction in future benefits, or
- 4.5.4. any combination of these alternatives.



**RULE 5: BENEFITS ON RETIREMENT****5.1. RETIREMENT**

A retirement benefit specified in RULE 5.2 and RULE 5.3 shall become payable to a MEMBER if a MEMBER retires in any of the following circumstances:

**5.1.1. Normal Retirement**

A MEMBER who has not retired in terms of RULE 5.1.2 shall retire from the service of the EMPLOYER on his NORMAL RETIREMENT DATE, unless his EMPLOYER agrees to his remaining in service.

**5.1.2. Early Retirement**

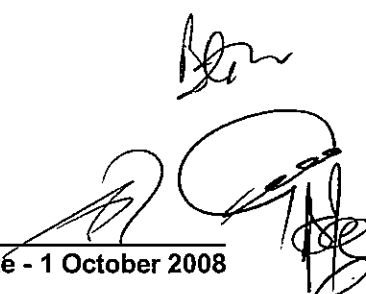
A MEMBER who is within 5 years or younger of his NORMAL RETIREMENT DATE may be retired from the service of the EMPLOYER on the first day of the month preceding his NORMAL RETIREMENT DATE.

**5.1.3. Late Retirement**

A MEMBER may be retained in his office or post beyond 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 BENEFITS IN RESPECT OF MEMBERS WHO ARE EMPLOYEES OF SAPS**

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



**5.2.1. 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) (i) a pension equal to  $1/55^{\text{th}}$  (one fifty fifth) of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE,

OR

- (ii) a cash lump sum equal to 21 (twenty one) per cent of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE.

**5.2.2. In the case of retirement in terms of RULE 5.1.2:**

- (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; reduced by 4 (four) per cent per annum for the period between the date the MEMBER retired and the NORMAL RETIREMENT DATE,

PLUS

- (b) (i) a pension equal to  $1/55^{\text{th}}$  (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

- (ii) 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 BENEFITS IN RESPECT OF ALL MEMBERS WHO ARE EMPLOYEES OF LOCAL AUTHORITIES, MUNICIPAL ENTITIES AND PROVINCIAL LEGISLATURE**

**5.3.1. 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) (i) a pension equal to  $1/55^{\text{th}}$  (one fifty fifth) of his FINAL SALARY, multiplied by the period of his PENSIONABLE SERVICE

OR

- (ii) A cash lump sum equal to

(aa) in respect of a MEMBER who was a MEMBER of the FUND before 1st April 2000, 21 (twenty one) per cent of FINAL SALARY multiplied by the period of his PENSIONABLE SERVICE,

(bb) 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.

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**5.3.2. In the case of retirement in terms of RULE 5.1.2:**

- (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; 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 and 65, 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, 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) (i) 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
  - (aa) 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 and 65, 0 (zero) per cent;

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- (bb) in respect of a MEMBER who joined the FUND prior to 1<sup>st</sup> April 2000 and who retires prior to age 60, 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);
- (cc) 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

- (ii) A cash lump sum equal to
- (aa) 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;
- (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 and 65, 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);

- (bb) 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.

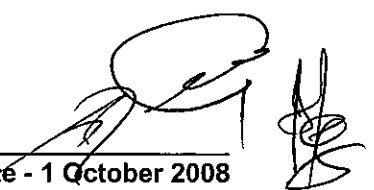
#### 5.4. MANNER OF PAYMENT

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.

#### 5.5. COMMUTATION OF PENSIONS

- 5.5.1. 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.
- 5.5.2. Where the amount of the pension payable in terms of these RULES is equal to or less than the amount determined by the TRUSTEES from time to time on the advice of the VALUATOR, the whole of such pension may be commuted for a cash amount on request by the MEMBER.
- 5.5.3. The amount of the cash amount payable will be determined by the TRUSTEES in accordance with an actuarial basis decided by the VALUATOR.

