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THE PRINCIPAL OFFICER  
**NATIONAL TERTIARY RETIREMENT FUND**  
c/o MOMENTUM METROPOLITAN LIFE LIMITED  
P O BOX 7400  
CENTURION

0046P

**CASE NUMBER: 540053**

Dear Sir / Madam

**PENSION FUNDS ACT, 1956 (ACT 24 OF 1956) & INCOME TAX ACT, 58 OF 1962: REVISED RULES - NATIONAL TERTIARY RETIREMENT FUND**

Your letter dated 14 September 2021 refers. Enclosed is a copy of the Revised Rules duly approved and registered in terms of section 12(4) of the Act.

The fund continues to be recognized as a Pension Fund in terms of the Income Tax Act no.58 of 1962.

Yours faithfully

**FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY**

Enclosure

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**Executive Committee:**

**Commissioner:** U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson



NATIONAL TERTIARY RETIREMENT FUND

## **R U L E S**

**effective from the date on which the rules are registered with and approved by the  
Financial Sector Conduct Authority**



NATIONAL TERTIARY RETIREMENT FUND

BROOKLYN BRIDGE, 1st FLOOR – STEVEN HOUSE, 570 FEHRSEN STREET, BROOKLYN, PRETORIA  
Φ PRIVATE BAG X41, BRAAMFONTEIN, 2017 Φ TEL: 010 5491100/1/2 Φ EMAIL: jacquesvdm@retfunds.co.za

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**RESOLUTION**

It was resolved at a meeting of the Board of the National Tertiary Retirement Fund held via Microsoft Teams on 20 August 2021 that the attached RULES be adopted as the official rules of the National Tertiary Retirement Fund.

The commencement date of the Fund was 1 December 1994. The date on which these RULES shall become effective is from the date on which these rules are registered with and approved by the Financial Services Sector Conduct Authority.

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

**MR WA DE KLERK**  
**CHAIRPERSON**

**P J VAN DER MERWE**  
**PRINCIPAL OFFICER**

**B A STANFLIET**  
**BOARD MEMBER**

**DATE:** 20 August 2021

20 August 2021

**National Tertiary Retirement fund  
(P.F. 12/8/30878)**

I hereby confirm that I have studied the revised rules of the above-mentioned Fund, and can certify that these Rules will not affect the financial solvency of the Fund to such an extent that it will be unable to meet its obligations to its members.



**ANDRÉ BEZUIDENHOUT FASSA**

In my capacity as Valuator of the Fund and  
on behalf of Towers Watson (Pty) Ltd

Executive Chairman: R Omar  
Executive Director: A Lester  
Non-Executive Directors: ZB Ebrahim; E Francis\*  
\* British

Reg No 1998/001765/07. Towers Watson (Pty) Ltd is an authorized Financial Services Provider

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# **RULES OF THE NATIONAL TERTIARY RETIREMENT FUND**

## **1. INTRODUCTION**

### **1.1 NAME OF FUND**

The FUND was established under the name of the “National Technikon Retirement Fund” with effect from 1 December 1994. With effect from 1 August 2003, the name of the FUND changed to the “National Tertiary Retirement Fund”. These RULES are the revised RULES of the FUND which shall be effective from the date on which the rules are approved by and registered with the FSCA.

### **1.2 OBJECT OF THE FUND**

1.2.1 The main object of the FUND is to provide:

1.2.1.1 benefits to MEMBERS when they retire, whether they have reached their NORMAL RETIREMENT DATES or have retired early due to ill-health, disability or otherwise;

1.2.1.2 benefits for the BENEFICIARIES of MEMBERS who have died; and

1.2.1.3 benefits to MEMBERS whose employment by EMPLOYERS terminates before their retirement.

### **1.3 NATURE OF THE FUND**

1.3.1 The FUND is a legal entity that owns its own assets and is responsible for meeting its own liabilities in terms of the RULES. It can engage in litigation in its own name.

1.3.2 The FUND has been established for the benefit of the ELIGIBLE EMPLOYEES of the EMPLOYERS, as provided for in these RULES.

1.3.3 The FUND is a “Type B Umbrella Fund” and as such:

1.3.3.1 the FUND does not permit each EMPLOYER to select a different contribution structure for its ELIGIBLE EMPLOYEES, other than in accordance with these RULES; and

1.3.3.2 the FUND operates in accordance with these RULES, constituting general rules which are applicable to all MEMBERS of the FUND and each individual EMPLOYER.

#### 1.4 **NATURE AND EFFECT OF THESE RULES**

1.4.1 The RULES are binding on the FUND, its officers (including the BOARD and PRINCIPAL OFFICER), its MEMBERS, BENEFICIARIES, each EMPLOYER and any other person who claims under the RULES or whose claim is derived from a person so claiming. The FUND must be managed in terms of the RULES.

1.4.2 The RULES of the FUND have been changed from time to time.

1.4.3 These RULES are not conditions of service of the EMPLOYER. They do not affect the right of an EMPLOYER to terminate the employment of a MEMBER or the right of a MEMBER to leave the employment of that EMPLOYER.

#### 1.5 **REGISTERED OFFICE**

The FUND'S registered office is First Floor, Steven House, 570 Fehrsen Street, Brooklyn Square, Brooklyn, Pretoria. The FUND'S registered office may be changed by the BOARD with effect from the date on which the required rule amendment is registered by the FSCA.

## 2. DEFINITIONS AND INTERPRETATION

### 2.1 INTERPRETATION

- 2.1.1 The headings in this document are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify any of the RULES.
- 2.1.2 If a term or phrase used in these RULES is not defined in the RULES but is defined in the PFA, then such word or phrase bears the meaning ascribed thereto in the PFA.
- 2.1.3 Unless a contrary intention clearly appears:
- 2.1.3.1 words importing:
- 2.1.3.1.1 any one gender include the other genders as well as any person identifying as non-binary;
- 2.1.3.1.2 the singular include the plural and *vice versa*; and
- 2.1.3.1.3 natural persons include created entities (corporate or unincorporate) and the state and *vice versa*;
- 2.1.3.2 a “**law**” shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, by-law, rule, guideline, order or any other legislative measure of any government or any republic or political sub-division of any state, agency, statutory or regulatory body or court;
- 2.1.3.3 the words “**other**” and “**otherwise**” are not to be construed *ejusdem generis* with any foregoing words where a wider construction is possible and the word “including” shall be construed as meaning “including, without limitation”;
- 2.1.3.4 “**regulation**” includes any regulation, rule, official directive, request or

guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, central bank, department of regulatory, self-regulatory or other authority or organisation;

2.1.3.5 any reference to an enactment is to that enactment as at the effective date of the RULES and as amended or re-enacted or replaced from time to time;

2.1.3.6 any reference in the RULES to any other agreement or document copy shall be construed as a reference to such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented;

2.1.3.7 where any matter requires the approval, agreement, acceptance or consent of the FUND or the BOARD or the PRINCIPAL OFFICER, such approval, agreement, acceptance or consent shall be deemed not to have been given unless given in writing. Unless otherwise specified in any relevant clause of the RULES, the FUND or the BOARD or the PRINCIPAL OFFICER may give or withhold its/their approval, agreement, acceptance or consent in its/their sole discretion;

2.1.3.8 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any person, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision in the body of the RULES;

2.1.3.9 any reference to a person includes that person's successors-in-title and permitted assigns;

2.1.3.10 expressions defined in the RULES shall bear the same meanings in schedules or annexures to the RULES which do not themselves contain their own definitions;

2.1.3.11 where any term is defined within the context of any particular clause in the RULES, the term so defined, unless it is clear from the clause in

question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of the RULES, notwithstanding that that term has not been defined in this interpretation clause;

2.1.3.12 when any number of days is prescribed by the RULES, it must be calculated by excluding the first and including the last day unless the last day falls on a Saturday, Sunday or public holiday, in which case the last day will be the next succeeding day which is not a Saturday, Sunday or public holiday; and

2.1.3.13 any reference in these RULES to “section 14 of the PFA” shall be interpreted to include a reference to the provisions of any applicable conduct standard, regulation, directive or other legally binding document which further regulates the application of section 14 of the PFA.

## 2.2 DEFINITIONS

The following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely:

2.2.1 “**ACCOUNT**” means an account in the books of the FUND;

2.2.2 “**ACTIVE MEMBER**” means a FIXED RISK MEMBER or a FLEXIBLE RISK MEMBER;

2.2.3 “**ADJUDICATOR**” means the Pension Funds Adjudicator or Deputy Pension Funds Adjudicator and any acting Pension Funds Adjudicator appointed in terms of the PFA;

2.2.4 “**ADMINISTRATOR**” means a person appointed in terms of Rule 12.4 by the BOARD to administer the FUND in accordance with these RULES and the PFA;

2.2.5 “**ANNUITANT**” means a person who becomes entitled to or is in receipt of a LIVING ANNUITY paid from the FUND in terms of the provisions of Rule 9.9.

- 2.2.6            **“ANNUITISATION PROVISIONS”** means the applicable provisions of the INCOME TAX ACT in respect of the compulsory annuitisation of retirement benefits provided by APPROVED PROVIDENT FUNDS and APPROVED PROVIDENT PRESERVATION FUNDS enacted in terms of the Taxation Laws Amendment Act, No. 23 of 2020 and promulgated on 20 January 2021, and as amended from time to time.
- 2.2.7            **“APPROVED ABSENCE FROM WORK”** means absence of an ACTIVE MEMBER from work with the permission of his or her EMPLOYER or in circumstances protected by law, including but not limited to, absences due to leave (for example, annual, sick, family responsibility, maternity or sabbatical leave) authorised by the EMPLOYER, temporary secondment, precautionary suspension by the EMPLOYER (but excluding absence due to suspension without pay imposed by the EMPLOYER as a disciplinary sanction), or participation in a protected strike or in conduct in contemplation or furtherance of a protected strike, as contemplated in the LRA;
- 2.2.8            **“APPROVED FUND”** means an APPROVED PENSION FUND, an APPROVED PENSION PRESERVATION FUND, an APPROVED PROVIDENT PRESERVATION FUND, an APPROVED PROVIDENT FUND and/or an APPROVED RETIREMENT ANNUITY FUND, as the context may require;
- 2.2.9            **“APPROVED PENSION FUND”** means a “pension fund” as defined in the INCOME TAX ACT;
- 2.2.10           **“APPROVED PENSION PRESERVATION FUND”** means a “pension preservation fund” as defined in the INCOME TAX ACT;
- 2.2.11           **“APPROVED PROVIDENT FUND”** means a “provident fund” as defined in the INCOME TAX ACT;
- 2.2.12           **“APPROVED PROVIDENT PRESERVATION FUND”** means a “provident preservation fund” as defined in the INCOME TAX ACT;
- 2.2.13           **“APPROVED RETIREMENT ANNUITY FUND”** means a “retirement annuity fund” as defined in the INCOME TAX ACT;

- 2.2.14 “**AUDITOR**” means the auditor appointed by the BOARD in terms of Rule 12.3;
- 2.2.15 “**AVERAGE FINAL SALARY**” for a MEMBER, the annual average of his or her PENSIONABLE EARNINGS over the last 2 (two) years of his or her PENSIONABLE SERVICE;
- 2.2.16 “**BENEFICIARY**” means a DEPENDANT or a NOMINEE who is entitled to benefits in terms of these RULES;
- 2.2.17 “**BOARD**” means the board of the FUND;
- 2.2.18 “**BOARD MEMBER**” means a member of the FUND’S BOARD;
- 2.2.19 “**CATEGORY A MEMBER**” means an ACTIVE MEMBER whose employment conditions provide that, in addition to the CONTRIBUTION of 8% of PENSIONABLE EARNINGS payable by a MEMBER in terms of Rule 4.1.1, such ACTIVE MEMBER also contributes 1.5% of PENSIONABLE EARNINGS to Supplementary Account 1;
- 2.2.20 “**CATEGORY B MEMBER**” means an ACTIVE MEMBER whose employment conditions provide that, in addition to the CONTRIBUTION of 8% of PENSIONABLE EARNINGS payable by a MEMBER in terms of Rule 4.1.1, such ACTIVE MEMBER also contributes 3.5% of PENSIONABLE EARNINGS to Supplementary Account 1;
- 2.2.21 “**CATEGORY C MEMBER**” means a FLEXIBLE RISK MEMBER whose employment conditions provide that the aggregate of all CONTRIBUTIONS made by such MEMBER’S EMPLOYER shall be made in accordance with Rule 4.3.7;
- 2.2.22 “**CATEGORY D MEMBER**” means a FLEXIBLE RISK MEMBER whose employment conditions provide that the aggregate of all CONTRIBUTIONS made by such MEMBER’S EMPLOYER in respect of such FLEXIBLE RISK MEMBER shall be 16% of PENSIONABLE EARNINGS, and shall be allocated as contemplated by Rule 4.3.4 and Rule 0, provided that a CATEGORY D MEMBER shall exclude:



- 2.2.22.1 an ACTIVE MEMBER to whom Rule 9.5 applies, unless such ACTIVE MEMBER elects to forfeit any benefit provided for in Rule 9.5; and
- 2.2.22.2 a FIXED RISK MEMBER, unless such a MEMBER elects to switch into membership as a FLEXIBLE RISK MEMBER;
- 2.2.23 “**CHILD**” means a child of a MEMBER, including but not limited to, a child of a MEMBER born after the death of such MEMBER, a child born to or legally adopted by a MEMBER or whom the BOARD, in the exercise of its sole discretion, decides was treated by the MEMBER as his or her child immediately before his or her death and who is –
- 2.2.23.1 under the age of 18 (eighteen) and not married; or
- 2.2.23.2 over the age of 18 (eighteen) and under the age of 25 (twenty five) years and not married, who was substantially dependent on the MEMBER and:
- 2.2.23.2.1 is engaged in full-time studies at an educational institution approved by the BOARD and subject to such conditions, if any, as the BOARD may impose; or
- 2.2.23.2.2 in the opinion of the BOARD is unable to engage in income-generating activities due to an impairment of his or her mind or body, and
- is not in receipt of financial support from any other source which is sufficient to provide for his or her basic needs, provided that the BOARD may in its discretion, in exceptional circumstances, disregard the maximum age of 25 (twenty five) years stated above if the circumstances contemplated in Rule 2.2.23.2.2 existed at the date of death of the applicable MEMBER;
- but:
- 2.2.23.3 will exclude a child who was legally adopted or became a step-child

after the MEMBER'S NORMAL RETIREMENT DATE, or the date of the MEMBER'S actual retirement, if earlier;

- 2.2.24            **"COMMENCEMENT DATE"** means the commencement date of the FUND being 1 December 1994;
- 2.2.25            **"CONDITIONAL RETIREMENT BENEFIT"** means the "CONDITIONAL RETIREMENT BENEFIT" as defined in Rule 9.5.2.3 or Rule 9.5.3.3, as may be applicable;
- 2.2.26            **"CONDITIONAL RETIREMENT FACTOR"** means the actuarial factor used to calculate the value of the pension (excluding the gratuity) for MEMBERS that are entitled to the CONDITIONAL RETIREMENT BENEFIT as set out in Rule 15.18;
- 2.2.27            **"CONTRIBUTIONS"** means the contributions which are paid to the FUND by MEMBERS and EMPLOYERS in terms of these RULES;
- 2.2.28            **"CONVERSION FACTOR"** means the actuarial factor used to convert a capital amount into a PENSION. The actuarial basis for determining the CONVERSION FACTOR is determined by the VALUATOR after consultation with the BOARD, using the actuarial assumptions referred to in Rule 15.17;
- 2.2.29            **"DAY"** means any day other than a Saturday, Sunday or official public holiday as gazetted by the government of the Republic of South Africa from time to time.
- 2.2.30            **"DEFERRED PENSIONER"** means a MEMBER who may retire and has, prior to his or her RETIREMENT DATE, elected to defer his or her entitlement to a retirement benefit in terms of Rule 9.8;
- 2.2.31            **"DEPENDANT"** means –
- 2.2.31.1            a person whom a MEMBER is legally liable to maintain;
- 2.2.31.2            a person whom a MEMBER is not legally liable to maintain if that person –

- 2.2.31.2.1 in the opinion of the BOARD, was in fact financially dependent on the MEMBER at the time of death;
- 2.2.31.2.2 is the SPOUSE of the MEMBER; or
- 2.2.31.2.3 is the CHILD of a MEMBER, including a CHILD born to the MEMBER after such MEMBER'S death and a CHILD legally adopted by a MEMBER;
- 2.2.31.3 a person whom a MEMBER would have become legally liable to maintain if the MEMBER had not died;
- 2.2.32 “**DISABLED**” means a MEMBER who, prior to reaching his or her NORMAL RETIREMENT AGE, in the opinion of the INSURER, is suffering from an illness, condition or disability on the basis of which, if conditions set out in the policy issued by the INSURER to the FUND are fulfilled, the INSURER will be liable to pay to the FUND an amount or amounts which would in turn be payable to the affected MEMBER in terms of these RULES.
- 2.2.33 “**DISABILITY INCOME BENEFIT**” means a benefit (other than the FIXED RISK BENEFIT) payable by an INSURER to a FIXED RISK MEMBER in terms of a policy of insurance issued by the INSURER to the EMPLOYER, which benefit shall be administered by the FUND on behalf of the FIXED RISK MEMBER. For the avoidance of doubt, it is specifically provided that this benefit will not be provided in terms of these RULES but in accordance with a separate EMPLOYER-owned policy of insurance;
- 2.2.34 “**DIVORCE ACT**” means the Divorce Act, No 70 of 1979, as amended from time to time;
- 2.2.35 “**ELIGIBLE EMPLOYEE**” means an employee who is on the permanent staff of an EMPLOYER or has been appointed by the EMPLOYER on a fixed term employment contract of not less than a period of 24 (twenty four) months, who in terms of that employee's employment, is permitted and has elected to join the FUND, or is obliged to join the FUND and who, at the time of joining the FUND, has not yet reached the NORMAL RETIREMENT AGE;

- 2.2.36                   **“EMPLOYER”** means each of the employers which, with the consent of the BOARD and on terms agreed with the BOARD, is admitted to participate in the FUND from time to time, provided that (i) such admittance will be effective on the date agreed between the BOARD and such employer and, for the avoidance of doubt, will not require any amendment to these RULES in order to be effective and provided further that (ii) when the term “EMPLOYER” is used in these RULES with reference to a MEMBER, it means the employer with whom such MEMBER is or was employed (as may be applicable).
- 2.2.37                   **“EMPLOYER SURPLUS ACCOUNT”** means an ‘EMPLOYER SURPLUS ACCOUNT’ as defined in the PFA and established in terms of Rule 13.7;
- 2.2.38                   **“EMPLOYER TERMINATION DATE”** means the applicable “EMPLOYER TERMINATION DATE” provided for in Rule 14.2;
- 2.2.39                   **“EXITING MEMBERS”** means, in relation to a partial termination of the FUND pursuant to the withdrawal of an EMPLOYER as provided in Rule 14.2:
- 2.2.39.1                   all MEMBERS of the FUND, including such ACTIVE MEMBERS, PAID-UP MEMBERS, DEFERRED PENSIONERS, PENSIONERS, ANNUITANTS, MEMBERS in respect of whom an UNCLAIMED BENEFIT is payable and any other MEMBERS to whom a benefit is or will become payable, all of which MEMBERS are or were previously employed by such EMPLOYER; and
- 2.2.39.2                   all PENSIONERS and ANNUITANTS who are not MEMBERS of the FUND but who were previously BENEFICIARIES of the MEMBERS referred to in Rule 2.2.39.1;
- 2.2.40                   **“FINANCIAL YEAR”** means each financial year in respect of the FUND:
- 2.2.40.1                   commencing on 1 January of each applicable calendar year; or
- 2.2.40.2                   in respect of the first financial year of the FUND only, commencing on the COMMENCEMENT DATE; and

in each case, ending on the FINANCIAL YEAR END;