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## **RULE 6: DEATH BENEFITS**

### **6.1. DEATH BEFORE RETIREMENT**

If a MEMBER dies whilst in the service of the EMPLOYER, the following benefit will become payable:

- 6.1.1. the amount determined in accordance with RULE 7.1, plus
- 6.1.2. subject to provisions of RULE 8.8, a life assurance benefit defined in terms of the LIFE ASSURANCE BENEFIT COVER.

### **6.2. DEATH AFTER RETIREMENT**

Subject to the proviso to this RULE, if a PENSIONER dies, the following benefits shall become payable, where applicable:

- 6.2.1. 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

- 6.2.2. A SPOUSE'S and child pension set out in RULE 6.3 and RULE 6.4 respectively payable in terms of RULE 6.5;

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. AMOUNT OF CHILD'S PENSION

The child's pension shall be equal to one tenth of the PENSIONER'S retirement pension on which the SPOUSE'S pension is based in terms of RULE 6.3, for each DEPENDANT CHILD up to a maximum of three DEPENDANT CHILDREN at any time. Where there are more than three DEPENDANT CHILDREN, the three youngest shall be eligible for child's pension; Provided that

- 6.4.1. where there are more than three DEPENDANT CHILDREN the TRUSTEES may apportion the total child's pensions payable amongst the DEPENDANT CHILDREN on some other basis as they, in their sole discretion, may decide, and
- 6.4.2. where the SPOUSE'S pension ceases to be payable or no SPOUSE'S pension is payable, the child's pension will be doubled.

#### 6.5. PAYMENT OF SPOUSE'S AND CHILD'S PENSION

The SPOUSE'S and child's pension shall be payable as follows:

- 6.5.1. the first monthly payments shall be payable on the first day of the calendar month next following the death of the PENSIONER,
- 6.5.2. 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
- 6.5.3. the last payment of the 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 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

6.7.1. 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 TRUSTEES from time to time on the advice of the VALUATOR, the whole of such pension may be commuted for a cash amount.

6.7.2. The amount of the cash benefit payable will be determined by the TRUSTEES in accordance with an actuarial basis determined by the VALUATOR.

## 6.8. CESSATION OF PARTICIPATION IN DEATH BENEFITS

6.8.1. A MEMBER'S LIFE ASSURANCE BENEFIT COVER and his participation in the SPOUSE'S and/or 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 2.11, or
- (e) such other date as may be provided in these RULES.

6.8.2. 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) 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.

**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**

- 7.1.1. 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 (cc) to RULE 1.36.1, be entitled to payment of an amount which is calculated in accordance with the WITHDRAWAL FORMULA.
- 7.1.2. Any amount payable by a MEMBER in respect of any period of PENSIONABLE SERVICE referred to in proviso (cc) to RULE 1.36.1, 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.
- 7.1.3. 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:

<b>Number of Years of PENSIONABLE SERVICE</b>	<b>Additional Percentage</b>
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 %

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 9.

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 years.

7.1.4. 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.

7.2.1. 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.

7.2.2. A benefit shall become payable in respect of any MEMBER who is discharged in terms of RULE 7.2.1 as follows:

7.2.2.1. In the case of a MEMBER who is employed by SAPS, a cash amount equal to the greater of:

- (a) a gratuity equal to 15,5 (fifteen point 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
- (b) the reserve value, as determined by the TRUSTEES in accordance with an actuarial basis determined by the VALUATOR, of the MEMBER'S retirement benefit

calculated in terms of RULE 5.2.1 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 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.

7.2.2.2. In the case of a MEMBER other than in RULE 7.2.2.1 above:

- (a) 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 7.2.2.1 shall become payable.
- (b) Where the MEMBER has 10 years or more PENSIONABLE SERVICE and the EMPLOYER does not offer employment in another position with the same remuneration;
  - (i) a benefit determined in accordance with RULE 5.3.1 (a) and (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 1.36 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

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benefit shall be commuted and paid as a cash lump sum to the MEMBERS at the date of retrenchment, where the commutation amount is determined by the VALUATOR in accordance with the valuation basis;

- (ii) 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.

7.2.2.3. The liability of the FUND to the MEMBER shall never exceed that of the benefit calculated in terms of RULE 7.2.2.

7.2.3. Where a MEMBER transfers to another EMPLOYER or fund as provided for in RULE 9, the benefits in terms of this RULE shall not be payable to such a MEMBER.

7.2.4. 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

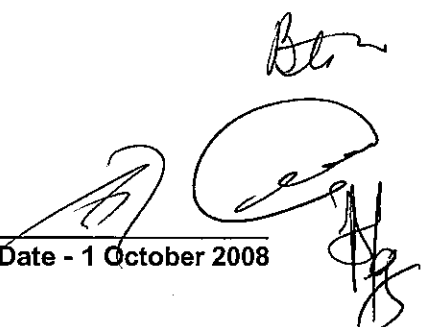
A MEMBER may elect, in lieu of the cash benefit due to him from the FUND on resignation or discharge due to the abolition of his post or reduction in staff of an EMPLOYER:

- 7.3.1. to retain his benefit in the FUND and become a DEFERRED MEMBER subject to the following:

- (a) 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.
  
- (b) 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.

7.3.2. 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 thereto 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.





## **RULE 8: GENERAL PROVISIONS**

### **8.1. 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.

### **8.2. DEDUCTIONS FROM BENEFITS**

8.2.1. Subject to the provisions of the ACT and the requirements of the REGISTRAR as prescribed from time to time, the FUND may make any deduction from a benefit that is permitted by the ACT.

8.2.2. The FUND may also withhold a benefit in contemplation of giving effect to a deduction referred to in RULE 8.2.1 above if the EMPLOYER has already constituted 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 exceed the amount of the EMPLOYER'S claim, then the amount by which the MEMBER'S benefit exceed 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

8.2.3. 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.

### 8.3. CURRENCY

Contributions and benefits are payable in South African currency.

### 8.4. 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.

### 8.5. 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.

## 8.6. PAYMENT OF BENEFITS

8.6.1. 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.

8.6.2. Payment of any benefit due in terms of these RULES shall either be made:

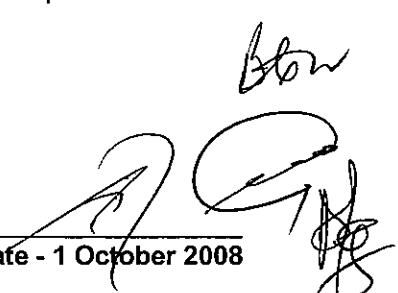
8.6.2.1. by means of electronic funds transfer into a bank account registered in the name of the MEMBER or a person entitled to the benefit in terms of these RULES, with a bank registered in terms of the Banks Act, 1990 (Act No. 94 of 1990), as amended: Provided that the MEMBER or a person entitled to 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

8.6.2.2. by any means agreed upon by the FUND, the BENEFICIARY and the ADMINISTRATOR.

8.6.3. Payment of a benefit in terms of RULE 8.6.2 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.

## 8.7. UNCLAIMED BENEFITS

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

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- 8.7.1. 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;
- 8.7.2. 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;
- 8.7.3. if required or allowed by any applicable legislation, the FUND may, at any time and in accordance with such legislation, direct that any unclaimed monies in the FUND be paid to any other fund established to receive such benefit, and
- 8.7.4. any unclaimed monies remaining in the FUND at the date of termination of the FUND shall be paid to the Guardian's Fund or any other fund established to receive such benefits.