- 2.2.41 **“FINANCIAL YEAR END”** means 31 December of each year following the COMMENCEMENT DATE;
- 2.2.42 **“FIXED RISK BENEFIT”** means, in respect of a FIXED RISK MEMBER, the benefit(s) prescribed by Rule 7 and Rule 8, subject to the conditions and limitations as set out in the policy with the INSURER;
- 2.2.43 **“FIXED RISK MEMBER”** means a person who joined the FUND prior to 1 September 2002 but who did not make an irrevocable election to become a FLEXIBLE RISK MEMBER;
- 2.2.44 **“FLEXIBLE RISK BENEFIT”** means, in respect of a FLEXIBLE RISK MEMBER a multiple of his or her PENSIONABLE EARNINGS as can be provided from time to time by an INSURER with the rate of CONTRIBUTIONS elected by the FLEXIBLE RISK MEMBER in terms of Rule 4.3.3.1 or Rule 4.3.5.1, subject to the conditions and limitations as set out in the policy of the INSURER;
- 2.2.45 **“FLEXIBLE RISK MEMBER”** means:
- 2.2.45.1 a MEMBER who became a FLEXIBLE RISK MEMBER of the FUND after 1 September 2002; or
- 2.2.45.2 a FIXED RISK MEMBER who joined the FUND prior to 1 September 2002 but who made an irrevocable election to become a FLEXIBLE RISK MEMBER on or after 1 September 2002; provided that a FIXED RISK MEMBER having made this election will remain a FLEXIBLE RISK MEMBER until cessation of his or her MEMBERSHIP in the manner provided for in these RULES;
- 2.2.46 **“FUND”** means the National Tertiary Retirement Fund, a registered pension fund organisation regulated in terms of the PFA and these RULES;
- 2.2.47 **“FUND RETURN”** means, in relation to all the assets of the FUND, income (received or accrued) and capital gains and losses (realised or unrealised)

earned on the assets of the FUND, net of all expenses and TAX charges, associated with the acquisition, holding or disposal of such assets, which return may be positive, negative or NIL, provided that the "FUND RETURN" may be apportioned to the different investment portfolios of the FUND in accordance with the unit-pricing methodology approved by the BOARD from time to time and provided further, that the FUND may give MEMBERS a choice of investment strategy, in which case the "FUND RETURN" in respect of a particular MEMBER will be the return earned on the assets underlying the particular strategy, positive or negative, less any TAX or expenses attributable thereto;

- 2.2.48 "FSCA" means the Financial Sector Conduct Authority established in terms of section 56 of the Financial Sector Regulation Act, No. 9 of 2017;
- 2.2.49 "GENERAL RESERVE ACCOUNT" means an ACCOUNT established in terms of Rule 13.5;
- 2.2.50 "INCOME TAX ACT" means the Income Tax Act, No. 58 of 1962, as amended from time to time;
- 2.2.51 "INSURANCE ACT" means the Insurance Act, No. 18 of 2017, as amended from time to time;
- 2.2.52 "INSURER" means a long-term insurer registered and/or licensed as such under the INSURANCE ACT;
- 2.2.53 "LRA" means the Labour Relations Act, No. 66 of 1995, as amended from time to time;
- 2.2.54 "LIVING ANNUITY" means the monthly income that is paid from the individual sub-account to the ANNUITANT as reflected in the LIVING ANNUITY CAPITAL ACCOUNT;
- 2.2.55 "LIVING ANNUITY CAPITAL ACCOUNT" means an ACCOUNT established in terms of Rule 13.8 from which the FUND may pay a LIVING ANNUITY;

- 2.2.56            **“LIVING ANNUITY POLICY”** means the policy adopted by the BOARD from time to time, which sets out the terms and conditions applicable to the provision of LIVING ANNUITIES by the FUND;
- 2.2.57            **“MEMBER”** means an ACTIVE MEMBER, a PAID-UP MEMBER, a DEFERRED PENSIONER, an ANNUITANT (who is not a SPOUSE), a PENSIONER (who is not a CHILD or a SPOUSE) or any other member to whom, in each case, a benefit is still due in terms of these RULES, and **“MEMBERSHIP”** has a corresponding meaning;
- 2.2.58            **“MEMBER SHARE”** means in respect of each MEMBER an amount reflected in the MEMBER SHARE ACCOUNT and determined in accordance with Rule 13.2;
- 2.2.59            **“MEMBER SHARE ACCOUNT”** means an ACCOUNT established in terms of Rule 13.2 which consists of a Main Account, Supplementary Account 1 and Supplementary Account 2;
- 2.2.60            **“NOMINEE”** means a person whom a MEMBER has nominated in writing to receive a share of a lump sum benefit payable on the death of a MEMBER;
- 2.2.61            **“NORMAL RETIREMENT AGE”** means the “normal retirement age” as provided for in the MEMBER’S conditions of service and as advised by the EMPLOYER to the FUND, which age shall not exceed age 65 (sixty-five), provided that where the EMPLOYER has not so advised the FUND, the NORMAL RETIREMENT AGE shall be deemed to be age 60 (sixty);
- 2.2.62            **“NORMAL RETIREMENT DATE”** means the last DAY of the month in which a MEMBER reaches his or her NORMAL RETIREMENT AGE; provided that a MEMBER may, with the prior consent of his or her EMPLOYER, retire on the 31<sup>st</sup> of December in the year in which he or she attains NORMAL RETIREMENT AGE and provided further that he or she will be deemed to be on retirement with effect from the first DAY of the succeeding month following his NORMAL RETIREMENT DATE;

- 2.2.63                    **“NOTICE DATE”** means the date on which the FUND receives written notice from the EMPLOYER that an ACTIVE MEMBER has left the SERVICE of the EMPLOYER;
- 2.2.64                    **“PAID-UP MEMBER”** means a MEMBER whose employment has terminated on resignation or dismissal and has a paid-up benefit in the FUND, as contemplated in Rule 6.1;
- 2.2.65                    **“PENSION”** means an annual amount, which will be payable in monthly instalments from the FUND (other than in respect of a LIVING ANNUITY) over the lifetime of the PENSIONER, and, if applicable, his or her SPOUSE and CHILD, which pension may be increased at the discretion of the BOARD in accordance with the FUND’S pension increase policy as determined from time to time;
- 2.2.66                    **“PENSIONABLE EARNINGS”** means the MEMBER’S basic annual salary or wages and any other regular amounts which are regarded as pensionable by the EMPLOYER;
- provided that:
- 2.2.66.1                    in respect of any period during which a MEMBER is on an APPROVED ABSENCE FROM WORK or an UNAPPROVED ABSENCE FROM WORK, a MEMBER’S PENSIONABLE EARNINGS will be the actual salary, wage or other amount earned by him or her, if any, in respect of that period; and
- 2.2.66.2                    in respect of any period during which a MEMBER in receipt of a DISABILITY INCOME BENEFIT, his or her PENSIONABLE EARNINGS will be deemed to be equal to his or her PENSIONABLE EARNINGS as at the month immediately prior to the commencement of his or her DISABILITY INCOME BENEFIT;
- 2.2.67                    **“PENSIONABLE SERVICE”** means, for a MEMBER, and subject to these RULES, the sum of:
- 2.2.67.1                    in respect of MEMBERS that transferred from a PREVIOUS FUND,



the period of SERVICE recognised as pensionable at the COMMENCEMENT DATE; and

2.2.67.2 any period made pensionable in terms of Rule 4.8.3; and

2.2.67.3 any continuous period of SERVICE for which CONTRIBUTIONS are paid to the FUND in terms of these RULES,

provided that, for the purposes of calculating benefits payable under these RULES, including any benefit payable in terms of Rule 9.5:

2.2.67.4 any period of SERVICE or APPROVED ABSENCE FROM WORK or UNAPPROVED ABSENCE FROM WORK without payment of CONTRIBUTIONS shall be excluded; and

2.2.67.5 PENSIONABLE SERVICE may be reduced accordingly, where partial CONTRIBUTIONS are paid to the FUND during any period of APPROVED ABSENCE FROM WORK or UNAPPROVED ABSENCE FROM WORK; and

2.2.67.6 PENSIONABLE SERVICE may be adjusted for any deduction provided for in Rule 10.7.1; and

2.2.67.7 PENSIONABLE SERVICE will be calculated in years and months and a fraction of a month will be regarded as a month provided the FUND is in receipt of the full CONTRIBUTIONS for that period;

2.2.68 “**PENSIONER**” means a person who becomes entitled to or is in receipt of a PENSION paid from the FUND;

2.2.69 “**PENSIONER ACCOUNT**” means an ACCOUNT established in terms of Rule 13.3 to make provision for the FUND’S liabilities in respect of PENSIONERS;

2.2.70 “**PFA**” means the Pension Funds Act, No. 24 of 1956, as amended from time to time (to be renamed the Retirement Funds Act, No. 24 of 1956) and the regulations issued thereunder;

- 2.2.71                    “**PREVIOUS FUND**” means the Associated Institutions Pension Fund, Temporary Employees Pension Fund, the Government Services Pension Fund, the Authorities Services Pension Fund for Temporary Workers or such other fund as approved by the BOARD as such a fund at the COMMENCEMENT DATE;
- 2.2.72                    “**PRINCIPAL OFFICER**” means the Principal Officer of the FUND appointed in terms of Rule 12.1;
- 2.2.73                    “**PROCESSING ERROR RESERVE ACCOUNT**” means an ACCOUNT established in terms of Rule 13.6;
- 2.2.74                    “**RETIREMENT DATE**” means the actual date on which a MEMBER retires in terms of these RULES, whether or not that date is also his or her NORMAL RETIREMENT DATE;
- 2.2.75                    “**RETIREMENT BENEFITS COUNSELLING**” means the disclosure and explanation, in a clear and understandable language, including risk, costs and charges, of:
- 2.2.75.1                    the available investment portfolios;
- 2.2.75.2                    the terms of the FUND’S annuity strategy;
- 2.2.75.3                    the terms and process by which the FUND handles preserved BENEFITS in terms of Regulation 38; and
- 2.2.75.4                    any other options made available to MEMBERS;
- 2.2.76                    “**RISK RESERVE ACCOUNT**” means the account established in terms of Rule 13.4;
- 2.2.77                    “**RULES**” means these rules of the FUND;
- 2.2.78                    “**SARS**” means the South African Revenue Service;

- 2.2.79                    **“SERVICE”** means service as an employee of one or more of the EMPLOYERS, including service while a member of the PREVIOUS FUND;
- 2.2.80                    **“SPOUSE”** means a person joined by marriage or civil union to a MEMBER in terms of the Marriage Act, No. 25 of 1961, or the Civil Union Act, No. 17 of 2006, or customary marriage recognised as a marriage in terms of the Recognition of Customary Marriages Act, No. 120 of 1998 or the tenets of a religion or who is the permanent life partner of such MEMBER provided that:
- 2.2.80.1                    such person, in the event of the death of a PENSIONER was a person as specified above as at such PENSIONER’S RETIREMENT DATE; and
- 2.2.80.2                    the BOARD shall, in the event of any dispute or uncertainty in relation to the existence or identity of a SPOUSE, apply its reasonable discretion and where necessary, conduct investigations as may be required for purposes of determining who is or was a SPOUSE in respect of a MEMBER;
- 2.2.81                    **“QUALIFYING CRITERIA”** means the criteria specified in the LIVING ANNUITY POLICY in order for a MEMBER to qualify for a LIVING ANNUITY in the FUND;
- 2.2.82                    **“STAKEHOLDER”** means any EMPLOYER, MEMBER, SPOUSE or CHILD;
- 2.2.83                    **“TAX”** means taxes, levies, imposts, duties, charges, fees, deductions and withholdings and any penalties and interest imposed thereon or required in terms of applicable laws;
- 2.2.84                    **“TERMINATION DATE”** means, in respect of a MEMBER who may become entitled to a benefit in terms of these RULES, the last DAY of the month in which the last CONTRIBUTION in respect of such MEMBER has been received by the FUND;
- 2.2.85                    **“TRANSFER AMOUNT”** means, in relation to a withdrawal of an EMPLOYER or partial termination of the FUND in terms of Rule 14.2, the “TRANSFER

AMOUNT” calculated by the VALUATOR in relation to an EXITING MEMBER as provided for in Rule 14.2.4;

- 2.2.86                   **“TRANSFER DATE”** means, in relation to a withdrawal of an EMPLOYER or partial termination in terms of Rule 14.2, the date on which any applicable TRANSFER AMOUNT is paid by the FUND to the applicable INSURER, APPROVED FUND or EXITING MEMBER (as applicable);
- 2.2.87                   **“UNAPPROVED ABSENCE FROM WORK”** means absence of an ACTIVE MEMBER from work without the permission of his or her EMPLOYER or in circumstances not protected by law, including but not limited to absence from work without the EMPLOYER’s authority or in contravention of the MEMBER’s duties to the EMPLOYER, absence due to temporary suspension without pay imposed by the EMPLOYER as a disciplinary sanction, absence due to participation in a strike that is not in compliance with the LRA or conduct in contemplation or furtherance of such a strike, or any absence that is not an APPROVED ABSENCE FROM WORK;
- 2.2.88                   **“UNCLAIMED BENEFITS”** means –
- 2.2.88.1                                   any benefit not paid by the FUND to a MEMBER, former MEMBER or BENEFICIARY within 24 (twenty four) months of the date on which it in terms of these RULES, became legally due and payable other than the benefits referred to in Rules 2.2.88.2 to 2.2.88.6; or
- 2.2.88.2                                   a lump sum benefit payable to a BENEFICIARY on the death of a MEMBER in terms of section 37C of the PFA, if applicable, but not paid within 24 (twenty four) months from the date of the death of the MEMBER or such longer period as may be reasonably justified by the BOARD of the FUND in writing;
- 2.2.88.3                                   in relation to a benefit payable as a PENSION or LIVING ANNUITY by the FUND, a benefit which has not been paid by the FUND to a MEMBER, former MEMBER or BENEFICIARY within 24 (twenty four) months of –
- 2.2.88.3.1                                   the expiry date of any guarantee period for PENSION

payments provided for in these RULES; or

- 2.2.88.3.2 the date on which any PENSION payment or LIVING ANNUITY legally due and payable in terms of these RULES became unpaid;
- 2.2.88.4 in relation to a benefit payable to a former MEMBER who cannot be traced in accordance with section 15B(5)(e) of the PFA, any benefit that has become legally due and payable to a former MEMBER in terms of a surplus apportionment scheme approved in terms of the PFA and not paid to that former MEMBER within 24 months of the date on which it became legally due and payable; or
- 2.2.88.5 any benefit that remains unclaimed or unpaid to a MEMBER, former MEMBER or BENEFICIARY when the FUND applies for cancellation of registration in terms of section 27 of the PFA or where the liquidator is satisfied that benefits remain unclaimed or unpaid; or
- 2.2.88.6 any amount that remained unclaimed or unpaid to a former spouse within 24 months from the date of the deduction contemplated in the PFA;
- 2.2.89 “**VALUATOR**” means the actuary of the FUND appointed by the BOARD in terms of Rule 12.2; and
- 2.2.90 “**VESTED RIGHTS**” means any amount in relation to a MEMBER as contemplated by the ANNUITISATION PROVISIONS which is required to be excluded from the annuitisation of a MEMBER’s retirement benefits in terms of the ANNUITISATION PROVISIONS, being:
- 2.2.90.1 all amounts contributed to an APPROVED PROVIDENT FUND or transferred to an APPROVED PROVIDENT PRESERVATION FUND (a) prior to 1 March 2021, in respect of a MEMBER who retires in accordance with these RULES and who was a member of an APPROVED PROVIDENT FUND or APPROVED PROVIDENT PRESERVATION FUND on 1 March 2021 and was younger than 55 years of age on 1 March 2021; or (b) prior to, on and after 1 March

2021, of which that person was a member on 1 March 2021, in respect of a MEMBER who retires in accordance with these RULES and who was a member of an APPROVED PROVIDENT FUND or APPROVED PROVIDENT PRESERVATION FUND on 1 March 2021 and was 55 years of age or older on 1 March 2021; plus

## 2.2.90.2

any other amounts credited to the “member’s individual account” or “minimum individual reserve” (as contemplated by the PFA) of such APPROVED PROVIDENT FUND or APPROVED PROVIDENT PRESERVATION FUND (a) as a result of the value of the “member’s individual account” or “minimum individual reserve” on 1 March 2021, in respect of a MEMBER who retires in accordance with these RULES and who was a member of an APPROVED PROVIDENT FUND or APPROVED PROVIDENT PRESERVATION FUND on 1 March 2021 and was younger than 55 years of age on 1 March 2021; or (b) prior to, on and after 1 March 2021, in respect of a MEMBER who retires in accordance with these RULES and who was a member of an APPROVED PROVIDENT FUND or APPROVED PROVIDENT PRESERVATION FUND on 1 March 2021 and was 55 years of age or older on 1 March 2021; plus

## 2.2.90.3

any “fund return” (as defined in the PFA) in relation to such amounts, reduced proportionally by any amount permitted in terms of the PFA to be deducted from the “member’s individual account” or “minimum individual reserve” of the APPROVED PROVIDENT FUND or APPROVED PROVIDENT PRESERVATION FUND prior to, on and after 1 March 2021, provided that, to the extent of any amendments to the ANNUITISATION PROVISIONS from time to time which may have the effect of altering the concept of “VESTED RIGHTS” as provided for in these RULES, then “VESTED RIGHTS” shall refer to any such amounts as may be contemplated by such amended ANNUITISATION PROVISIONS.

### 3. MEMBERSHIP AND EMPLOYERS

#### 3.1 MEMBERSHIP AS A CONDITION OF EMPLOYMENT

3.1.1 As a condition of employment each ELIGIBLE EMPLOYEE must become a FLEXIBLE RISK MEMBER of the FUND, subject to Rule 3.2.3. Each ELIGIBLE EMPLOYEE will become a FLEXIBLE RISK MEMBER on the date notified by the EMPLOYER provided that the CONTRIBUTION for that month for that person has been received by the FUND.

#### 3.2 MEMBERSHIP MUST CONTINUE THROUGHOUT EMPLOYMENT

3.2.1 A MEMBER may not terminate his or her MEMBERSHIP while he or she remains employed by an EMPLOYER.

3.2.2 If a MEMBER'S employment by an EMPLOYER ends before his or her NORMAL RETIREMENT DATE and –

3.2.2.1 he or she is not employed by another EMPLOYER;

3.2.2.2 he or she is not in receipt of a DISABILITY INCOME BENEFIT as contemplated in Rule 3.6;

3.2.2.3 he or she is not entitled to a PENSION payable on disablement in terms of Rule 7;

3.2.2.4 he or she does not become a DEFERRED PENSIONER in terms of Rule 9.8,

then he or she will become a PAID-UP MEMBER as contemplated in Rule 6.1.

3.2.3 If a person contemplated in Rule 3.2.2 has, following the termination of his or her employment contract by one EMPLOYER, thereafter enters employment with another EMPLOYER, then he or she may request his or her new EMPLOYER to agree that his or her MEMBERSHIP should be treated as not having changed to that of a PAID-UP MEMBER. If the new EMPLOYER consents to such request in writing, then such person will be deemed not to

have become a PAID-UP MEMBER and he or she will remain an ACTIVE MEMBER entitled to such benefits and on such conditions as provided for in the RULES. Furthermore, such person will not be entitled to a benefit in terms of Rule 9.5 after termination irrespective of the length of time which may have lapsed between termination and re-employment, unless such person and his or her new EMPLOYER is able to reach an agreement whereby the new EMPLOYER will take over the liabilities as provided for in Rule 9.5. If such agreement is reached, the FUND must be notified thereof in writing by the EMPLOYER immediately upon reaching such agreement. If such person has already withdrawn his or her benefit then such agreement can no longer be concluded.

### 3.3 **RE-INSTatement OF MEMBERSHIP**

If an ACTIVE MEMBER leaves the employment of an EMPLOYER and is subsequently reinstated or re-employed (as the case may be) as an ELIGIBLE EMPLOYEE in respect of the same EMPLOYER, such ELIGIBLE EMPLOYEE will, subject to Rule 3.3.3, become a FLEXIBLE RISK MEMBER from the first DAY of the month coincident with or next following the DAY on which he or she has become reinstated or re-employed as an ELIGIBLE EMPLOYEE and the following provisions shall apply:

3.3.1 Where such FLEXIBLE RISK MEMBER received payment of any benefit from the FUND prior to his or her reinstatement or re-employment, then subject to Rule 3.3.3:

3.3.1.1 subject to Rule 3.3.1.2, such person will be reinstated as a FLEXIBLE RISK MEMBER and he or she will be treated as a new entrant to the FUND; and

3.3.1.2 where the EMPLOYER is required to pay any additional amount to the FUND in the form of compensation to the FLEXIBLE RISK MEMBER in relation to the reinstatement or re-employment, the FUND may accept receipt of any such amount in the form of an EMPLOYER CONTRIBUTION in respect of the FLEXIBLE RISK MEMBER.