#### 8.8. RISK DEATH BENEFITS CONDITIONS

- 8.8.1. The FUND shall insure RISK DEATH BENEFITS 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 RISK DEATH BENEFIT will only become payable by the FUND once the claim for the RISK DEATH BENEFIT has been approved and paid by the REGISTERED INSURER to the FUND.
- 8.8.2. No RISK DEATH BENEFIT shall be payable should the relevant RISK DEATH BENEFIT insurance premiums required in terms of the POLICY not be paid in full within 30 days of such premium falling due.

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8.8.3. Where an employee's participation in the RISK DEATH 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.

#### 8.9. LIMITATION OF FUND'S LIABILITY

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

#### 8.10. 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.

#### 8.11. SUBMISSION OF CLAIMS

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 under provision that all participating MEMBERS were informed and a month notice has passed.

#### 8.12. COPIES OF DOCUMENTS

8.12.1. 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.

8.12.2. Any MEMBER shall be entitled to inspect, without charge at the registered office of the FUND, any or all of the following:

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- (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;
- (c) the latest statement and the report prepared in terms of Section 17 of the ACT;
- (d) any documentation relevant to a scheme being carried out by the FUND in accordance with Section 18 of the ACT.

8.12.3. 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.

#### 8.13. 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.

**RULE 9: TRANSFERS****9.1. INTER-COUNCIL TRANSFERS AND APPOINTMENTS**

- 9.1.1. 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.
- 9.1.2. The continuity of the service of a MEMBER referred to in 9.1.1. 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.
- 9.1.3. Notwithstanding the provisions of 9.1.2 above, no period in respect of which a MEMBER referred to in 9.1.1 above shall be deemed to be PENSIONABLE SERVICE, unless such period is allowed as PENSIONABLE SERVICE of such MEMBER in terms of RULE 1.36.1(b)(iii).

**9.2. TRANSFERS FROM OR TO OTHER FUNDS**

- 9.2.1. 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 9.2.3, 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 point 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;

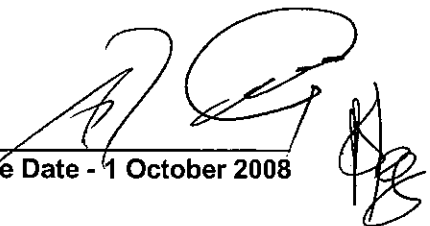
- (b) interest calculated at 2,75 (two point seven five) per cent per annum on the amount referred to in sub-paragraph (a) in respect of each year or portion of a year of the period of such PENSIONABLE SERVICE;
- (c) compound interest calculated at 5,5 (five point five) per cent per annum on the total 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 1.36.1(b)(iv) and RULE 9.2.2.

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.

- 9.2.2. (a) If a MEMBER referred to in RULE 9.2.1 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.

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- (b) For the purposes of 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.
- 9.2.3. (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.
- (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 1.36.1(b)(iii).
- 9.2.4. (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 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
- (i) 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 subparagraphs (a) and (b) of RULE 9.2.1.; and
- (ii) 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 point 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.

- (b) Any amount which is owing by such MEMBER to the FUND shall be deducted from the amount referred to in paragraph (a)(i).

### 9.3. TRANSFER FROM AND TO SIMILAR FUNDS

9.3.1. 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 4.1.2 with effect from the date on which he so becomes a MEMBER.

9.3.2. Previous pensionable service of a MEMBER referred to in RULE 9.3.1 under such SIMILAR FUND, shall be reckoned as PENSIONABLE SERVICE for the purposes of the FUND and the TRANSFER AMOUNT in respect of such period shall be paid to the FUND from the SIMILAR FUND concerned.

9.3.3. (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 and the actuary of the fund to which the amount in

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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.

**9.4. TRANSFER 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).

9.4.1. 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.

9.4.2. 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.

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**9.5. TRANSFER OF STAFF FROM A LOCAL AUTHORITY TO A PRIVATE COMPANY ON THE OUTSOURCING OF SERVICES**

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:

(i) 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;

(ii) 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;

(iii) 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 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;

- (iv) 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 (iii);
- (v) 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.