3.3.2 Where such FLEXIBLE RISK MEMBER did not receive payment of any benefit



from the FUND prior to his or her reinstatement or re-employment, then subject to Rule 3.3.3:

- 3.3.2.1 the MEMBER SHARE of such person will constitute the MEMBER SHARE of such FLEXIBLE RISK MEMBER as at the date of reinstatement or re-employment (being the MEMBER SHARE maintained in relation to the PAID-UP MEMBERSHIP of such PAID-UP MEMBER under Rule 6.1 and/or Rule 6.2); and
- 3.3.2.2 where the EMPLOYER is required to pay any additional amount to the FUND in the form of compensation to the ELIGIBLE EMPLOYEE in relation to the reinstatement or re-employment, the FUND may accept receipt of any such amount in the form of an EMPLOYER CONTRIBUTION in respect of the FLEXIBLE RISK MEMBER.
- 3.3.3 In respect of both a MEMBER contemplated in Rule 3.3.1 and Rule 3.3.2, if, prior to leaving the employment of the EMPLOYER, such MEMBER:
- 3.3.3.1 was eligible to receive a CONDITIONAL RETIREMENT BENEFIT provided for in Rule 9.5, then Rule 9.5 will not be applicable to such a FLEXIBLE RISK MEMBER on his or her reinstatement, unless (i) the EMPLOYER and the FLEXIBLE RISK MEMBER notify the FUND in writing that Rule 9.5 will apply to such FLEXIBLE RISK MEMBER following reinstatement or re-employment; and (ii) the EMPLOYER notifies the FUND in writing how the EMPLOYER will make provision for the relevant CONDITIONAL RETIREMENT BENEFIT; and (iii) the VALUATOR will be required to perform a calculation in order to determine what amount (if any) must be paid by the EMPLOYER in order to provide for such CONDITIONAL RETIREMENT BENEFIT; and/or
- 3.3.3.2 was a FIXED RISK MEMBER, then such MEMBER may be reinstated as a FIXED RISK MEMBER of the FUND only where (i) the EMPLOYER and the MEMBER notify the FUND in writing that the MEMBER must be reinstated as a FIXED RISK MEMBER; and (ii) the VALUATOR will be required to perform a calculation in order to determine what amount must be paid by the EMPLOYER (if any) in

order to provide for such reinstatement.

### 3.4 **NEW EMPLOYERS**

3.4.1 The BOARD may, from time to time, admit new employers to the FUND. A new employer will be admitted as an EMPLOYER on a date and subject to such conditions as the BOARD, after consulting with the VALUATOR, may decide.

3.4.2 The BOARD may require the new EMPLOYER to make special payments to the FUND to ensure that the admission of its employees to MEMBERSHIP will not be to the disadvantage of the existing MEMBERS or their EMPLOYERS, after consulting with the VALUATOR.

### 3.5 **TRANSFER OF EMPLOYMENT TO NEW EMPLOYER IN TERMS OF SECTION 197 OF THE LRA**

If the employment of an ACTIVE MEMBER transfers to a new employer in terms of section 197 of the LRA and:

3.5.1 the new employer of such ACTIVE MEMBER is or becomes an EMPLOYER, then such ACTIVE MEMBER shall remain an ACTIVE MEMBER in the FUND;  
or

3.5.2 the new employer of such ACTIVE MEMBER does not become an EMPLOYER, then the consequences provided for in Rule 14.2 shall apply in respect of such ACTIVE MEMBER.

### 3.6 **CONTINUED MEMBERSHIP OF A FIXED RISK MEMBER WHILE HE OR SHE RECEIVES A DISABILITY INCOME BENEFIT**

3.6.1 If a FIXED RISK MEMBER becomes DISABLED and entitled to a DISABILITY INCOME BENEFIT then, for so long as such DISABILITY INCOME BENEFIT is paid, he or she will remain a MEMBER of the FUND and:

- 3.6.1.1 CONTRIBUTIONS will continue to be payable on behalf of the FIXED RISK MEMBER from the DISABILITY INCOME BENEFIT to the FUND; and
- 3.6.1.2 if the FIXED RISK MEMBER dies while he or she remains entitled to the DISABILITY INCOME BENEFIT, a benefit will be payable in terms of Rules 8.1.1 and 8.1.3.
- 3.6.2 A DISABILITY INCOME BENEFIT is payable for a period up to 9 (nine) months from the date (as advised to the FUND by the EMPLOYER) of the FIXED RISK MEMBER'S last DAY of active SERVICE at the EMPLOYER.
- 3.6.3 If the payment of the DISABILITY INCOME BENEFIT to the FIXED RISK MEMBER ceases while he or she is still alive and the MEMBER resumes active SERVICE with the applicable EMPLOYER, he or she will remain a FIXED RISK MEMBER of the FUND.
- 3.6.4 If the payment of the DISABILITY INCOME BENEFIT to the FIXED RISK MEMBER ceases while he or she is still alive and the FIXED RISK MEMBER leaves employment with the EMPLOYER, then with effect from the TERMINATION DATE, he or she will become entitled to a benefit in terms of either Rule 6 (*Withdrawal Benefit*) or Rule 9 (*Retirement*); provided that no FIXED RISK MEMBER may apply to receive a DISABILITY INCOME BENEFIT provided for in this Rule 3.6 if he or she is within 9 (nine) months from his or her NORMAL RETIREMENT AGE.

## 4. CONTRIBUTIONS

### 4.1 MEMBER CONTRIBUTIONS

- 4.1.1 Each ACTIVE MEMBER (other than an ACTIVE MEMBER who is on APPROVED ABSENCE FROM WORK where less than his or her full CONTRIBUTIONS are paid or no CONTRIBUTIONS are paid and other than a CATEGORY C MEMBER and a CATEGORY D MEMBER), must contribute to the FUND at a rate of 8% (eight percent) of his or her PENSIONABLE EARNINGS each month. Such CONTRIBUTION will be credited to the Main Account of the MEMBER SHARE ACCOUNT in terms of Rule 13.2.1.2.
- 4.1.2 A CATEGORY A MEMBER must make an additional CONTRIBUTION to the FUND of 1.5% (one and a half percent) of his or her PENSIONABLE EARNINGS each month. Such CONTRIBUTION will be credited to his or her Supplementary Account 1 in terms of Rule 13.2.2.1.
- 4.1.3 A CATEGORY B MEMBER must make an additional CONTRIBUTION to the FUND of 3.5% (three and a half percent) of his or her PENSIONABLE EARNINGS each month. Such CONTRIBUTION will be credited to his or her Supplementary Account 1 in terms of Rule 13.2.2.1.
- 4.1.4 A CATEGORY C MEMBER shall not make any CONTRIBUTION to the FUND.
- 4.1.5 A CATEGORY D MEMBER may elect to make an additional monthly CONTRIBUTION in the amount of 2% (two percent) of his or her PENSIONABLE EARNINGS, which amount will be paid by the FUND to the applicable INSURER in terms of the policy of insurance contemplated in Rule 4.3.5.1.1.
- 4.1.6 An ACTIVE MEMBER other than a CATEGORY C MEMBER may, subject to the consent of his or her EMPLOYER, make additional voluntary CONTRIBUTIONS to the FUND for the purpose of accumulating an additional retirement benefit. It is provided that such CONTRIBUTIONS will be credited to Supplementary Account 1 in terms of Rule 13.2.2.10 and that the MEMBER

shall not accrue any additional PENSIONABLE SERVICE as a consequence of such CONTRIBUTIONS.

## 4.2 **NORMAL EMPLOYER CONTRIBUTIONS IN RESPECT OF FIXED RISK MEMBERS**

4.2.1 Subject to Rule 4.2.4, each EMPLOYER must pay a CONTRIBUTION to the FUND each month in respect of each FIXED RISK MEMBER in its SERVICE (other than a FIXED RISK MEMBER on APPROVED ABSENCE FROM WORK or UNAPPROVED ABSENCE FROM WORK without CONTRIBUTIONS or with less than full CONTRIBUTIONS) and who has not yet reached his or her NORMAL RETIREMENT DATE in an amount equal to 16% (sixteen percent) of his or her PENSIONABLE EARNINGS, subject to Rule 4.6.1. This CONTRIBUTION will be allocated as follows:

4.2.1.1 A portion of such CONTRIBUTION comprising 11% (eleven percent) of PENSIONABLE EARNINGS will be allocated to the Main Account of the MEMBER SHARE ACCOUNT;

4.2.1.2 An amount (which must be expressed as a percentage of PENSIONABLE EARNINGS) towards the provision of death and disability benefits as determined by the BOARD from time to time and as recommended by the VALUATOR, taking into account the cost of any insurance premium payable in respect of such benefits;

4.2.1.3 An amount (which may be expressed as a percentage of PENSIONABLE EARNINGS) as determined by the BOARD from time to time and as recommended by the VALUATOR, towards the cost of all expenses (other than investment related costs and TAXES) referred to in the RULES;

4.2.1.4 The remaining balance must be credited to the Supplementary Account 1 of the MEMBER SHARE ACCOUNT in terms of Rule 13.2.2.4,

provided that any change to the share of costs as referred to in Rule 4.2.1.2 and/or Rule 4.2.1.3 will take effect from the first DAY of the month following the date on which the BOARD makes its determination.

4.2.2 Notwithstanding anything provided for in this Rule 4.2, the amount by which an EMPLOYER'S CONTRIBUTION may be reduced:

4.2.2.1 for expenses (as set out in Rule 4.2.1.3), shall not exceed 1% (one percent) of PENSIONABLE EARNINGS; and

4.2.2.2 for disability and death benefits (as set out in Rule 4.2.1.2) and expenses (as set out in Rule 4.2.1.3) shall not, in aggregate, exceed 5% (five percent) of PENSIONABLE EARNINGS.

4.2.3 The VALUATOR must annually determine the percentage of the PENSIONABLE EARNINGS that is to be deducted in terms of Rules 4.2.1.2 and 4.2.1.3. If, based on the VALUATOR'S assumptions, the aggregate costs are to exceed 5% (five percent) of PENSIONABLE EARNINGS, the BOARD must be so advised timeously. On receipt of such advice, the BOARD will take such steps as it, on the advice of the VALUATOR, may deem appropriate to ensure that no more than 5% (five percent) of PENSIONABLE EARNINGS is used to provide for the costs set out in Rules 4.2.1.2 and 4.2.1.3.

4.2.4 For the avoidance of doubt, this Rule 4.2 shall not apply in respect of an EMPLOYER who has ceased to pay CONTRIBUTIONS on behalf of a FIXED RISK MEMBER, as contemplated in Rule 4.5.

### 4.3 **NORMAL EMPLOYER CONTRIBUTIONS IN RESPECT OF FLEXIBLE RISK MEMBERS**

#### **Flexible Risk Members**

4.3.1 Subject to Rule 4.5, other than in respect of a CATEGORY C MEMBER and a FLEXIBLE RISK MEMBER on APPROVED TEMPORARY ABSENCE or UNAPPROVED TEMPORARY ABSENCE without remuneration, each EMPLOYER must pay a CONTRIBUTION to the FUND each month in respect of each FLEXIBLE RISK MEMBER in its SERVICE who has not yet reached his or her NORMAL RETIREMENT DATE in an amount equal to 16% (sixteen percent) of his or her PENSIONABLE EARNINGS, subject to Rule 4.6.1.

4.3.2 In respect of each FLEXIBLE RISK MEMBER contemplated in Rule 4.3.1,

excluding a CATEGORY D MEMBER, a portion of such CONTRIBUTION comprising 11% (eleven percent) of PENSIONABLE EARNINGS will be allocated to the Main Account of the MEMBER SHARE ACCOUNT in terms of Rule 13.2.1.3.

4.3.3 The balance of such CONTRIBUTION comprising 5% (five percent) of PENSIONABLE EARNINGS will be sub-divided as follows:

4.3.3.1 A FLEXIBLE RISK MEMBER will be allowed to make an election to allocate an amount of 2% (two percent) or 4% (four percent) of PENSIONABLE EARNINGS towards the provision of disability and death benefits. If the MEMBER fails to make such an election, the BOARD will allocate an amount of the 2% (two percent) of PENSIONABLE EARNINGS as a default option. The following conditions are applicable:

4.3.3.1.1 The applicable percentage elected by the FLEXIBLE RISK MEMBER or allocated by the BOARD by default, will be paid by the FUND to an INSURER in terms of a policy of insurance to provide for the FLEXIBLE RISK MEMBER'S death and disability benefits on the terms and conditions as set out in the insurance policy and as agreed to by the BOARD, as provided for in the RULES;

4.3.3.1.2 A FLEXIBLE RISK MEMBER may elect annually or on the occurrence of life events specified in the applicable policy concluded with the INSURER, to change the rate applicable to him or her in terms of this Rule 0, subject to any terms and conditions which may be set out by the BOARD and the INSURER from time to time;

4.3.3.1.3 If an EMPLOYER fails to pay CONTRIBUTIONS to the FUND, as required in terms of the PFA and this Rule, in respect of a FLEXIBLE RISK MEMBER for a period longer than 3 (three) months and such a FLEXIBLE RISK MEMBER dies or becomes DISABLED, the FUND will not be liable to pay the applicable FLEXIBLE RISK BENEFIT;

4.3.3.2 An amount (which may be expressed as a percentage of PENSIONABLE EARNINGS) required to meet the FUND'S expenses (other than investment related costs and TAXES) as determined by the VALUATOR from time to time subject to the proviso that such amount may not exceed 1% (one percent) of PENSIONABLE EARNINGS;

4.3.3.3 The balance of the CONTRIBUTION remaining after the deductions in terms of Rules 4.3.3.1 and 4.3.3.2 have been effected, must be credited to Supplementary Account 1 of the MEMBER SHARE ACCOUNT in terms of Rule 13.2.2.3.

provided that any change to the share of costs as referred to in Rule 4.3.3.2 will take effect from the first DAY of the month following the date on which the BOARD makes its determination.

#### **Category D Members**

4.3.4 In respect of a CATEGORY D MEMBER, a portion of such CONTRIBUTION comprising 13% (thirteen percent) of PENSIONABLE EARNINGS will be allocated to the Main Account of the MEMBER SHARE ACCOUNT in terms of Rule 13.2.1.3.

4.3.5 The balance of such CONTRIBUTION comprising 3% (three percent) of PENSIONABLE EARNINGS will be sub-divided as follows:

4.3.5.1 A CATEGORY D MEMBER will be required to allocate an amount of 2% (two percent) of PENSIONABLE EARNINGS towards the provision of disability and death benefits. The following conditions are applicable:

4.3.5.1.1 Such amount will be paid by the FUND to an INSURER in terms of a policy of insurance to provide for the CATEGORY D MEMBER'S death and disability benefits on the terms and conditions as set out in the insurance policy and as agreed to by the BOARD, as provided for in the RULES;



- 4.3.5.1.2 A CATEGORY D MEMBER may elect annually, to make additional MEMBER CONTRIBUTIONS as contemplated in Rule 4.1.5, in order to increase the rate applicable to him or her in terms of this Rule 4.3.5.1 subject to any terms and conditions which may be set out by the BOARD and the INSURER from time to time;
- 4.3.5.1.3 If an EMPLOYER fails to pay CONTRIBUTIONS to the FUND, as required in terms of the PFA and this RULE, in respect of a CATEGORY D MEMBER for a period longer than three months and such a CATEGORY D MEMBER dies or becomes DISABLED, the FUND will not be liable to pay the applicable FLEXIBLE RISK BENEFIT;
- 4.3.5.2 An amount (which may be expressed as a percentage of PENSIONABLE EARNINGS) required to meet the FUND'S expenses (other than investment related costs and TAXES) as determined by the VALUATOR from time to time subject to the proviso that such amount may not exceed 1% (one percent) of PENSIONABLE EARNINGS;
- 4.3.5.3 Any balance of the CONTRIBUTION remaining after the deductions in terms of Rules 4.3.5.1 and 4.3.5.2 have been effected, must be credited to Supplementary Account 1 of the MEMBER SHARE ACCOUNT.
- 4.3.6 The VALUATOR must annually determine the percentage of the PENSIONABLE EARNINGS that is to be deducted in terms of Rule 4.3.3.2 or Rule 4.3.5.2 (as applicable). If, based on the VALUATOR'S assumptions, the aggregate costs are to exceed 1% (one percent) of PENSIONABLE EARNINGS, the BOARD must be so advised timeously. On receipt of such advice, the BOARD will take such steps as it, on the advice of the VALUATOR, may deem appropriate to ensure that no more than 1% (one percent) of PENSIONABLE EARNINGS is used to provide for the costs set out in Rules 4.3.3.2 or Rule 4.3.5.2.

### Category C Members

- 4.3.7 In respect of a CATEGORY C MEMBER, the EMPLOYER shall on a monthly basis contribute the maximum Rand amount tax deductible contribution specified in the INCOME TAX ACT applicable to such CATEGORY C MEMBER from time to time, divided by 12 (twelve), rounded down to the nearest R100.00 (one hundred Rand).
- 4.3.8 The CONTRIBUTION received in terms of Rule 4.3.7 shall be allocated as follows:
- 4.3.8.1 Subject to the provisions of Rules 4.3.8.4 and 4.3.8.5, at the election of the CATEGORY C MEMBER, either 2% (two percent) or 4% (four percent) of PENSIONABLE EARNINGS will be paid as the INSURER risk benefit premium, with 2% (two percent) being the default if no election is made. In these circumstances, the provisions of Rules 4.3.3.1.1 to 4.3.3.1.3 shall apply *mutatis mutandis*;
- 4.3.8.2 An amount equivalent to the amount as determined by the VALUATOR in terms of Rule 4.3.3.2 must be deducted in respect of FUND expenses;
- 4.3.8.3 The balance remaining after the deductions in terms of Rule 4.3.8.1 and Rule 4.3.8.2 must be allocated to the Main Account of the MEMBER SHARE ACCOUNT in terms of Rule 0;
- 4.3.8.4 The CATEGORY C MEMBER may not elect the 4% (four percent) risk benefit option contemplated in Rule 4.3.8.1 if the premium for this benefit plus the charge for FUND expenses in terms of Rule 4.3.8.2 exceeds the CONTRIBUTION paid in terms of Rule 4.3.7;
- 4.3.8.5 If the aggregate of the 2% (two percent) risk benefit CONTRIBUTION and the charge for FUND expenses in terms of Rule 4.3.8.2 exceeds the CONTRIBUTION paid in terms of Rule 4.3.7, then the BOARD, acting on the advice of the VALUATOR (which advice shall be provided timeously), shall determine a new risk benefit category such that the INSURER premium for this category plus the charge for

expenses is less than or equal to the CONTRIBUTION paid in terms of Rule 4.3.7.

#### 4.4 **ADDITIONAL EMPLOYER CONTRIBUTIONS**

- 4.4.1 The EMPLOYER may elect to make additional CONTRIBUTIONS to the FUND to fund the CONDITIONAL RETIREMENT BENEFIT contemplated by Rule 9.5.2.3 or Rule 9.5.3.3 in respect of a MEMBER. Unless the provisions of Rule 9.5.3.5 apply (as contemplated by Rule 4.4.4), should the EMPLOYER make such a CONTRIBUTION, then each such CONTRIBUTION will be credited to Supplementary Account 1 of the MEMBER SHARE ACCOUNT in terms of Rule 13.2.2.11.
- 4.4.2 Where a MEMBER elects to receive an enhancement to his or her MEMBER SHARE and to waive the right to receive the CONDITIONAL RETIREMENT BENEFIT as contemplated by Rule 9.6, then the EMPLOYER may elect to make the additional CONTRIBUTIONS required to fund such enhancement, as contemplated by Rule 9.6.2. Where such additional CONTRIBUTIONS are made by the EMPLOYER, such CONTRIBUTIONS shall be credited to Supplementary Account 1 of the MEMBER SHARE ACCOUNT in terms of Rule 13.2.2.12.
- 4.4.3 The EMPLOYER shall make the additional CONTRIBUTIONS required in terms of Rule 9.7 where the EMPLOYER elects to pre-fund the CONDITIONAL RETIREMENT BENEFIT as contemplated by Rule 9.7. Such CONTRIBUTIONS shall be credited to Supplementary Account 2 of the MEMBER SHARE ACCOUNT in terms of Rule 13.2.3.1.
- 4.4.4 Where the MEMBER elects, prior to such MEMBER'S NORMAL RETIREMENT DATE, in terms of the Rule 9.5.3.5, that the CONDITIONAL RETIREMENT BENEFIT shall be applied to secure an additional PENSION from the FUND once he or she has retired, the EMPLOYER may elect to make an additional CONTRIBUTION to the FUND in such amount after such MEMBER'S RETIREMENT DATE. Where such a CONTRIBUTION is made, such CONTRIBUTION shall be credited to the PENSIONER ACCOUNT in terms of Rule 13.3.5.

4.4.5 The EMPLOYER shall make an additional CONTRIBUTION to compensate a MEMBER whose employment conditions with regard to post-retirement medical aid contributions are changed on such basis as agreed between the MEMBER and his or her EMPLOYER. Such CONTRIBUTIONS shall be credited to Supplementary Account 1 of the MEMBER SHARE ACCOUNT in terms of Rule 13.2.2.5.

4.4.6 The EMPLOYER may make additional CONTRIBUTIONS to fund the cost of any greater benefits provided for in terms of Rule 10.14.

4.4.7 The EMPLOYER may make additional CONTRIBUTIONS to fund any deficit in the PENSIONER ACCOUNT as provided for in Rule 13.3.4.

4.4.8 An EMPLOYER, at its discretion and for any reason, may make additional CONTRIBUTIONS to the FUND which will be credited to the EMPLOYER SURPLUS ACCOUNT.

#### 4.5 **CATEGORY OF MEMBERS IN RESPECT OF WHICH NO CONTRIBUTIONS ARE PAID**

4.5.1 Unless otherwise specified in these RULES, CONTRIBUTIONS will not be payable in respect of MEMBERS who are not ACTIVE MEMBERS.

4.5.2 It is specifically provided that if an EMPLOYER, by agreement with the FUND and an ACTIVE MEMBER, ceases to pay CONTRIBUTIONS in respect such ACTIVE MEMBER, then such ACTIVE MEMBER will become a PAID-UP MEMBER with effect from the applicable TERMINATION DATE, in which case the provisions of Rule 6.1 shall apply. For the avoidance of doubt, this Rule 4.5.2 shall not apply in relation to a CATEGORY C MEMBER.

#### 4.6 **PAYMENT OF CONTRIBUTIONS**

4.6.1 An EMPLOYER must pay to the FUND, the applicable CONTRIBUTIONS in respect of each MEMBER, less any amount of TAX which is required to be deducted by the EMPLOYER in terms of the INCOME TAX ACT, within seven DAYS after the end of the month for which such CONTRIBUTIONS must be paid in terms of these RULES, The first deduction of CONTRIBUTIONS from

the remuneration of the MEMBER will be made at the end of the pay-period during which the MEMBER became a MEMBER in terms of these RULES.

4.6.2 If an EMPLOYER pays any CONTRIBUTION late, it must pay interest on such unpaid CONTRIBUTION at the rate and from the date as prescribed in terms of the PFA and the BOARD may allocate the interest in the manner provided for in the RULES. Every person in accordance with whose directions or instructions the governing body of the EMPLOYER acts, or who controls or is regularly involved in the management of the EMPLOYER'S overall financial affairs, shall be personally liable for the payment of that EMPLOYER'S CONTRIBUTIONS. The PRINCIPAL OFFICER may request each EMPLOYER to notify him or her in writing of the details of such person within 14 (fourteen) DAYS from being so requested.

4.6.3 If an EMPLOYER fails to make a CONTRIBUTION towards the risk benefits to the FUND due to an administrative error the EMPLOYER will be granted a period, in line with the applicable period (if any) set out in the insurance policy under which the risk benefits are insured, within which to rectify the error and to pay any arrear CONTRIBUTIONS. In the event that a MEMBER dies during this period any arrear CONTRIBUTIONS will be deducted from such deceased MEMBER'S benefit prior to a benefit being paid to such MEMBER'S BENEFICIARIES.

4.6.4 Where any TAX has been deducted by the EMPLOYER from any CONTRIBUTIONS to the FUND in respect of a MEMBER, any amount which is required to be allocated or credited to an ACCOUNT in terms of this Rule 4 shall be determined after taking into account any such TAX which has been deducted as required in terms of the INCOME TAX ACT.

#### 4.7 **PARTIAL CONTRIBUTIONS**

Where the FUND receives a partial CONTRIBUTION from the EMPLOYER because the MEMBER has been admitted to the FUND or has ceased his or her MEMBERSHIP in the FUND during the course of a particular month, then such partial CONTRIBUTION shall be applied in the same proportion for retirement savings, risk benefits and expenses as set out in Rule 4.2 and Rule 4.3.

## 4.8 TRANSFERS TO THE FUND

- 4.8.1 The FUND shall, at the written request of an ACTIVE MEMBER, accept any amount or amounts transferred, to the FUND from another APPROVED FUND (excluding an APPROVED RETIREMENT ANNUITY FUND) for the benefit of an ACTIVE MEMBER, provided that such transfers comprise a “defined contribution component” (as defined in the INCOME TAX ACT). In addition, the FUND must:
- 4.8.1.1 within four (4) months of a new ACTIVE MEMBER joining the FUND, request a list of all paid-up membership certificates in respect of any existing retirement savings of that ACTIVE MEMBER;
- 4.8.1.2 request, whether such ACTIVE MEMBER wishes to allow his or her retirement savings in respect of each paid-up membership certificate to be transferred to the FUND; and
- 4.8.1.3 if a new ACTIVE MEMBER elects to transfer his or her retirement savings, arrange on behalf of that ACTIVE MEMBER, in respect of each paid-up membership certificate, the transfer of all such retirement savings into the FUND in accordance with section 14 of the PFA. No charges will be levied by the FUND for effecting such transfers.
- 4.8.2 Any such amount plus such FUND RETURN as approved by the BOARD taking into account the assets in which transfer value is invested will be credited to the MEMBER SHARE of the ACTIVE MEMBER concerned with effect from the last day of the month during which the transfer value is received until such amount is invested in the appropriate investment channel.
- 4.8.3 The BOARD may, after consultation with the VALUATOR and on conditions determined by them, approve special arrangements for the preservation of amounts transferred under this Rule 4.8.
- 4.8.4 Where the FUND accepts any amount transferred to the FUND from an APPROVED FUND as contemplated in this Rule 4.8, to the extent to which such amount comprises VESTED RIGHTS as contemplated in these RULES

and the ANNUITISATION PROVISIONS, such transferred amounts shall be subject to the ANNUITISATION PROVISIONS.

## 5. TEMPORARY ABSENCE

### 5.1 APPROVED ABSENCE FROM WORK

5.1.1 If a MEMBER is on an APPROVED ABSENCE FROM WORK and his or her CONTRIBUTIONS are being paid while he or she is in receipt of his or her full normal remuneration from the EMPLOYER his or her MEMBERSHIP of the FUND and the benefits payable will not be affected by a MEMBER'S absence.

5.1.2 If a MEMBER is on an APPROVED ABSENCE FROM WORK but without any CONTRIBUTIONS being paid in respect of that MEMBER, then:

5.1.2.1 In the event of such MEMBER being a FLEXIBLE RISK MEMBER:

5.1.2.1.1 he or she will remain a MEMBER of the FUND;

5.1.2.1.2 any benefit other than a benefit provided for in Rule 9.5, which may become payable during this period of absence will be based on the FLEXIBLE RISK MEMBER'S MEMBER SHARE;

5.1.2.1.3 any FLEXIBLE RISK MEMBER entitled to a retirement benefit in terms of Rule 9.5 will have the benefit determined as provided for in that Rule.

5.1.2.2 In the event of such MEMBER being a FIXED RISK MEMBER:

5.1.2.2.1 he or she will remain a MEMBER of the FUND;

5.1.2.2.2 he or she will continue to be covered for the death and disability benefits in terms of the RULES for a period not exceeding 12 (twelve) months from the date of the commencement of his or her APPROVED ABSENCE FROM WORK: provided that should the FIXED RISK MEMBER become entitled to a benefit in terms of this Rule prior to the expiry of the 12 (twelve) month period, his or her benefit must be reduced by the portion of the CONTRIBUTIONS which otherwise would have been paid to



the FUND in accordance with Rule 4.2.1, had the MEMBER not been on APPROVED ABSENCE FROM WORK;

5.1.2.3 any benefit which may become payable during this period of absence will be based on the FIXED RISK MEMBER'S PENSIONABLE EARNINGS immediately prior to the commencement of such absence, or such lesser amount as the EMPLOYER may decide.

5.1.3 If a MEMBER is on an APPROVED ABSENCE FROM WORK but with less than his or her full CONTRIBUTIONS being paid to the FUND, then:

5.1.3.1 In the event of such MEMBER being a FLEXIBLE RISK MEMBER:

5.1.3.1.1 he or she will remain a MEMBER of the FUND;

5.1.3.1.2 his or her MEMBER SHARE will be credited with any CONTRIBUTIONS actually paid by the FLEXIBLE RISK MEMBER and/or the EMPLOYER during such period of absence;

5.1.3.1.3 any benefit which may become payable during this period of absence will be based on the FLEXIBLE RISK MEMBER'S PENSIONABLE EARNINGS immediately prior to the commencement of such APPROVED ABSENCE FROM WORK, or such lesser amount as the EMPLOYER may decide.

5.1.3.2 In the event of such MEMBER being a FIXED RISK MEMBER:

5.1.3.2.1 he or she will remain a MEMBER of the FUND;

5.1.3.2.2 his or her MEMBER SHARE will be credited with any CONTRIBUTIONS actually paid by the FIXED RISK MEMBER and/or the EMPLOYER during such period of absence;

5.1.3.2.3 he or she will continue to be covered for the death and disability benefits in terms of the RULES for a period not exceeding 12 (twelve) months from the date of the commencement of his or

her APPROVED ABSENCE FROM WORK. Any benefit which may become payable during this period of APPROVED ABSENCE FROM WORK will be based on the FIXED RISK MEMBER'S PENSIONABLE EARNINGS immediately prior to the commencement of such absence, or such lesser amount as the EMPLOYER may decide.

5.1.3.3 Notwithstanding the remaining provisions of this clause 5.1.3, if a FIXED RISK MEMBER or a FLEXIBLE RISK MEMBER who is on APPROVED ABSENCE FROM WORK and in respect of whom partial CONTRIBUTIONS are paid, elects for such CONTRIBUTIONS to be allocated to cover in full, the costs of (i) the risk benefits payable by the FUND in respect of that MEMBER and (ii) the expenses payable by the FUND in respect of that MEMBER, then such a MEMBER shall, for the purposes of such MEMBER's risk benefits only, be treated on the basis of a MEMBER for whom CONTRIBUTIONS have been paid in full in accordance with Rule 5.1.1.

5.1.3.4 Where a FIXED RISK MEMBER or a FLEXIBLE RISK MEMBER does not make an election in terms of Rule 5.1.3.3 and where such MEMBER's APPROVED ABSENCE FROM WORK is due to participation in a protected strike or in conduct in contemplation or furtherance of a protected strike, as contemplated in the LRA and the EMPLOYER, in its sole discretion, makes CONTRIBUTIONS in such amount as may be required to ensure that, if the MEMBER dies or becomes DISABLED during such absence, a benefit will be payable on his or her death or DISABILITY, then if the MEMBER:

5.1.3.4.1 dies or become DISABLED during such absence, then the MEMBER will receive a death or disability benefit in accordance with Rule 5.1.3.1 or Rule 5.1.3.2 (as applicable); or

5.1.3.4.2 does not die or become DISABLED during such absence, then the share of the CONTRIBUTIONS which are allocated to his or her MEMBER SHARE ACCOUNT in the equivalent number of months immediately following the period of absence will be

reduced by the equivalent amount of the CONTRIBUTIONS paid each month by the EMPLOYER in terms of this Rule 5.1.3.4 in respect of death and disability benefits during the period of absence.

5.1.4 For the purposes of this Rule a FIXED RISK MEMBER who is in receipt of a DISABILITY INCOME BENEFIT will not be regarded as being on APPROVED ABSENCE FROM WORK.

## 5.2 **UNAPPROVED ABSENCE FROM WORK**

5.2.1 If a MEMBER is on an UNAPPROVED ABSENCE FROM WORK and no CONTRIBUTIONS are being paid during this period of absence, the MEMBER will remain a MEMBER of the FUND for so long as he or she remains an ELIGIBLE EMPLOYEE, but no benefit other than his or her MEMBER SHARE will be payable on his or her death or disability.

5.2.2 In the event of a FLEXIBLE RISK MEMBER retiring while on an UNAPPROVED ABSENCE FROM WORK Rule 5.1.2.1 will apply.

5.2.3 In the event of a FIXED RISK MEMBER retiring while on an UNAPPROVED ABSENCE FROM WORK Rule 5.1.2.2 will apply.

## 6. WITHDRAWAL BENEFIT

### 6.1 **BENEFIT ON RESIGNATION, DISMISSAL OR TERMINATION OF EMPLOYMENT ON OPERATIONAL GROUNDS**

6.1.1 When (i) an ACTIVE MEMBER leaves the SERVICE of an EMPLOYER prior to his or her NORMAL RETIREMENT AGE, or (ii) an EMPLOYER ceases to pay CONTRIBUTIONS in respect of an ACTIVE MEMBER as contemplated in Rule 4.5, then:

6.1.1.1 as at the applicable TERMINATION DATE, such ACTIVE MEMBER shall become a PAID-UP MEMBER;

6.1.1.2 he or she must be presented with a paid-up membership certificate within two (2) calendar months of the NOTICE DATE; and

6.1.1.3 his or her MEMBER SHARE will be available to provide a benefit subject to the remaining provisions of this Rule 6.

6.1.2 Subject to the provisions of the INCOME TAX ACT, the PAID-UP MEMBER may, subject to his or her applicable conditions of employment, make a choice in writing as to whether:

6.1.2.1 the FUND must pay the whole or part of his or her MEMBER SHARE to him or her in cash, provided that where the PAID-UP MEMBER chooses to have only part of his or her MEMBER SHARE paid out to him or her in cash, the remaining part of such MEMBER SHARE must be transferred to an APPROVED FUND in accordance with Rule 6.1.2.2; or

6.1.2.2 the FUND must pay the whole or part of his or her MEMBER SHARE to an APPROVED FUND for his or her benefit, provided that a PAID-UP MEMBER who makes such an election may not preserve his or her benefit in terms of Rule 6.2 and further provided that where the PAID-UP MEMBER chooses to have only part of his or her MEMBER SHARE transferred to an APPROVED FUND for his or her benefit, the

remaining portion of his or her MEMBER SHARE must be paid in cash;  
or

6.1.2.3 that PAID-UP MEMBER will remain a PAID-UP MEMBER in the FUND and preserve the whole of his or her MEMBER SHARE as provided for in Rule 6.2.

6.1.3 Prior to receiving payment of any benefit from the FUND or prior to any transfer being made in terms of this Rule 6, a PAID-UP MEMBER must be given access to RETIREMENT BENEFITS COUNSELLING.

6.1.4 All benefits provided for in this Rule 6 will be reduced by any amounts deducted in terms of these RULES and the PFA.

6.1.5 On the payment of a PAID-UP MEMBER'S MEMBER SHARE to him or her and / or to an APPROVED FUND, the MEMBER will stop being a MEMBER of the FUND and the FUND will have no further liability towards him or her or his or her BENEFICIARIES.

## 6.2 **PAID-UP BENEFIT**

6.2.1 The benefits of a PAID-UP MEMBER will be determined as follows:

6.2.1.1 the value of the PAID-UP MEMBER'S MEMBER SHARE at the TERMINATION DATE in terms of Rule 6.1.1, will constitute the benefit of a PAID-UP MEMBER at such TERMINATION DATE;

6.2.1.2 no further CONTRIBUTIONS will be payable by or on behalf of the PAID-UP MEMBER on or after the TERMINATION DATE, as contemplated in terms of Rule 6.1.1;

6.2.1.3 no deductions will be made from the MEMBER SHARE of the PAID-UP MEMBER in respect of risk benefits and the PAID-UP MEMBER will not be covered for or entitled to any risk benefits;

6.2.1.4 the amount referred to in Rule 6.2.1.1 above will continue to be increased or decreased by FUND RETURN on the underlying portfolio

of his or her choice, or in the absence of a choice having been made, in the portfolio(s) he or she was invested in on the day on which he or she resigned, was dismissed or was retrenched (as may be applicable);

6.2.1.5 the amount referred to in Rule 6.2.1.1 above will continue to be reduced by such amount as determined by the VALUATOR and approved by the BOARD from time to time being required to fund the FUND'S expenses in relation to the benefit provided for in this RULE.

6.2.2 Subject to the provisions of the INCOME TAX ACT, a PAID-UP MEMBER may at any time before attaining the age of 65 (sixty five), elect that his or her MEMBER SHARE (as calculated in terms of Rule 6.2.1) be paid in cash or be transferred to another APPROVED FUND.

6.2.3 Upon the PAID-UP MEMBER'S attainment of age 55 (fifty-five) but not later than the attainment of age of 65 (sixty five):

6.2.3.1 the PAID-UP MEMBER may elect to retire, in which case the benefit of such PAID-UP MEMBER shall be his or her MEMBER SHARE (as calculated in terms of Rule 6.2.1) and the provisions of Rule 9.1 (*Benefit payable on the normal retirement date of a member*) shall apply *mutatis mutandis*; or

6.2.3.2 the PAID-UP MEMBER may elect to become a DEFERRED PENSIONER under Rule 9.8(*Option to become a deferred pensioner*) provided that such election is made prior to his or her actual RETIREMENT DATE, in which case the provisions of Rule 9.8 will apply *mutatis mutandis*,

provided that, where no such election has been made by the PAID-UP MEMBER as at the attainment of age 65 (sixty five), then such PAID-UP MEMBER shall be deemed to have made an election to retire on the basis referred to in Rule 6.2.3.1.

6.2.4 On the death of a PAID-UP MEMBER before such PAID-UP MEMBER having attained age 65 (sixty five), his or her MEMBER SHARE (as calculated in

terms of Rule 6.2.1) will be payable to his or her BENEFICIARIES in accordance with the requirements contained in section 37C of the PFA.

6.2.5 If a PAID-UP MEMBER dies after having retired or being deemed to have retired at the age of 65 (sixty five) (on the basis referred to in Rule 6.2.3), but before electing the form in which he or shall receive his or her retirement benefit as provided for under Rule 9.1, then his or her MEMBER SHARE (as calculated in terms of Rule 6.2.1) will be payable to his or her BENEFICIARIES in accordance with the requirements contained in section 37C of the PFA.

6.2.6 A PAID-UP MEMBER will be responsible for providing the FUND with details of his/her latest address and any other reasonable contact information that the FUND may require.

## 7. DISABILITY BENEFIT

### 7.1 TERMINATION OF EMPLOYMENT ON DISABLEMENT

#### **Benefit payable to FIXED RISK MEMBERS**

7.1.1 If a FIXED RISK MEMBER becomes DISABLED the following will apply:

7.1.1.1 During the first 3 (three) months of initial disablement the MEMBER will continue to receive his or her remuneration from his or her EMPLOYER in terms of the MEMBER'S employment contract. If after expiry of the 3 (three) month period the MEMBER has not returned to SERVICE and the MEMBER is entitled to a DISABILITY INCOME BENEFIT in terms of a separate disability group scheme arrangement provided by the EMPLOYER, the following will apply for a period of not longer than 9 (nine) months:

7.1.1.1.1 the MEMBER will remain a MEMBER of the FUND, CONTRIBUTIONS by and on behalf of him or her will continue to be payable and he or she will remain entitled to benefits in terms of the RULES;

7.1.1.1.2 the MEMBER'S PENSIONABLE EARNINGS will, for the purposes of the RULES, be the amount of the income that he or she received immediately before the commencement of the payment of the DISABILITY BENEFIT INCOME.