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## ANNEXURE - DEFINED CONTRIBUTION BENEFITS

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 3.2 to participate under this Annexure:

1. The definition "EMPLOYER" in RULE 1 shall be replaced with the follows:
  - 1.20. **EMPLOYER** means the national organization as defined in the Organised Local Government Act, No. 52 of 1997.
  
2. The definition "LIFE ASSURANCE BENEFIT COVER" in RULE 1.26 shall be replaced with the following:
  - 1.24. **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 clause 4.2.2(a) 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 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), plus
  - (c) FUND INTEREST.
  
4. The definition "FUND INTEREST" shall be added in RULE 1 to read as follows:
 

**"FUND INTEREST** means the rate of return (whether positive or negative) allocated to the MEMBER'S ACCUMULATED CREDIT, as determined by the VALUATOR from time to time and approved by the TRUSTEES."

5. The following paragraph shall be added to RULE 2.8.

Any amendment that may have a financial implication for an EMPLOYER, must be subject to the approval of the EMPLOYER.

6. RULE 4.1 shall be replaced by the following:

**4.1. MEMBER CONTRIBUTIONS**

**4.1.1. 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:

OPTION	MEMBER PERCENTAGE	EMPLOYER PERCENTAGE
1	7,50%	15%
2	8,00%	16%
3	8,50%	17%
4	8,60%	18,07%
5	8,60%	20,78%
6	9,00%	18%

**4.1.2. 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.

**4.1.3. 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.

#### 4.1.4. 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 RETIREMENT ANNUITY 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.

7. RULE 4.2 shall be replaced by the following:

#### 4.2. EMPLOYER'S CONTRIBUTIONS

4.2.1. 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.

4.2.2. The contributions made in terms of RULE 4.2.1 above shall be dealt with as follows:

- (a) an amount equal to 7,5 per cent of 1/12th of the MEMBER'S ANNUAL SALARY or such lower percentage but not less than 3,5 per cent, as agreed by the TRUSTEES on the advise of the VALUATOR, shall be applied to cover the cost of the PERSONAL RISK BENEFITS;



(b) 0,75 per cent of 1/12th of the MEMBER'S ANNUAL SALARY or such other percentage as agreed by the TRUSTEES on the advise 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.

8. RULES 5.2 and 5.3 shall be replaced by the following:

**5.2. AMOUNT OF PENSION**

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.

9. RULES 5.4 and 5.5 shall be replaced by the following:

**5.3. OPTIONS ASSOCIATED WITH RETIREMENT**

**5.3.1. Joint Pension Option**

In lieu of the pension to which the MEMBER is entitled, he may at any time before his retirement, elect a pension that will continue to be payable for as long as he and/or a designated dependant are alive. In this event the pension on his own life will be reduced in accordance with the ages of himself and his designated dependant and the amount of pension to be continued after his death.

**5.3.2. Commutation of Pension**

On retirement a MEMBER may take in cash up to one-third of the amount available to provide the pension in terms of RULE 5.2. Where

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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.

### 5.3.3. Purchase of Annuities

- (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 REGISTRAR 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).

10. RULE 6.1 shall be replaced with the following:

#### 6.1. DEATH BEFORE RETIREMENT

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

(a) the LIFE ASSURANCE BENEFIT COVER;

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

11. 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:

**7.1.1. 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

**7.1.2. CASH**

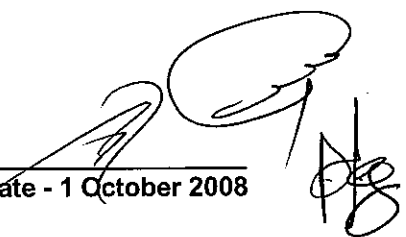
The MEMBER may take in cash his ACCUMULATED CREDIT as determined at the date of withdrawal.

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

12. RULE 2.9.1 shall not apply.

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