7.1.2 When a DISABILITY INCOME BENEFIT which was payable to the FIXED RISK MEMBER has ceased to be paid to him or her and he or she has not again become employed by an EMPLOYER within 12 (twelve) months from date of initial disablement and the INSURER has determined that the FIXED RISK MEMBER is DISABLED, in terms of the applicable disability policy in place with the INSURER, then the following FIXED RISK BENEFIT will apply, provided that the calculation of these benefits in terms of this Rule 7 will be reduced by any amounts deducted in terms of these RULES and the PFA and/or adjusted based on the proceeds actually received from the INSURER under the applicable risk policy:



7.1.2.1 at the written request of the FIXED RISK MEMBER, the following lump sum benefit may be paid:

7.1.2.1.1 to the extent applicable, the portion of the capital value of his or her PENSION on disability comprising the VESTED RIGHTS in respect of that FIXED RISK MEMBER; plus

7.1.2.1.2 up to one-third of the capital value of his or her PENSION on disability (after having excluded any amount comprising the VESTED RIGHTS referred to in Rule 7.1.2.1.1 where applicable); or

7.1.2.1.3 if the amount of the capital value of his or her PENSION on disability (after having excluded the amount comprising the VESTED RIGHTS referred to in Rule 7.1.2.1.1 where applicable) is less than an amount prescribed in terms of the INCOME TAX ACT, the whole of that amount,

and, unless Rule 7.1.2.1.3 is applicable, the balance of the capital value of his or her PENSION on disability shall be applied to provide a PENSION from the FUND in which instance the following will apply:

7.1.2.1.4 the MEMBER'S PENSIONABLE EARNINGS will, for the purposes of the RULES, be his or her PENSIONABLE EARNINGS immediately prior to his or her becoming DISABLED;

7.1.2.1.5 the effective date from when the benefit provided for in this Sub-Rule is to be calculated will be from the end of the month in which the 9 (nine) month period referred to in Rule 7.1.1.1 expires;

7.1.2.1.6 the FIXED RISK MEMBER who joined the FUND prior to 1 December 1996 will receive a PENSION vesting on the effective date referred to in Rule 7.1.2.1.5 which will be equal to the greater of:

7.1.2.1.6.1 60% (sixty percent) of his or her PENSIONABLE EARNINGS (after taking into account any TAX which was deducted from any CONTRIBUTIONS in respect of him or her); and

7.1.2.1.6.2 the amount calculated by the VALUATOR by converting the Main Account of such MEMBER'S MEMBER SHARE ACCOUNT into a PENSION based on the CONVERSION FACTOR,

which shall, in each case, be reduced by any amount as may be allowed for in the PFA; or

7.1.2.1.7 the FIXED RISK MEMBER who joined the FUND after 1 December 1996 will receive a PENSION vesting on the effective date referred to in Rule 7.1.2.1.5 which will be equal to the greater of "A" or "B", subject to a reduction by any amount as allowed for in the PFA, where:

7.1.2.1.7.1 A = the lesser of:

- (i) the expected PENSION of such FIXED RISK MEMBER at his or her NORMAL RETIREMENT AGE determined by the VALUATOR and calculated by projecting the Main Account of his or her MEMBER SHARE ACCOUNT together with future retirement contributions which would have been made up to his or her NORMAL RETIREMENT AGE but for his or her disablement and converting such projected amount into a PENSION using such assumptions as set out in writing by the VALUATOR and approved by the BOARD from time to time; and

- (ii) 60% (sixty percent) of his or her PENSIONABLE EARNINGS (after taking into account any TAX which was deducted from any CONTRIBUTIONS in respect of him or her),

and

7.1.2.1.7.2

B =

the amount calculated by the VALUATOR by converting the Main Account of such MEMBER'S MEMBER SHARE ACCOUNT into a PENSION based on the CONVERSION FACTOR

**plus**

7.1.2.1.7.3

an additional PENSION that can be secured with his or her Supplementary Accounts 1 (one) and 2 (two) of the MEMBER SHARE ACCOUNT;

Provided that the PENSION payable in terms of this Rule 7.1.2.1 will be subject to the same increase from time to time as that applicable to other PENSIONERS; provided further that in such case as provided for in Rule 15.17 the VALUATOR will be entitled to take into account the state of the MEMBER'S health, as advised by the appropriate medical expert/s, in determining the appropriate CONVERSION FACTOR as at the expiry date of the DISABILITY INCOME BENEFIT.

7.1.2.2

The FIXED RISK MEMBER who qualifies for a benefit in terms of this Rule 7.1 will not have the option to purchase a LIVING ANNUITY.

7.1.2.3

If a FIXED RISK MEMBER who qualifies for a benefit in terms of this Rule 7.1.2 dies before electing whether or not to receive up to one-third of the capital value of his or her PENSION as provided for in Rule 7.1.2.1, then the provisions of Rule 7.1.2.1 shall apply *mutatis*

*mutandis* except that the FIXED RISK MEMBER'S SPOUSE will be deemed to stand in the place of the deceased FIXED RISK MEMBER and may accordingly make the election referred to in Rule 7.1.2.1. In these circumstances if there is more than one SPOUSE, the BOARD shall allocate the benefit payable between SPOUSES in a manner which is deemed equitable by the BOARD, in consultation with the VALUATOR, and the provisions of Rule 7.1.2.1 shall apply *mutatis mutandis* to each SPOUSE. If there is no SPOUSE then the provisions of Rule 8.2.1, Rule 8.2.2.1 and Rule 8.2.2.3 shall apply *mutatis mutandis*.

7.1.3 In the event that a FIXED RISK MEMBER is dissatisfied with the INSURER'S decision regarding his or her disablement, during the 12 (twelve) month period referred to in this Rule, the FIXED RISK MEMBER may lodge an appeal in which instance the following will be required:

7.1.3.1 the FIXED RISK MEMBER must submit a written letter of appeal to the FUND and the INSURER within a period of 90 (ninety) DAYS of the date of the INSURER'S repudiation of the claim;

7.1.3.2 the letter of appeal must be accompanied by additional medical evidence regarding the FIXED RISK MEMBER'S condition of health;

7.1.3.3 all costs associated with such an appeal will be borne by the FIXED RISK MEMBER;

7.1.3.4 in the event that the FIXED RISK MEMBER remains dissatisfied with the determination of the INSURER, he or she may institute any proceedings provided for in the applicable insurance policy or under applicable insurance legislation or lodge a complaint with the Ombudsman for Long-term Insurance,

provided that the calculation of these benefits in terms of Rule 7.1 will be reduced by any amounts deducted in terms of these RULES and the PFA.

### **Benefit payable to FLEXIBLE RISK MEMBERS**

7.1.4 A FLEXIBLE RISK MEMBER, on becoming DISABLED, will be entitled to the following benefit on the date of approval of the benefit by the INSURER:

7.1.4.1 his or her MEMBER SHARE; plus

7.1.4.2 a benefit equal in amount to the FLEXIBLE RISK BENEFIT, subject to a maximum benefit of such amount as may be specified from time to time by the INSURER. If the FLEXIBLE RISK MEMBER'S disablement occurs after he has reached such age as may be set out in the policy issued by the INSURER the benefit will be reduced in accordance with the provisions of that policy, subject to any further conditions provided for in such policy. The benefit will only be payable after a waiting period specified in the policy issued by the INSURER has lapsed; and

7.1.4.3 in respect of the MEMBER SHARE, at the written request of the FLEXIBLE RISK MEMBER, the following lump sum benefit may be paid –

7.1.4.3.1 to the extent applicable, the portion of the MEMBER SHARE comprising the VESTED RIGHTS in respect of that MEMBER; plus

7.1.4.3.2 up to one-third of his or her MEMBER SHARE (after having excluded the amount comprising the VESTED RIGHTS referred to in Rule 7.1.4.3.1 where applicable); or

7.1.4.3.3 if the amount of his or her MEMBER SHARE (after having excluded the amount comprising the VESTED RIGHTS referred to in Rule 7.1.4.3.1 where applicable) is less than an amount prescribed in terms of the INCOME TAX ACT, the whole of that amount,

and at the election of the MEMBER, unless Rule 7.1.4.3.3 is applicable, the balance of the MEMBER'S MEMBER SHARE and any risk proceeds received for the benefit of the MEMBER from the INSURER

may be applied (i) to secure a LIVING ANNUITY from the FUND in terms of Rule 9 or (ii) subject to compliance with the INCOME TAX ACT and the requirements of SARS as may be applicable, to buy an annuity policy in the name of the FLEXIBLE RISK MEMBER from –

7.1.4.3.3.1 an INSURER chosen by the FLEXIBLE RISK MEMBER;

which:

7.1.4.3.3.2 must be a compulsory annuity in terms of which the INSURER undertakes to pay an annuity to the FLEXIBLE RISK MEMBER for the rest of his or her life;

7.1.4.3.3.3 in the event that the annuity does not provide for a PENSION to the SPOUSE on the death of the FLEXIBLE RISK MEMBER, the MEMBER'S SPOUSE must consent to the purchase;

7.1.4.3.3.4 may not be convertible to a lump sum; and

7.1.4.3.3.5 may not be capable of being transferred, assigned, reduced, hypothecated or attached by creditors.

7.1.4.4 Once the annuity policy has been bought for the FLEXIBLE RISK MEMBER, he or she will stop being a MEMBER of the FUND and the FUND will have no further liability towards him or her or his or her BENEFICIARIES.

7.1.5 In the event that a FLEXIBLE RISK MEMBER is dissatisfied with the INSURER'S decision regarding his or her disablement the FLEXIBLE RISK MEMBER may lodge an appeal against the decision of the INSURER in which instance the following will be required:

7.1.5.1 the FLEXIBLE RISK MEMBER must submit a written letter of appeal to the FUND and the INSURER within a period of 90 (ninety) DAYS of the date of the INSURER'S repudiation of the claim;

- 7.1.5.2 the letter of appeal must be accompanied by additional medical evidence regarding the FLEXIBLE RISK MEMBER'S condition of health;
- 7.1.5.3 all costs associated with such an appeal will be borne by the FLEXIBLE RISK MEMBER;
- 7.1.5.4 in the event that the FLEXIBLE RISK MEMBER remains dissatisfied with the determination of the INSURER, he or she may institute any proceedings provided for in the applicable insurance policy or under applicable insurance legislation or lodge a complaint with the Ombudsman for Long-Term Insurance,

provided that the calculation of these benefits in terms of Rule 7.1 will be reduced by any amounts deducted in terms of these RULES and the PFA.

- 7.1.6 If a FLEXIBLE RISK MEMBER dies before electing the form in which he or she shall receive his or her retirement benefit as provided for in Rule 7.1.4, then his or her MEMBER SHARE together with the FLEXIBLE RISK BENEFIT will be payable to his or her BENEFICIARIES in accordance with section 37C of the PFA.

## 8. **BENEFITS PAYABLE ON DEATH**

### 8.1 **BENEFITS PAYABLE ON THE DEATH OF A MEMBER BEFORE NORMAL RETIREMENT DATE**

#### 8.1.1 **Cash Benefit in respect of a FIXED RISK MEMBER**

8.1.1.1 On the death of a FIXED RISK MEMBER while in SERVICE on or before his or her NORMAL RETIREMENT DATE or while entitled to DISABILITY INCOME BENEFIT as described in Rule 7, the following FIXED RISK BENEFIT will be payable:

8.1.1.1.1 a lump sum equal to three times the FIXED RISK MEMBER'S PENSIONABLE EARNINGS (after taking into account any TAX which was deducted from any CONTRIBUTIONS in respect of him or her) as at the date of his or her death, to be allocated in accordance with section 37C of the PFA; and

8.1.1.1.2 if a SPOUSE'S PENSION or a CHILD'S PENSION is not payable after the death of a FIXED RISK MEMBER in terms of Rule 8.1.3, then in addition the lump sum amount referred to in Rule 8.1.1.1.1, his or her MEMBER SHARE will also be payable in accordance with section 37C of the PFA and the value must be determined as at the end of the month during which the death of the FIXED RISK MEMBER occurred,

provided that the calculation of these benefits in terms of Rule 8.1 will be reduced by any amounts deducted in terms of these RULES and the PFA and/or adjusted based on the proceeds actually received from the INSURER under the applicable risk policy.

#### 8.1.2 **BENEFIT in respect of a FLEXIBLE RISK MEMBER**

8.1.2.1 On the death of a FLEXIBLE RISK MEMBER while in SERVICE:

8.1.2.1.1 there will be payable as a lump sum in accordance with section 37C of the PFA, the following:



8.1.2.1.1.1 the FLEXIBLE RISK BENEFIT; and

8.1.2.1.1.2 his or her MEMBER SHARE; and/or

8.1.2.1.2 any SPOUSE who becomes entitled to receive any such lump sum benefit or a portion thereof, shall be entitled to elect to receive such benefit in the form of a LIVING ANNUITY provided by the FUND in terms of Rule 9.9. In such circumstances, the LIVING ANNUITY will be provided in terms of Rule 9.9 and the LIVING ANNUITY POLICY and for purposes of such LIVING ANNUITY, the balance reflected in the LIVING ANNUITY CAPITAL ACCOUNT as at the date of death of the FLEXIBLE RISK MEMBER shall be the amount of the lump sum benefit which would have otherwise been payable in terms of this Rule 8.1,

provided that the calculation of these benefits in terms of Rule 8.1 will be reduced by any amounts deducted in terms of these RULES and the PFA.

### 8.1.3 **FIXED RISK MEMBER PENSION**

8.1.3.1 On the death of a FIXED RISK MEMBER before his or her NORMAL RETIREMENT DATE, the following FIXED RISK BENEFIT will be payable as a PENSION to the SPOUSE or SPOUSES and/or the CHILD or CHILDREN, as applicable. The PENSION will be determined as follows:

8.1.3.1.1 a PENSION payable to the SPOUSE, or if there is more than one, to the SPOUSES in equal proportions, equal to 40% (forty percent) of the FIXED RISK MEMBER'S PENSIONABLE EARNINGS (after taking into account any TAX which was deducted from any CONTRIBUTIONS in respect of him or her) as at the date of his or her death or such greater PENSION as calculated by the VALUATOR taking into account the value of the Main Account of his or her MEMBER SHARE at the date of

his or her death (provided that the BOARD manages to locate the SPOUSE within twelve months of the MEMBER'S death);  
or

## 8.1.3.1.2

if the FIXED RISK MEMBER died leaving no SPOUSE or SPOUSES, a PENSION payable to each CHILD equal to the greater of "A" and "B" where:

A = 10% (ten percent) of the FIXED MEMBER'S PENSIONABLE EARNINGS (after taking into account any TAX which was deducted from any CONTRIBUTIONS in respect of him or her) as at the date of his or her death, provided that the aggregate amount paid to all CHILDREN of such FIXED RISK MEMBER shall not be greater than 30% (thirty percent) of such FIXED MEMBER'S PENSIONABLE EARNINGS and provided further that, if there are more than 3 (three) CHILDREN, then each CHILD'S PENSION will be limited to an equal share of 30% (thirty percent) of such FIXED RISK MEMBER'S PENSIONABLE EARNINGS;  
and

B = the PENSION which would be paid in equal shares to each CHILD as calculated by the VALUATOR taking into account the value of the Main Account of such FIXED RISK MEMBER'S MEMBER SHARE at the date of his or her death, provided that the BOARD is able to locate the CHILD or CHILDREN within twelve months of the MEMBER'S death;

## 8.1.3.1.3

following the calculation of the benefit provided for in terms of this Rule 8.1.3.1, Supplementary Accounts 1 (one) and 2 (two) of the MEMBER SHARE ACCOUNT must be utilised to provide a PENSION payable in terms of this Rule. The value of the benefit will be determined as at the MEMBER'S

## TERMINATION DATE;

8.1.3.1.4 if the SPOUSE or SPOUSES die leaving no remaining SPOUSE or CHILDREN or the last payment to a CHILD has been made the BOARD must deduct the total amount paid to the SPOUSE and/or CHILDREN, from the MEMBER SHARE at the date of death. In the event that there is a positive difference such amount must be distributed to the deceased estate(s) of the applicable SPOUSE or CHILD (as may be applicable) in such proportions as may be determined by the BOARD in its sole discretion.

8.1.3.1.5 The calculation of the benefits provided for in terms of this Rule 8.1 will be reduced by any amounts deducted in terms of these RULES and the PFA, provided that the BENEFICIARIES who qualify/ies for a benefit in terms of this Rule 8.1.3 will not have the option to purchase a LIVING ANNUITY.

8.1.4 **Cessation of a PENSION payable to a SPOUSE and/or CHILD**

The PENSION payable to a SPOUSE and/or CHILD will cease when he or she dies or ceases to be a SPOUSE and/or CHILD as defined in these RULES, whichever occurs first; provided that if this occurs the portion which was paid to the SPOUSE and/or CHILD will not be re-allocated amongst the remaining SPOUSES and/or CHILD/ CHILDREN, and provided further that the calculation of these benefits in terms of Rule 8.1 will be reduced by any amounts deducted in terms of these RULES and the PFA.

8.2 **BENEFITS PAYABLE ON DEATH OF A PENSIONER**

8.2.1 On the death of a PENSIONER who was previously an ACTIVE MEMBER, who retired in terms of Rules 9.1 (including a PAID-UP MEMBER deemed to be subject to Rule 9.1), 9.2, 9.3 or 9.4, or who was previously a FIXED RISK MEMBER contemplated in Rule 7.1.2, and whose PENSION at the time of his or her death had been paid for a period of less than 60 (sixty) months as from the date of retirement or who qualified for a benefit in terms of this Rule 7.1.2 but had not yet received a PENSION payment, payment of the PENSION will

continue to be paid to the SPOUSE of such PENSIONER until 60 monthly instalments have been paid, or if there is no SPOUSE, then the aggregate balance in respect of the 60 (sixty) monthly instalments which remain outstanding will form part of the balance of MEMBER SHARE which shall be applied to provide the benefits referred to in Rule 8.2.2.3.

- 8.2.2 In addition there will also be payable:
- 8.2.2.1 a lump sum as determined by the BOARD in consultation with the VALUATOR from time to time;
- 8.2.2.2 a PENSION to the deceased PENSIONER'S SPOUSE, commencing on the PENSIONER'S death or 60 (sixty) months after the commencement of the PENSIONER'S PENSION, whichever occurs last. Subject to Rule 8.2.4.2, the PENSION to the SPOUSE will be equal to 75% (seventy five percent) of the PENSION payable immediately prior to the commencement of the PENSION to the SPOUSE;
- 8.2.2.3 after (i) the last payment of a SPOUSE'S PENSION has been made, or (ii) where there is no SPOUSE, the last payment of a PENSION to the deceased PENSIONER has been made, the BOARD will deduct the total amount paid to the deceased PENSIONER or his or her SPOUSE (as applicable) including any amount, which may have been commuted for cash, from the amount of the MEMBER SHARE as at the date of the MEMBER'S retirement. Should there be any positive difference, such positive difference shall be paid (i) where there was a SPOUSE, to the deceased estate of the SPOUSE or (ii) where there was no SPOUSE, to the deceased estate of the PENSIONER.
- 8.2.3 The PENSION, or part of the PENSION, payable to a SPOUSE in terms of this Rule 8.2 will be payable for the lifetime of that SPOUSE.
- 8.2.4 Notwithstanding any other provisions of these RULES, in respect of PENSIONERS who were pensioners of the PREVIOUS FUND, who elected to become PENSIONERS of the FUND and who therefore received a PENSION from the FUND with effect from the COMMENCEMENT DATE, on

the death of such a PENSIONER:

- 8.2.4.1                   the benefit provided for in Rule 8.2.2.1 will be payable by the FUND;  
and
- 8.2.4.2                   a PENSION will be payable to the SPOUSE of the PENSIONER in an  
amount equal to 50% (fifty percent) of the PENSION payable  
immediately prior to the commencement of the PENSION to the  
SPOUSE, unless the PENSIONER elected to enhance the PENSION  
payable to his or her SPOUSE to 75% (seventy five percent) of the  
PENSION payable immediately prior to the commencement of the  
PENSION payable to such SPOUSE.
- 8.2.5                    If the deceased PENSIONER leaves more than one SPOUSE, the BOARD  
must decide, on a basis which is deemed equitable by the BOARD and on the  
recommendation of the VALUATOR, to which of them and in what proportion  
the benefits will be paid, provided that the total SPOUSES' PENSIONS  
payable will be equal to the PENSION that would have been payable had  
there been only one SPOUSE.
- 8.2.6                    The PENSION payable to a SPOUSE and/or CHILD will cease when he or  
she dies or ceases to be a SPOUSE and/or CHILD as defined in these  
RULES, whichever occurs first; provided that if this occurs the portion which  
was paid to this SPOUSE and/or CHILD will not be re-allocated amongst the  
remaining SPOUSES and/or CHILD/CHILDREN.

## 9. BENEFITS PAYABLE ON RETIREMENT

### 9.1 BENEFIT PAYABLE ON THE NORMAL RETIREMENT DATE OF A MEMBER

9.1.1 Unless an ACTIVE MEMBER or a PAID-UP MEMBER elects to become a DEFERRED PENSIONER in terms of Rule 9.8, or in the case of an ACTIVE MEMBER, such ACTIVE MEMBER elects to transfer his or her retirement interest in terms of Rule 9.1.2, on the retirement of such MEMBER on his or her NORMAL RETIREMENT DATE such MEMBER will, following receipt by the ADMINISTRATOR from the MEMBER of the written requests contemplated below, be entitled to the following benefit, the value of which benefit must be determined at the end of the month in which the ADMINISTRATOR has received the written instruction of such retirement:

9.1.1.1 at the written request of the ACTIVE MEMBER or PAID-UP MEMBER (as applicable), the following lump sum benefit may be paid,

9.1.1.1.1 to the extent applicable, the portion of the MEMBER SHARE comprising the VESTED RIGHTS in respect of that MEMBER; plus

9.1.1.1.2 up to one-third of his or her MEMBER SHARE (after having excluded the amount comprising the VESTED RIGHTS referred to in Rule 9.1.1.1.1 where applicable); or

9.1.1.1.3 if the amount of his or her MEMBER SHARE (after having excluded the amount comprising the VESTED RIGHTS referred to in Rule 9.1.1.1.1 where applicable) is less than an amount prescribed in terms of the INCOME TAX ACT, the whole of that amount,

and at the election of MEMBER, unless Rule 9.1.1.1.3 is applicable, the FUND must use the balance, of the MEMBER SHARE:

9.1.1.1.4 to provide for a PENSION payable to the MEMBER as a PENSIONER by the FUND for the rest of his or her life. Such

PENSION will be calculated based on the CONVERSION FACTOR; and/or

- 9.1.1.1.5 to provide for a LIVING ANNUITY payable to the MEMBER as an ANNUITANT by the FUND subject to such conditions as set out in the LIVING ANNUITY POLICY; or
- 9.1.1.1.6 subject to compliance with the INCOME TAX ACT and the requirements of SARS as may be applicable from time to time, to buy an annuity policy in the name of the MEMBER from an INSURER chosen by the MEMBER, which:
- 9.1.1.1.6.1 must be a compulsory annuity in terms of which the INSURER undertakes to pay an annuity to the MEMBER for the rest of his or her life;
- 9.1.1.1.6.2 in the event that the annuity does not provide for a pension to the SPOUSE on the death of the MEMBER, the MEMBER'S SPOUSE must consent to the purchase of such compulsory annuity;
- 9.1.1.1.6.3 may not be convertible to a lump sum; and
- 9.1.1.1.6.4 may not be capable of being transferred, assigned, reduced, hypothecated or attached by creditors.
- 9.1.1.1.7 Once the annuity policy has been bought for the MEMBER, he or she will stop being a MEMBER of the FUND and the FUND will have no further liability towards him or her or his or her BENEFICIARIES.

Provided that the calculation of these benefits in terms of Rule 9.1 will be reduced by any amounts deducted in terms of these RULES and the PFA.

- 9.1.2 Notwithstanding the provisions of Rule 9.1, an ACTIVE MEMBER may, on or after his or her NORMAL RETIREMENT AGE, but prior to his or her

RETIREMENT DATE, elect to transfer his or her retirement interest to an APPROVED RETIREMENT ANNUITY FUND or, provided that this is permitted in terms of the INCOME TAX ACT, to an APPROVED PENSION PRESERVATION FUND.

- 9.1.3 If an ACTIVE MEMBER or PAID-UP MEMBER dies after having reached his or her NORMAL RETIREMENT DATE but prior to electing the form in which he or she shall receive his or her retirement benefit as provided for in this Rule 9.1, then the value of such benefit will be payable to his or her BENEFICIARIES in accordance with section 37C of the PFA.

9.2 **BENEFIT PAYABLE ON RETIREMENT AT A DATE EARLIER THAN THE NORMAL RETIREMENT DATE OF A MEMBER**

- 9.2.1 Unless an ACTIVE MEMBER or a PAID-UP MEMBER elects to become a DEFERRED PENSIONER in terms of Rule 9.8, on the retirement of such MEMBER having attained the age of 55 (fifty five), but before his or her NORMAL RETIREMENT DATE, the MEMBER will, subject to the ADMINISTRATOR having received the written requests from the MEMBER contemplated below, be entitled to a benefit as contemplated in Rule 9.1.1.1, the value of which benefit must be determined at the end of the month in which the ADMINISTRATOR has received the written instruction of such early retirement the provisions of Rule 9.1.1.1 shall apply *mutatis mutandis*.

- 9.2.2 If an ACTIVE MEMBER or PAID-UP MEMBER dies after having elected to retire in terms of Rule 9.2.1 but before having elected the form in which he or she shall receive his or her retirement benefit as provided for in Rule 9.1.1.1, then the value of such benefit will be payable to his or her BENEFICIARIES in accordance with section 37C of the PFA.

9.3 **ILL-HEALTH RETIREMENT**

- 9.3.1 In the instance where the MEMBER has not yet attained the age of 55 (fifty five) and his or her application for a disability benefit provided for in Rule 7 has been rejected, the MEMBER may apply to the BOARD to retire due to ill-health.



9.3.2 The approval by the BOARD of the application by the MEMBER to retire before the NORMAL RETIREMENT DATE due to the ill-health of the MEMBER is subject to the BOARD being satisfied that as a result of such ill-health the MEMBER is incapable, as a result of infirmity of body or mind, of performing the duties required of a person in the occupation or post in which the MEMBER was employed by his or her EMPLOYER on the last DAY on which he or she was present at work. For the purposes of this Rule, the BOARD, having regard to the advice of the INSURER will be the sole arbiters as to whether a MEMBER is in ill-health.

9.3.3 If the BOARD decides that the MEMBER is entitled to retire in terms of this Rule, the MEMBER will be deemed to have retired and the provisions of Rule 9.1 will apply *mutatis mutandis* to such MEMBER.

#### 9.4 **BENEFIT PAYABLE ON RETIREMENT AT A DATE LATER THAN THE NORMAL RETIREMENT DATE OF A MEMBER**

9.4.1 An ACTIVE MEMBER who has attained his or her NORMAL RETIREMENT DATE must retire from SERVICE; provided that, if on the attainment of his or her NORMAL RETIREMENT DATE, such MEMBER'S contract of employment with the EMPLOYER is continued he or she will continue to be a MEMBER until he or she leaves the SERVICE of the EMPLOYER. Notwithstanding this, CONTRIBUTIONS by and on behalf of the MEMBER will cease on his or her NORMAL RETIREMENT DATE but not later than the end of the year in which the MEMBER turns 65 (sixty five).

9.4.2 A MEMBER who continues in service as provided for in Rule 9.4.1 will be entitled to the risk benefits as provided for in Rule 7 and Rule 8 up to the end of the year in which he or she turns 65 (sixty-five).

9.4.3 Such a MEMBER must retire by no later than the end of the calendar year in which he or she turns 65 (sixty-five) and the provisions of Rule 9.1 will apply *mutatis mutandis*.

#### 9.5 **CONDITIONAL RETIREMENT BENEFIT**

9.5.1 This Rule 9.5 will apply to a MEMBER (i) who is 60 (sixty) years of age or

older, (ii) who was a member of a PREVIOUS FUND immediately prior to the COMMENCEMENT DATE and who chose to have his or her interest in the PREVIOUS FUND transferred to the FUND on the COMMENCEMENT DATE and (iii) who is not:

- 9.5.1.1 a CATEGORY C MEMBER;
- 9.5.1.2 a CATEGORY D MEMBER;
- 9.5.1.3 a PAID-UP MEMBER;
- 9.5.1.4 a MEMBER who is entitled to a PENSION in terms of Rule 7 on account of disability; or
- 9.5.1.5 a MEMBER who is entitled to a PENSION in terms of Rule 9.3 on account of ill-health retirement; or
- 9.5.1.6 a MEMBER who has exercised an investment choice in terms of Rule 15.16 at any time,
- 9.5.2 A MEMBER who was a previously a member of the Associated Institutions Pension Fund, the Government Services Pension Fund or the Authorities Services Pension Fund, is entitled to a benefit comprising:
  - 9.5.2.1 the balance in Supplementary Account 1, plus:
  - 9.5.2.2 subject to the proviso referred to in Rule 9.5.2.3, the greater of the benefit set out in Rule 9.5.2.2(a) and Rule 9.5.2.2(b) as at his or her RETIREMENT DATE, when he or she retires on or after age 60 (sixty), namely:
    - (a) "Amount A", being the capital value of a PENSION of 1/50th of the MEMBER'S AVERAGE FINAL SALARY per year of PENSIONABLE SERVICE as determined by the VALUATOR based on the CONDITIONAL RETIREMENT FACTOR; plus a gratuity of 7.25% (seven point two five percent) of

the MEMBER'S AVERAGE FINAL SALARY per year of PENSIONABLE SERVICE; and

- (b) "Amount B", being the Main Account plus Supplementary Account 2 of his or her MEMBER SHARE ACCOUNT.

#### 9.5.2.3

For purposes of this Rule 9.5.2, the "CONDITIONAL RETIREMENT BENEFIT" means Amount A minus Amount B, subject to a minimum of nil (0). If the CONDITIONAL RETIREMENT BENEFIT is positive then the MEMBER shall only be entitled to a benefit that is equivalent to the aggregate of the balance in Supplementary Account 1 and Amount B, unless (a) the EMPLOYER funds the CONDITIONAL RETIREMENT BENEFIT in full (without taking into consideration any TAX which may be required to be deducted or withheld in terms of the INCOME TAX ACT) by making a CONTRIBUTION as contemplated in Rule 4.4.1, or (b) such steps are taken as may be required to credit the CONDITIONAL RETIREMENT BENEFIT from the EMPLOYER SURPLUS ACCOUNT as contemplated in Rule 10.15, in which event the MEMBER shall be entitled to receive an additional amount equivalent to the CONDITIONAL RETIREMENT BENEFIT, provided that where the EMPLOYER funds the CONDITIONAL RETIREMENT BENEFIT by making a CONTRIBUTION as contemplated in Rule 4.4.1, the amount of the CONDITIONAL RETIREMENT BENEFIT must be determined based on the EMPLOYER contribution which has been credited to the Supplementary Account 1 of the MEMBER SHARE ACCOUNT after taking into consideration any amount of TAX which was required to be deducted or withheld from the EMPLOYER contribution in terms of the INCOME TAX ACT. For the avoidance of any doubt, subject to Rule 9.5.3.5, the benefit to which the MEMBER is entitled will be limited to the aggregate of the balance in Supplementary Account 1 and Amount B and the MEMBER will have no claim against the FUND for (a) the payment of the CONDITIONAL RETIREMENT BENEFIT, or (b) for payment of any benefit in excess of the aggregate of Supplementary Account 1 and Amount B, unless and until such amount is funded in accordance with this Rule 9.5.2.3.

- 9.5.2.4 Where the CONDITIONAL RETIREMENT BENEFIT is funded as contemplated in Rule 9.5.2.3, then such amount will be credited to the MEMBER'S Supplementary Account 1.
- 9.5.3 A MEMBER who was previously a member of the Temporary Employees Pension Fund, is entitled to a benefit comprising:
- 9.5.3.1 the balance in Supplementary Account 1, plus:
- 9.5.3.2 subject to the proviso referred to in Rule 9.5.3.3 the greater of the benefit set out in Rule 9.5.3.2(a) and Rule 9.5.3.2(b) as at his or her RETIREMENT DATE, on or after age 60 (sixty):
- (a) "Amount A", being the capital value of a PENSION of 2.75% (two point seven five percent) of the MEMBER'S AVERAGE FINAL SALARY per year of PENSIONABLE SERVICE as determined by the VALUATOR based on the CONDITIONAL RETIREMENT FACTOR; and
  - (b) "Amount B", being the Main Account plus Supplementary Account 2 of his or her MEMBER SHARE.
- 9.5.3.3 For purposes of this Rule 9.5.3, the "CONDITIONAL RETIREMENT BENEFIT" means Amount A minus Amount B, subject to a minimum of nil (0). If the CONDITIONAL RETIREMENT BENEFIT is positive then the MEMBER shall only be entitled to receive a benefit that is equivalent to the aggregate of the balance in Supplementary Account 1 and Amount B, unless (a) the EMPLOYER funds the CONDITIONAL RETIREMENT BENEFIT by making a CONTRIBUTION as contemplated in Rule 4.4.1, or (b) such steps are taken as may be required to credit the CONDITIONAL AMOUNT from the EMPLOYER SURPLUS ACCOUNT, as contemplated in Rule 10.15, in which event the MEMBER shall be entitled to receive an additional benefit equivalent to the CONDITIONAL RETIREMENT BENEFIT, provided

that where the EMPLOYER funds the CONDITIONAL RETIREMENT BENEFIT by making a CONTRIBUTION as contemplated in Rule 4.4.1, the amount of the CONDITIONAL RETIREMENT BENEFIT must be determined based on the EMPLOYER contribution which has been credited to the Supplementary Account 1 of the MEMBER SHARE ACCOUNT after taking into consideration any amount of TAX which was required to be deducted or withheld from the EMPLOYER contribution in terms of the INCOME TAX ACT. For the avoidance of any doubt, subject to Rule 9.5.3.5, the benefit to which the MEMBER is entitled will be limited to the aggregate of the balance in Supplementary Account 1 and Amount B and the MEMBER will have no claim against the FUND for (a) the payment of the CONDITIONAL RETIREMENT BENEFIT, or (b) for payment of any benefit in excess of the aggregate of Supplementary Account 1 and Amount B, unless and until such amount is funded in accordance with this Rule 9.5.3.3.

9.5.3.4 Where the CONDITIONAL RETIREMENT BENEFIT is funded as contemplated in Rule 9.5.3.3, then such amount will be credited to the MEMBER'S Supplementary Account 1.

9.5.3.5 A MEMBER (other than a MEMBER who elects to become a DEFERRED PENSIONER in term of Rule 9.8), who may become entitled to a CONDITIONAL RETIREMENT BENEFIT in terms of Rule 9.5.2 or Rule 9.5.3, may, prior to his or her RETIREMENT DATE, elect for such MEMBER to become entitled to receive an increased PENSION in accordance with Rule 10.11.3 with effect from the date on which he or she is entitled to receive a PENSION from the FUND. In such instances, the VALUATOR shall determine the amount of the additional PENSION calculated with reference to the CONDITIONAL RETIREMENT BENEFIT for the said PENSIONER.

## 9.6 **OPTION TO WAIVE CONDITIONAL RETIREMENT BENEFIT**

9.6.1 On the request of an EMPLOYER and on or before such a date as to be decided upon by the BOARD, each MEMBER who may be eligible for the CONDITIONAL RETIREMENT BENEFIT in terms of Rule 9.5.2 or Rule 9.5.3

(as applicable) and who has not yet reached his or her NORMAL RETIREMENT AGE will have the option to elect (prior to his or her NORMAL RETIREMENT AGE) that his or her MEMBER SHARE be enhanced with such an amount as may be agreed in writing with his or her EMPLOYER and on acceptance of the offer, will agree to the cessation of any entitlement which may arise to the CONDITIONAL RETIREMENT BENEFIT provided for in terms of Rule 9.5.2 or Rule 9.5.3 (as applicable) but he or she will remain entitled to his or her PENSION to be determined in the manner provided for in Rule 9.1.

- 9.6.2 The amount of the enhancement will be determined by the EMPLOYER in consultation with the VALUATOR and the BOARD, and will be communicated to the MEMBER prior to him or her having to exercise the option; provided that the MEMBER shall not be entitled to such enhancement unless (a) the EMPLOYER funds such enhancement by making a CONTRIBUTION as contemplated in Rule 4.4.2, or (b) such steps are taken as may be required to credit such amount from the EMPLOYER SURPLUS ACCOUNT, as contemplated in Rule 10.15.
- 9.6.3 Before the option provided for in this Rule 9.6 will be exercisable by the MEMBER:
- 9.6.3.1 the EMPLOYER will advise the MEMBERS employed by it of the offer to elect that his or her MEMBER SHARE be enhanced with such an amount as determined in the manner provided for in Rule 9.6.2;
- 9.6.3.2 on receipt of the written acceptance of the offer from a MEMBER the EMPLOYER will advise the FUND, in writing, of the MEMBER'S acceptance;
- 9.6.3.3 the amount of the enhancement shall be funded in any manner contemplated in Rule 9.6.2, within a period as agreed with the MEMBER after acceptance of the offer by the MEMBER;
- 9.6.3.4 on receipt of the funding in accordance with Rule 9.6.2, the BOARD will allocate such amount to the MEMBER SHARE, after which the MEMBER will cease to have any right to receive the CONDITIONAL

RETIREMENT BENEFIT contemplated in Rule 9.5.2 or Rule 9.5.3 (as applicable).

9.6.4 Subject to the enhancement having been funded in accordance with Rule 9.6.2, a MEMBER who elects to accept the offer provided for in this Rule 9.6 will, as from the date of acceptance of the offer:

9.6.4.1 not become entitled to the benefit in terms of Rules 9.5.2 or Rule 9.5.3 (as applicable); and

9.6.4.2 be entitled to the enhancement referred to in Rule 9.6.2 above being added to his or her MEMBER SHARE.

#### 9.7 **OPTION REGARDING PREFUNDED CONDITIONAL RETIREMENT BENEFIT**

9.7.1 Notwithstanding the provisions of Rules 9.6.3 and 9.6.4 an EMPLOYER may, instead of making an offer to the MEMBERS employed by it in terms of Rules 9.6.3 and 9.6.4, elect to make such payments into the FUND to pre-fund the payment of the applicable CONDITIONAL RETIREMENT BENEFIT as contemplated in Rule 9.5.2.3 or Rule 9.5.3.3 (as applicable) in the form of CONTRIBUTIONS provided for in Rule 4.4.3. The payments made for this purpose will be explicitly so identified and on receipt thereof, the BOARD will allocate each such amount to Supplementary Account 2 (two) for the benefit of each individual MEMBER, as advised in writing by the EMPLOYER.

9.7.2 If the MEMBER for whose benefit this payment has been made retires from the FUND, the MEMBER'S benefit will still be determined in terms of Rule 9.5.

#### 9.8 **OPTION TO BECOME A DEFERRED PENSIONER**

9.8.1 A MEMBER (excluding any MEMBER who may be entitled to receive a CONDITIONAL RETIREMENT BENEFIT as provided for in Rule 9.5) may, prior to his or her RETIREMENT DATE, elect to become a DEFERRED PENSIONER, subject to the following conditions:

9.8.1.1 No CONTRIBUTIONS will be paid in respect of a DEFERRED PENSIONER;

- 9.8.1.2 The DEFERRED PENSIONER will not be entitled to the disability and death benefits provided for in Rules 7 and 8 respectively;
- 9.8.1.3 The DEFERRED PENSIONER will be responsible for informing the FUND on an on-going basis of his or her residential address and other relevant contact details. Reasonable costs incurred by the FUND in tracing the DEFERRED PENSIONER shall be deducted from his or her benefit;
- 9.8.1.4 The DEFERRED PENSIONER'S benefit at any time shall be determined as follows:
- 9.8.1.4.1 the amount of the benefit that the MEMBER would have been entitled to, had he or she elected to receive his or her retirement benefit at the date on which he or she elected to become a DEFERRED PENSIONER; plus
- 9.8.1.4.2 accumulated FUND RETURN on the amount referred to in Rule 9.8.1.4.1; reduced by
- 9.8.1.4.3 reasonable expenses incurred in administering and overseeing the DEFERRED PENSIONER'S benefit including, if applicable, tracing costs referred to in Rule 9.8.1.3.
- 9.8.1.5 A DEFERRED PENSIONER must, prior to his or her RETIREMENT DATE, elect the investment channel/s into which the benefit payable in terms of Rule 9.8.1.4.1 must be invested. Subject to the provisions of Rule 15.16, his or her benefit will be so invested until he or she notifies the FUND of a change to his or her investment strategy. If the DEFERRED PENSIONER fails to notify the FUND of his or her investment strategy, then his or her benefit will be invested in the same strategy that applied at his or her RETIREMENT DATE.
- 9.8.1.6 A DEFERRED PENSIONER must elect to receive the benefit provided for in Rule 9.8.1.4 on or before the earlier of age 75 and the latest retirement age specified in the INCOME TAX ACT (if applicable). If the



DEFERRED PENSIONER fails to make such an election, he or she will be deemed to have become entitled to his or her benefit at the earlier of age 75 and the latest retirement age specified in the INCOME TAX ACT (if applicable). Notwithstanding the provisions of this Rule 9.8, a DEFERRED PENSIONER may, on or after attaining NORMAL RETIREMENT AGE and prior to his or her RETIREMENT DATE and prior to having made an election to receive the benefit contemplated in this Rule 9.8.1.6, elect to transfer his or her MEMBER SHARE to an APPROVED RETIREMENT ANNUITY FUND or, provided that this is permitted in terms of the INCOME TAX ACT, to an APPROVED PENSION PRESERVATION FUND.

9.8.1.7 The provisions of Rule 9.1.1 shall apply *mutatis mutandis* to a DEFERRED PENSIONER, who elects to become entitled to his or her retirement benefit in accordance with Rule 9.8.1.6.

9.8.1.8 If a DEFERRED PENSIONER dies before electing to become entitled to his or her retirement benefit and/or before electing the form in which he or she shall receive his or her retirement benefit as provided for in Rule 9.1.1, then the value of such benefit will be payable to his or her BENEFICIARIES in accordance with section 37C of the PFA.

## 9.9 **LIVING ANNUITIES**

9.9.1 The provision of LIVING ANNUITIES by the FUND is at all times subject to such terms and conditions as the BOARD may prescribe from time to time, having regard to the LIVING ANNUITY POLICY and subject to the requirements of the INCOME TAX ACT.

9.9.2 The amount of the LIVING ANNUITY will, subject to such terms and conditions as the BOARD sets out in the LIVING ANNUITY POLICY and any requirements and restrictions imposed in terms of the INCOME TAX ACT or by SARS from time to time, be determined by the ANNUITANT and shall be payable exclusively out of the LIVING ANNUITY CAPITAL ACCOUNT.

9.9.3 An ANNUITANT must select an investment strategy and a draw-down strategy. The conditions applicable to such investment and draw-down

strategies will be set out in the LIVING ANNUITY POLICY. The strategy selected by an ANNUITANT will remain unchanged unless the ANNUITANT makes a new election. In the event that the ANNUITANT fails to make an election by the deadline date specified by the FUND, then the BOARD'S default investment and draw-down strategies (as set out in the LIVING ANNUITY POLICY) will apply to such ANNUITANT.

- 9.9.4 In order to assist the ANNUITANT in making a decision in terms of Rule 9.9.2, such person may elect to receive advice on his or her investment strategy and the amount of his or her LIVING ANNUITY from an advisor of his or her choice and the ANNUITANT will be liable for the costs associated with obtaining such advice.
- 9.9.5 The first LIVING ANNUITY payment shall be due at the end of the month following the month in which the ACTIVE MEMBER, PAID-UP MEMBER or DEFERRED PENSIONER who is entitled to a LIVING ANNUITY in terms of these RULES, retires or dies.
- 9.9.6 The FUND'S liability in respect of a LIVING ANNUITY payable in terms of these RULES will be limited at any time to the balance in the individual sub-account as held in the LIVING ANNUITY CAPITAL ACCOUNT.
- 9.9.7 If the balance in the LIVING ANNUITY CAPITAL ACCOUNT of an ANNUITANT who is not a PENSIONER at any time becomes less than the minimum amount set out in the LIVING ANNUITY POLICY, then the ANNUITANT will be required to utilise the balance in such LIVING ANNUITY CAPITAL ACCOUNT to secure an annuity from an INSURER in such form as the ANNUITANT may decide, subject to applicable law, in which case the FUND shall have no further liability in respect of such LIVING ANNUITY, such liability resting with the INSURER from whom the annuity is purchased.
- 9.9.8 Unless the provisions of Rule 9.9.7 apply, if the balance of the LIVING ANNUITY CAPITAL ACCOUNT of an ANNUITANT who is not a PENSIONER is equal to or less than the amount prescribed under the INCOME TAX ACT, the amount may be commuted in full by the ANNUITANT.
- 9.9.9 An ANNUITANT in receipt of a LIVING ANNUITY may, subject to applicable

law at any time elect to:

- 9.9.9.1 transfer the balance of the LIVING ANNUITY CAPITAL ACCOUNT to an INSURER of his or her choice, in order to purchase an annuity in his or her own name in such form as the ANNUITANT may decide, in which case the FUND shall have no further liability in respect of such LIVING ANNUITY, such liability resting with the INSURER from whom the annuity is purchased; or
- 9.9.9.2 provided that the LIVING ANNUITY POLICY so allows, apply the balance in his or her LIVING ANNUITY CAPITAL ACCOUNT to secure a PENSION from the FUND. The conditions applicable to such a conversion will also be set out in the LIVING ANNUITY POLICY.
- 9.9.10 If the balance in the LIVING ANNUITY CAPITAL ACCOUNT of an ANNUITANT who is also a PENSIONER at any time becomes less than an amount stipulated in the LIVING ANNUITY POLICY, then, subject to applicable law, the ANNUITANT will be required to apply the balance in his or her LIVING ANNUITY CAPITAL ACCOUNT:
- 9.9.10.1 to secure an additional PENSION from the FUND calculated by the VALUATOR, based on the CONVERSION FACTOR; or
- 9.9.10.2 to purchase an annuity from an INSURER in his or her own name in such form as the ANNUITANT may decide, in which case the FUND shall have no further liability in respect of such LIVING ANNUITY, such liability resting with the INSURER from whom the annuity is purchased.
- 9.9.11 An ANNUITANT must, at his or her RETIREMENT DATE and at least annually thereafter and at such times as set out in the LIVING ANNUITY POLICY, specify in writing the SPOUSE(S) that shall receive his or her LIVING ANNUITY should he or she predecease such SPOUSE(S), together with the proportion of his or her LIVING ANNUITY BALANCE that should be allocated to each such SPOUSE if he or she has more than one SPOUSE.
- 9.9.12 The LIVING ANNUITY paid to the SPOUSE(S) of a deceased ANNUITANT will be subject to such terms as set out in the LIVING ANNUITY POLICY and

any requirements and restrictions imposed by applicable law, provided that such SPOUSE(S) may, subject to the provisions of the INCOME TAX ACT, elect to commute such LIVING ANNUITY in full within 6 (six) months of such ANNUITANT'S death.

9.9.13 In the event that an ANNUITANT does not specify a SPOUSE at any time or the ANNUITANT has no SPOUSE, the balance in the LIVING ANNUITY CAPITAL ACCOUNT will be allocated and paid by the BOARD in terms of section 37C of the ACT.

9.9.14 A SPOUSE of a deceased ANNUITANT who is in receipt of a LIVING ANNUITY from the FUND shall be required to specify in writing the persons(s) who shall receive the balance in the applicable LIVING ANNUITY CAPITAL ACCOUNT upon the death of such SPOUSE and the FUND shall, subject to applicable law, pay such balance to the person(s) so specified upon the death of such SPOUSE.

9.9.15 Each ANNUITANT in receipt of a LIVING ANNUITY must adhere to the annual review process as determined by the BOARD from time to time.

#### 9.10 **NOTICE OF INTENTION TO RETIRE**

A MEMBER who retires in terms of these RULES must give written notice to the BOARD of his or her intention to retire by no later than the fifteenth day of the month in which such MEMBER intends to retire. The BOARD in consultation with the EMPLOYER may waive or reduce the period of notice required.

#### 9.11 **RETIREMENT BENEFITS COUNSELLING**

All ACTIVE MEMBERS shall be given access to RETIREMENT BENEFITS COUNSELLING not less than three (3) months prior to their NORMAL RETIREMENT AGE.

## 10. CONDITIONS APPLICABLE TO BENEFITS

The payment of benefits is subject to the following conditions:

### 10.1 CHOICES MUST BE EXERCISED TIMEOUSLY OR FORFEITED

If in terms of these RULES a MEMBER has a choice in relation to the treatment of the benefit payable to him or her on termination of employment. He or she must make that choice by notice in writing to the FUND within a period determined by the BOARD, failing which the choice will be made for him or her by the BOARD.

### 10.2 DISINVESTMENT OF AMOUNT OF MEMBER'S MEMBER SHARE FROM INVESTMENT PORTFOLIOS WHEN BENEFITS ACCRUE TO OR IN RESPECT OF THE MEMBER

10.2.1 In the case of an ACTIVE MEMBER who leaves the SERVICE of the EMPLOYER, disinvestment of an amount of a MEMBER'S MEMBER SHARE will take place:

10.2.1.1 if the NOTICE DATE is before or on the TERMINATION DATE, then the FUND must take no action regarding disinvestment until the last DAY of the month in which the MEMBER'S MEMBERSHIP ceased;

10.2.1.2 if the NOTICE DATE is after the TERMINATION DATE but before or on the 7<sup>th</sup> of the month following the month in which the MEMBER'S MEMBERSHIP ceased, then the value of the MEMBER'S then 'MEMBER SHARE' will be determined as on the last DAY of the month in which the last CONTRIBUTION was received;

10.2.1.3 if the NOTICE DATE is after the TERMINATION DATE and after the 7<sup>th</sup> of the month following the month in which the MEMBER'S MEMBERSHIP ceased, then the value of the MEMBER'S then 'MEMBER SHARE' will be determined as on the last DAY of the month in which the notice was received.

10.2.2 In the case of a PAID-UP MEMBER who elects to withdraw from the FUND in terms of Rule 6.2.2 or elects to retire in terms of Rule 6.2.3, or in the case of

a DEFERRED PENSIONER who elects to transfer or receive his or her retirement interest in terms of Rule 9.8.1.6, disinvestment of an amount of a MEMBER'S MEMBER SHARE will take place:

10.2.2.1 if the date on which the FUND received notification (in the prescribed form) from the PAID-UP MEMBER or the DEFERRED PENSIONER, as the case may be, of his or her election is before or on the 7<sup>th</sup> of the month, then the value of the MEMBER'S then 'MEMBER SHARE' will be determined as on the last DAY of the previous month;

10.2.2.2 if the date on which the FUND received notification (in the prescribed form) from the PAID-UP MEMBER or the DEFERRED PENSIONER, as the case may be, of his or her election is after the 7<sup>th</sup> of the month, then the value of the MEMBER'S then 'MEMBER SHARE' will be determined as on the last DAY of the month in which the notification was received by the FUND.

10.2.3 An amount equivalent to the amount as at the date referred to in Rule 10.2.1 or Rule 10.2.2 must then be disinvested and placed in an interest-bearing account as per the practice agreed to by the BOARD from time to time; provided that late payment interest will be payable from the date of disinvestment as provided for in this Rule.

10.2.4 The FUND will not be liable to compensate any person if the party responsible for giving notice to the FUND of the MEMBER'S cessation of MEMBERSHIP, for any reason as provided for in these RULES, failed to do so timeously and the person suffers a loss as a result.

### 10.3 **WITHHOLDING OF BENEFIT ON RECEIPT OF COMPENSATION NOTICE**

10.3.1 When a MEMBER resigns from employment or has been dismissed or retrenched, his or her EMPLOYER may give the FUND a written notice that:

10.3.1.1 it believes that the MEMBER must compensate the EMPLOYER for financial loss suffered by the EMPLOYER as a result of the MEMBER'S dishonest conduct; and

- 10.3.1.2 the EMPLOYER intends to either:
  - 10.3.1.2.1 obtain from the MEMBER a written acknowledgment by him or her of such dishonest conduct; or
  - 10.3.1.2.2 obtain from a court an order declaring that the MEMBER owes a specified amount of compensation to the EMPLOYER for that alleged loss.
- 10.3.2 In these RULES this notice is called a “Compensation Notice”.
- 10.3.3 Subject to Rule 10.3.4, if:
  - 10.3.3.1 before the FUND has:
    - 10.3.3.1.1 paid a benefit to a MEMBER; or
    - 10.3.3.1.2 paid an amount to an APPROVED FUND for his or her benefit,  
  
the FUND has been given a Compensation Notice; and
  - 10.3.3.2 on the basis of the information given to him or her by the EMPLOYER, the PRINCIPAL OFFICER is satisfied that the EMPLOYER has reasonable prospects for success in its claim against the MEMBER for compensation,  
  
the FUND may withhold payment or part payment until the EMPLOYER has given the FUND a certified copy of a written acknowledgment of debt referred to in Rule 10.3.1.2.1 or a court order referred to in Rule 10.3.1.2.2.
- 10.3.4 If at any time after the FUND has received the Compensation Notice:
  - 10.3.4.1 the PRINCIPAL OFFICER forms the opinion that the EMPLOYER is not taking steps reasonably quickly to obtain the acknowledgment of debt or court order; or

10.3.4.2 on the basis of new information given to him or her, the PRINCIPAL OFFICER forms the opinion that the EMPLOYER'S prospects for success in its claim for compensation are poor,

the FUND must in writing advise the EMPLOYER of this, stating that if within the next four weeks either:

10.3.4.3 it does not take meaningful steps to obtain the acknowledgement of debt or court order; or

10.3.4.4 it does not persuade the BOARD that its prospects for success in its claim for compensation are good,

the FUND will stop withholding payment of the benefit.

10.3.5 On cessation of the MEMBER'S MEMBERSHIP his or her benefit is disinvested in the manner provided for in Rule 10.2. From the date of disinvestment until date that the benefit is paid by the FUND, only the FUND RETURN earned on the underlying asset in which the benefit is held will be added to the disinvested benefit.

#### 10.4 **WITHHOLDING OF BENEFIT AS PROVISION FOR MEMBER'S MAINTENANCE LIABILITIES**

10.4.1 If a MEMBER becomes entitled or will become entitled to a benefit in terms of these RULES and the FUND has been given a copy of a maintenance order or warrant of execution granted by a Maintenance Court or a High Court in relation to the current and/or future maintenance obligations of the MEMBER, which maintenance order or warrant of execution requires the FUND to withhold payment of a part or the whole of such MEMBER'S current or future benefit, then:

10.4.1.1 the FUND must withhold the payment of such benefit or part thereof in the manner and for the duration required by the maintenance order or warrant of execution; and

10.4.1.2 duly perform all of the obligations that are imposed on the FUND by



such maintenance order or warrant of execution.

## 10.5 **DEDUCTIONS OF AMOUNTS BY THE FUND**

10.5.1 The FUND may make deductions from the balance of a MEMBER SHARE in accordance with section 37D and these RULES in the following order of priority, subject to the provisions of the PFA:

10.5.1.1 any amount of TAX as contemplated in Rule 10.6;

10.5.1.2 any amount deductible in relation to a housing loan or guarantee provided by the FUND as contemplated in Rule 10.9;

10.5.1.3 any amount deductible in relation to a maintenance order granted on the date of divorce of a MEMBER;

10.5.1.4 any amount granted in relation to the assignment of a share of “pension interest” to a non-member spouse in terms of section 37D(1)(d)(i) of the PFA, in relation to a decree of divorce; and

10.5.1.5 any other amount which may deducted by the FUND in terms of section 37D of the PFA.

## 10.6 **DEDUCTION OF TAX**

Any TAX which is required to be deducted or withheld by the FUND in respect of any amount to be paid to a MEMBER and/or BENEFICIARY or to be paid or transferred to an APPROVED FUND, will be deducted from that amount by the FUND and paid to SARS. Any dispute which a MEMBER and/or BENEFICIARY may have regarding the amount of TAX paid to SARS will be a matter between them and SARS and the BOARD will have no responsibility and/or liability to resolve such a dispute.

## 10.7 **DEDUCTION OF SHARE OF ‘PENSION INTEREST’ DUE TO A MEMBER’S FORMER SPOUSE IN TERMS OF A DIVORCE ORDER**

10.7.1 If required to do so in terms of an order granted by a court on the divorce of a MEMBER as provided for in section 37D(4)(a) of the PFA, the FUND must

deduct from his or her MEMBER SHARE an amount equivalent to the share of the MEMBER'S 'pension interest' as defined in the DIVORCE ACT, and, provided that it does so in compliance with the PFA, pay that amount, less any TAX required to be deducted from it, to the former SPOUSE. Following the deduction made in terms of this Rule the MEMBER'S years of PENSIONABLE SERVICE will be reduced in such number as is determined by the VALUATOR to be equal to the value of the pension interest payable to the non-MEMBER SPOUSE.

#### 10.8 **COURT ORDERS SUBSEQUENT TO DISSOLUTION OF ISLAMIC MARRIAGE**

The FUND may deduct from a MEMBER'S MEMBER SHARE or a PENSIONER'S PENSION or an ANNUITANT'S LIVING ANNUITY, as the case may be, amounts as directed by a court order in respect of the division of assets of a marriage under Islamic law pursuant to its dissolution.

#### 10.9 **GUARANTEES FURNISHED BY THE FUND**

At the discretion of the BOARD and subject to the policy determined by the BOARD from time to time, and provided that the VALUATOR has determined that it is affordable, the FUND may furnish a guarantee in favour of a person in respect of a home loan granted or to be granted by such other person to a MEMBER in accordance with section 19(5) of the PFA.

#### 10.10 **DEDUCTION OF AMOUNT DUE BY MEMBER OR EMPLOYER TO FUND**

Subject to the provisions of the PFA, when a benefit is payable to or in respect of a MEMBER and there is an amount due by that MEMBER to the FUND other than as a result of a failure by his or her EMPLOYER to deduct any CONTRIBUTION due by that MEMBER from his or her remuneration and pay it to the FUND, the benefit payable to that MEMBER may be reduced by that amount.

#### 10.11 **PENSION BONUSES OR INCREASES**

10.11.1 Subject to the PFA and the provisions of the FUND'S PENSION increase policy then applicable, the PENSIONS payable by the FUND in terms of these RULES may be increased with effect from 1 March of each year.

10.11.2 At the discretion of the BOARD and provided that the VALUATOR has determined that it is affordable, the FUND may grant a PENSIONER a once-off bonus. If a bonus is granted in one year, this will not mean that the PENSIONER will be entitled to receive a bonus in any subsequent year.

10.11.3 The BOARD shall increase the PENSION payable to a PENSIONER immediately following the funding of the additional PENSION contemplated in Rule 9.5.3.5, provided that such additional PENSION has been funded (a) by way of an additional CONTRIBUTION by the EMPLOYER as contemplated in Rule 4.4.4, or (b) by crediting the EMPLOYER SURPLUS ACCOUNT as contemplated in Rule 10.15.

## 10.12 **PAYMENT AND PROTECTION OF BENEFITS**

10.12.1 Money payable to any person in terms of these RULES will be paid by means of an electronic bank transfer unless the FUND and the person agree that payment will take place by other means.

10.12.2 Payments must be made to the MEMBER, PENSIONER, ANNUITANT, or BENEFICIARY directly except if the MEMBER, PENSIONER, ANNUITANT or BENEFICIARY provides the BOARD with written instructions to pay it into a different account. The BOARD will however retain the discretion whether to make the payment to such other account and may insist on an indemnification prior to considering such request.

10.12.3 PENSIONS or LIVING ANNUITIES are payable monthly in arrears and the first payment will be due at the end of the calendar month following the month in which:

10.12.3.1 an ACTIVE MEMBER, PAID-UP MEMBER or DEFERRED PENSIONER retires or dies, or

10.12.3.2 a PENSIONER or ANNUITANT dies, and

the last payment shall be due at the end of the calendar month in which:

- 10.12.3.3 a PENSIONER or ANNUITANT dies, subject to the provisions of Rule 8.2.1;
- 10.12.3.4 the SPOUSE dies in the case of a PENSION or LIVING ANNUITY being paid to a SPOUSE;
- 10.12.3.5 a CHILD dies or becomes ineligible in terms of Rule 8.1.4 to receive a CHILD'S PENSION.
- 10.12.4 These provisions shall apply, *mutatis mutandis*, if PENSIONS are payable at different intervals as may have been requested by the retiring MEMBER.
- 10.12.5 If, a person entitled to benefits in terms of these RULES:
- 10.12.5.1 is under the age of 18 (eighteen); or
- 10.12.5.2 has been diagnosed as suffering from a mental or psychological impairment or an addiction to alcohol or a narcotic substance by a qualified health care professional and, in the opinion of the BOARD, having regard to the advice of such qualified health care professional, is, as a result of such impairment or addiction, incapable of managing his or her financial affairs; or
- 10.12.5.3 has been declared by a competent court to be unable to manage his or her own affairs or meet his or her daily care needs;
- the BOARD may decide that the FUND must pay those benefits:
- 10.12.5.4 to a person recognised in law or appointed by a court as the person responsible for managing the affairs of such person and such person's DEPENDANTS;
- 10.12.5.5 to a curator or guardian for the benefit of that person and/or his or her DEPENDANTS;
- 10.12.5.6 to a trustee of a trust established for the benefit of that person to whom the benefit is payable;

- 10.12.5.7 to a fund approved by the FSCA and SARS to receive such benefit; or
- 10.12.5.8 to his or her DEPENDANTS.
- 10.12.6 The BOARD will be entitled to request proof to their satisfaction as to the identity and right of any MEMBER, PENSIONER, ANNUITANT or BENEFICIARY before payment of any benefit is made to such MEMBER, PENSIONER, ANNUITANT or BENEFICIARY.
- 10.12.7 Each PENSIONER and ANNUITANT will provide such evidence of his or her survival or continued eligibility as the BOARD may require. If such evidence is not produced, the BOARD may direct that payment of the PENSION or LIVING ANNUITY be suspended until such evidence is produced; provided that if the FUND is advised or becomes aware of the death of a PENSIONER or ANNUITANT, payment of the PENSION or LIVING ANNUITY will be suspended immediately thereafter.
- 10.12.8 Unless specifically permitted in terms of the PFA, the DIVORCE ACT, the MAINTENANCE ACT, 1998 or the INCOME TAX ACT, no benefit payable in terms of the RULES may be reduced, transferred, ceded, pledged or hypothecated or be attached or sold in satisfaction of a debt. If a MEMBER, PENSIONER, ANNUITANT or BENEFICIARY attempts to transfer, cede, pledge or hypothecate a benefit which is due to him or her, the FUND will suspend the payment of the benefit and may pay it directly to a dependant of such MEMBER, PENSIONER, ANNUITANT or BENEFICIARY or to a guardian or trustee for the benefit of such MEMBER, PENSIONER, ANNUITANT or BENEFICIARY.
- 10.12.9 Subject to the provisions of the PFA, if the estate of a MEMBER, PENSIONER, ANNUITANT or BENEFICIARY is sequestrated or surrendered, any benefit which was due to such MEMBER, PENSIONER, ANNUITANT or BENEFICIARY will be deemed not to form part of the assets in the estate and may not be attached or sold by the curator of the estate or the MEMBER'S, PENSIONER'S, ANNUITANT'S or BENEFICIARY'S creditors.

## 10.13 **UNCLAIMED BENEFITS**

10.13.1 The BOARD will ensure that the FUND, maintains a separate record in respect of each UNCLAIMED BENEFIT which will be invested in the manner decided by the BOARD from time to time. If a potential BENEFICIARY approaches the FUND to claim the benefit at any stage, the BOARD will consider his or her claim and if satisfied that the claim has been proved, the BOARD must pay to the BENEFICIARY, from a reserve held by the FUND for that purpose, that part of the benefit, increased with FUND RETURN less any costs incurred by the FUND in the administration of such benefit and the costs referred to in Rule 10.13.2.

10.13.2 If any costs are incurred as a consequence of the BOARD having to trace any potential BENEFICIARIES whose benefits remain unclaimed for a period of 6 (six) months, the costs associated with doing so will be deducted from the benefits payable to such BENEFICIARIES.

10.13.3 If the FUND is not able to make a payment within 24 (twenty four) months from the date that a MEMBER exited the FUND, the benefit will be invested in the portfolio as decided upon by the BOARD from time to time.

10.13.4 The BOARD may develop an UNCLAIMED BENEFITS policy which will be binding on the BOARD, MEMBERS, PENSIONERS, ANNUITANTS and BENEFICIARIES.

## 10.14 **GREATER BENEFITS AND ESCALATION OF BENEFITS**

The BOARD may, at the request of an EMPLOYER, increase any benefit payable to or in respect of any MEMBER on such basis as determined after consultation with the VALUATOR, subject to such conditions as the BOARD may impose and subject to the approval by SARS (where any such approval is required) . The cost of providing such greater benefits as determined by the VALUATOR will be paid out of the EMPLOYER SURPLUS ACCOUNT in accordance with Rule 10.15 or by the EMPLOYER in the form of a CONTRIBUTION provided for in Rule 4.4.6 and the FUND will only be liable to pay the increased benefit on receipt of payment.

## 10.15 **UTILISATION OF THE EMPLOYER SURPLUS ACCOUNT**

10.15.1 Subject to the provisions of section 15E(1) of the PFA, an EMPLOYER may require the BOARD to utilise any amount standing to the credit of the EMPLOYER SURPLUS ACCOUNT from time to time, for any purpose contemplated in 15E(1) of the PFA, including (but not limited to) for purposes of improving the benefits payable to all MEMBERS, ANNUITANTS or PENSIONERS or a category of MEMBERS, ANNUITANTS or PENSIONERS as defined in these RULES, as determined by the EMPLOYER in accordance with section 15E(1)(d) of the PFA. In particular, the EMPLOYER may require the BOARD to utilise any amount standing to the credit of the EMPLOYER SURPLUS ACCOUNT for purposes of funding the payment of the CONDITIONAL RETIREMENT BENEFIT as contemplated in Rule 9.5.2, Rule 9.5.3, Rule 9.5.3.5 or Rule 9.7, or the enhancement contemplated in Rule 9.6, or any other benefit contemplated in Rule 10.14.

10.15.2 Where Rule 10.15.1 is applicable, the EMPLOYER shall deliver a written notice to the BOARD in terms of which it shall require the BOARD to utilise any such amount contemplated in Rule 10.15.1. For the avoidance of doubt, the members of the BOARD who have been elected by MEMBERS and/or PENSIONERS and/or ANNUITANTS of the FUND shall have no vote in any deliberation over the use of any credit balance in the EMPLOYER SURPLUS ACCOUNT.

## 10.16 **RECOVERY OF COSTS INCURRED IN ALLOCATING DEATH BENEFITS SUBJECT TO SECTION 37C OF THE PFA AND PAYMENTS TO FORMER MEMBERS**

10.16.1 The BOARD will deduct from the benefit due to a BENEFICIARY, reasonable costs incurred in administering and overseeing the payment of such benefit (including all tracing costs) when allocating such benefit to a BENEFICIARY in terms of Section 37C of the ACT.

10.16.2 The BOARD will deduct from the benefit due to any former member, reasonable costs incurred in administering and overseeing the payment of such benefit (including all tracing costs) when allocating such benefit to a former member in terms of the PFA and these RULES.

## 11. FUND GOVERNANCE

### 11.1 COMPOSITION OF BOARD

11.1.1 The BOARD will have 13 (thirteen) BOARD MEMBERS, provided they are not disqualified in terms of Rule 11.2, consisting of:

11.1.1.1 3 (three) EMPLOYER appointed BOARD MEMBERS which must be elected by the respective Vice Chancellors of the respective participating EMPLOYERS in terms of the procedure determined by the BOARD from time to time;

11.1.1.2 7 (seven) BOARD MEMBERS who are ACTIVE MEMBERS, DEFERRED PENSIONERS, PAID-UP MEMBERS, PENSIONERS (excluding SPOUSES or CHILDREN) and/or ANNUITANTS (excluding SPOUSES) of the FUND and who are elected by the ACTIVE MEMBERS, DEFERRED PENSIONERS PAID-UP MEMBERS, PENSIONERS (excluding SPOUSES or CHILDREN) and ANNUITANTS (excluding SPOUSES), provided that representation by such categories of MEMBERS on the BOARD shall be determined based on the ratio of:

11.1.1.2.1 ACTIVE MEMBERS, DEFERRED PENSIONERS and PAID-UP MEMBERS (treated as a collective group); to

11.1.1.2.2 PENSIONERS (excluding SPOUSES or CHILDREN) and ANNUITANTS (excluding SPOUSES) (treated as a collective group),

with reference to the representation criteria determined by the BOARD from time to time.

11.1.1.3 2 (two) BOARD MEMBERS appointed by the BOARD, of which 1 (one) must be an ACTIVE MEMBER, DEFERRED PENSIONER, PAID-UP MEMBER, PENSIONER (excluding a SPOUSE or CHILD) or ANNUITANT (excluding a SPOUSE) and the other may be an independent BOARD MEMBER. These 2 (two) BOARD MEMBERS



shall be experts who will address any skill or competency shortages as identified by the BOARD from time to time;

11.1.1.4 1 (one) BOARD MEMBER who shall be independent and who shall also serve as Chairperson of the BOARD from the said date, provided that such BOARD MEMBER shall be an expert who possesses the skills and competencies required by the BOARD;

11.1.1.5 The BOARD may provide any new EMPLOYER observer rights on the BOARD until the next election or appointment of BOARD MEMBERS in terms of these RULES.

11.1.2 The BOARD MEMBERS, the Vice Chancellors of the respective participating EMPLOYERS and each of the MEMBERS of the FUND referred to in Rule 11.1.1 who have the right to elect BOARD MEMBERS, will have the right to replace a BOARD MEMBER appointed or elected by them in the event that such BOARD MEMBER has been removed from office due to a breach of his or her duties, as contemplated below.

11.1.3 Where any BOARD MEMBER elected in terms of Rule 11.1.1 has contravened or is alleged to have contravened any duty, requirement or obligation imposed on BOARD MEMBERS in terms of the Code of Conduct adopted by the BOARD from time to time then, subject to the provisions of the Code of Conduct, the BOARD shall be required to proceed with disciplinary action in relation to such contravention or alleged contravention, which disciplinary action may result in such BOARD MEMBER being removed from office prior to the expiry of such BOARD MEMBER'S term of office or being subject to any other sanction as may be determined by the BOARD, provided that the relevant BOARD MEMBER was given a fair hearing in the manner provided for in the procedures contained in the Code of Conduct. All BOARD MEMBERS will be required to adopt and sign the Code of Conduct in place at the time of their appointment and/or election, as well as any subsequent amendments to the Code of Conduct which are adopted by the BOARD during the BOARD MEMBER'S term of office. The term of office in respect of any BOARD MEMBER who is appointed and/or elected to the BOARD due to the removal of a former BOARD MEMBER (as contemplated in this Rule 11.1.3)

will endure only for the applicable remaining term that would have applied to the relevant BOARD MEMBER who was so replaced.

11.1.4 The election process to elect BOARD MEMBERS as referred to in Rule 11.1.1.2 will be as follows:

11.1.4.1 The PRINCIPAL OFFICER or such other person as the BOARD may appoint will act as the electoral officer to:

11.1.4.1.1 oversee the nomination and election of the BOARD MEMBERS referred to in Rule 11.1.1.2;

11.1.4.1.2 ensure that such process is conducted in a manner that is free and fair;

11.1.4.1.3 deal with all complaints and objections that may be raised in relation to the nomination and election process, provided that such complaints and objections will not necessarily invalidate or delay the nomination and election process unless the FUND resolves otherwise; and

11.1.4.1.4 issue a report to the BOARD within 5 (five) DAYS of the conclusion of the election process.

11.1.4.2 Eligibility

11.1.4.2.1 In addition to Rule 11.2, no person in the following categories is eligible to be nominated for election, or to stand for election, as an elected BOARD MEMBER:

11.1.4.2.1.1 a person who is convicted of any offence by a court of law and sentenced to prison without the option of a fine;

11.1.4.2.1.2 a person who has been previously expelled from the BOARD and/or any other position of trust as a result of misconduct, or on account of not being a fit and proper person to occupy such a position;

- 11.1.4.2.1.3 a person who has previously displayed dishonesty; or
- 11.1.4.2.1.4 a person who is not a fit and proper person to occupy a position of trust.
- 11.1.4.2.2 The nomination of any person referred to in Rule 11.1.4.2.1 above for the position of an elected BOARD MEMBER is null and void.
- 11.1.4.2.3 Should any nominee fall into one of the categories mentioned in Rule 11.1.4.2.1 above after the nomination process but before the voting process, he or she is immediately disqualified from standing for election. If there is no other nominee to replace the disqualified nominee, further nominations must be called for in accordance with the process set out in Rule 11.1.4.3.
- 11.1.4.2.4 If there is any dispute as to a person's eligibility to be nominated or to stand for election, a hearing must be conducted by a person appointed by the BOARD, who must then render a final decision on the issue.
- 11.1.4.3 The nomination and election Process to elect BOARD MEMBERS referred to in Rule 11.1.1.2 shall include the following:
- 11.1.4.3.1 The respective MEMBERS referred to in Rule 11.1.1 of the FUND shall be asked to nominate MEMBERS (as applicable) for election as BOARD MEMBERS to the FUND;
- 11.1.4.3.2 In order to remain eligible, each applicable nominee must accept his or her nomination in writing;
- 11.1.4.3.3 If the number of nominations made in relation to each applicable category of BOARD MEMBERS referred to in Rule 11.1.1 exceeds the number of vacancies in respect of such category, then voting shall take place by secret ballot

(which voting may take place electronically or manually) in respect of each affected category;

- 11.1.4.3.4 The elected BOARD MEMBERS shall be those nominees who receive the highest number of votes per vacancy in the election;
- 11.1.4.3.5 If the number of nominations equals the number of vacancies, then no voting shall take place and the individuals so nominated shall comprise the elected BOARD MEMBERS;
- 11.1.4.3.6 If the number of nominations is less than the number of vacancies, further nominations must be called for until each relevant vacancy is filled;
- 11.1.4.3.7 The PRINCIPAL OFFICER will notify the BOARD of the elected BOARD MEMBERS within 14 (fourteen) days after finalisation of the election process.
- 11.1.5 Each BOARD MEMBER must meet any eligibility requirements determined by the BOARD (including those referred to in Rule 11.1.4.2) and the BOARD may refuse to allow a candidate to stand for election or be appointed as a BOARD MEMBER if, in its opinion, he or she is not a fit and proper person to hold that office.
- 11.1.6 A BOARD MEMBER will only vacate office at the first BOARD meeting following the expiry of his or her term of office at which the term of office of the relevant new BOARD MEMBER commences.
- 11.1.7 The BOARD must, from time to time, revisit and may revise the content of the FUND'S Code of Conduct, which revisions will, following any such process, be binding on each BOARD MEMBER.

## 11.2 **PERSONS DISQUALIFIED FROM BEING BOARD MEMBERS**

The following people are automatically disqualified from being appointed or elected as BOARD MEMBERS:

- 11.2.1 a person under the age of 21 (twenty one);
- 11.2.2 a person who has become physically or mentally incapable of performing the functions of a BOARD MEMBER;
- 11.2.3 a person whose estate has been sequestrated and who has not been rehabilitated by a court;
- 11.2.4 a person who has been convicted by a court of theft, fraud, forgery or any other offence involving dishonesty;
- 11.2.5 a person whom the BOARD, after hearing representations on the matter, has decided:
- 11.2.5.1 has breached a Code of Conduct determined by the BOARD from time to time, provided that the BOARD has also determined that disqualification from being a BOARD MEMBER is an appropriate sanction; and/or
- 11.2.5.2 is not a fit and proper person to occupy a position of trust.

### 11.3 **TERM OF OFFICE OF THE BOARD**

- 11.3.1 A BOARD MEMBER appointed in terms of Rule 11.1.1.1 will, subject to Rule 11.1.6, remain a BOARD MEMBER for five years unless –
- 11.3.1.1 he or she resigns by giving the chairperson of the BOARD 30 (thirty) days written notice of his or her resignation or, if it is the chairperson who is resigning, by giving the PRINCIPAL OFFICER a resignation letter; or
- 11.3.1.2 he or she has failed to attend 3 (three) consecutive meetings of the FUND which include meetings of the BOARD and sub-committees to which he or she may have been appointed without the prior approval of the BOARD'S chairperson or without good cause; or

- 11.3.1.3 his or her appointment is withdrawn by that EMPLOYER, which EMPLOYER may then appoint another BOARD MEMBER in his or her place for the balance of the previous BOARD MEMBER'S term of office; or
- 11.3.1.4 where such BOARD MEMBER was elected on the basis of being a MEMBER of the FUND, he or she ceases to be a MEMBER; or
- 11.3.1.5 he or she becomes disqualified in terms of Rule 11.2.
- 11.3.2 A BOARD MEMBER other than a BOARD MEMBER appointed in terms of Rule 11.1.1.1 will remain a BOARD MEMBER for five years unless –
- 11.3.2.1 he or she resigns by giving the chairperson of the BOARD 30 (thirty) days written notice of his or her resignation, or, if it is the chairperson who is resigning, by giving 30 (thirty) days written notice to the remaining members of the BOARD; or
- 11.3.2.2 he or she has failed to attend the minimum number of consecutive meetings of the BOARD determined by the BOARD in a Code of Conduct without the prior approval of the BOARD'S chairperson or without good cause; or
- 11.3.2.3 he or she ceases to be a MEMBER; or
- 11.3.2.4 his or her appointment is withdrawn by the relevant MEMBERS or other persons who appointed such BOARD MEMBERS in accordance with Rule 11.1.1, which relevant MEMBERS, PENSIONERS, ANNUITANTS or persons may then appoint another BOARD MEMBER in his or her place for the balance of the previous BOARD MEMBER'S term of office in terms of the procedure determined by the BOARD from time to time; or
- 11.3.2.5 he or she becomes disqualified in terms of Rule 11.2.

11.3.3 If a BOARD MEMBER for any reason during the course of his or her term of office ceases to be a BOARD MEMBER, the vacancy will be filled by another person appointed or elected as provided for in terms of these RULES.

11.3.4 A BOARD MEMBER appointed or elected in terms of these RULES and who completes his or her term of office, may be reappointed or re-elected, as the case may be, to another term of office.

11.3.5 A vacancy on the BOARD when a decision is taken by the BOARD will not make that decision invalid, provided that the FUND still complies with the provisions of section 7A(1) of the PFA.

#### 11.4 **REMUNERATION OF BOARD MEMBERS**

11.4.1 BOARD MEMBERS will receive from the FUND:

11.4.1.1 a refund of all expenses reasonably incurred by them on behalf of the FUND in accordance with policies and limitations set by the BOARD from time to time; and

11.4.1.2 such remuneration, if any, determined by the BOARD from time to time.

11.4.2 Payments to BOARD MEMBERS in terms of this Rule will be regarded as expenses of the FUND.

#### 11.5 **CHAIRPERSON OF THE BOARD**

11.5.1 The BOARD MEMBERS shall appoint an independent BOARD MEMBER as chairperson of the FUND. The BOARD MEMBERS may also appoint from amongst the BOARD MEMBERS an acting chairperson of the FUND who may serve in such capacity in the circumstances provided for in Rule 11.5.4.

- 11.5.2 The chairperson will hold office:
- 11.5.2.1 for a period of 5 (five) years from date of his or her appointment, unless he or she is again elected to the office by the BOARD in the manner provided for in the Code of Conduct;
  - 11.5.2.2 for no more than 2 (two) consecutive terms;
  - 11.5.2.3 until he or she is removed from that office by the vote of not less than two-thirds of the BOARD MEMBERS or in the manner provided for in the Code of Conduct;
  - 11.5.2.4 until he or she resigns from that office on not less than 30 (thirty) days' written notice to the BOARD, unless otherwise agreed with the BOARD.
- 11.5.3 Where the BOARD MEMBERS appoint an acting chairperson, such acting chairperson shall hold office for such period as may be determined by such BOARD MEMBERS.
- 11.5.4 The acting chairperson:
- 11.5.4.1 shall, only in circumstances where the chairperson is unavailable to perform his or her functions at meetings of the BOARD or otherwise, fulfil the role of the chairperson as provided for in these RULES; and
  - 11.5.4.2 shall act as acting chairperson of the FUND in circumstances where the chairperson's term of office has terminated, or where the chairperson is removed from or has resigned from office, and where the BOARD MEMBERS have not yet appointed a new chairperson in accordance with these RULES.
- 11.6 **MEETINGS OF AND DECISION-MAKING BY THE BOARD**
- 11.6.1 The BOARD will meet as often as it believes is appropriate. It must meet at least four (4) times per year. For a meeting to be properly constituted when it is first scheduled to take place at least 7 (seven) of its BOARD MEMBERS



must be present. If at least 7 (seven) of the BOARD MEMBERS are not present the meeting may be rescheduled for a date at least 7 (seven) DAYS later. At that meeting the minimum number of BOARD MEMBERS who must be present for it to be properly constituted is 4 (four).

- 11.6.2 The chairperson or the PRINCIPAL OFFICER of the FUND must give the BOARD MEMBERS at least 7 (seven) DAYS written notice of each BOARD meeting. The notice must specify the time, date and place of the meeting and the general nature of the issues to be discussed at the meeting. Unless a majority of the BOARD MEMBERS present at the meeting agree that other matters may be discussed at the meeting, only those issues indicated in the notice may be discussed.
- 11.6.3 The chairperson of the BOARD may convene a special meeting of the BOARD if he or she thinks it necessary. The chairperson must convene a special meeting of the BOARD within 21 (twenty one) DAYS after being asked to do so by at least three (three) BOARD MEMBERS.
- 11.6.4 Each meeting of the BOARD must be chaired by the chairperson or, if he or she is unable to do so, by another BOARD MEMBER selected for that purpose by the remaining BOARD MEMBERS at commencement of the meeting. The person chairing the meeting will be responsible for ensuring that the meeting is conducted in an orderly fashion. He or she may exclude from the meeting any BOARD MEMBER or other person who deliberately ignores instructions from the chairperson regarding the manner in which the meeting is to proceed, or who makes it difficult for the BOARD to function in an orderly fashion.
- 11.6.5 The chairperson of the BOARD must ensure that someone takes minutes of each meeting. Those minutes must be distributed in draft form to the chairperson of the BOARD by no later than two weeks after the ordinary meeting of the BOARD to which it is applicable.
- 11.6.6 For any decision of the BOARD to be valid:
- 11.6.6.1 if it was taken in a meeting, Rule 11.6.1 must have been complied with and a 50 (fifty) per cent plus one of the BOARD MEMBERS present at the meeting must have voted in favour of the decision; and

- 11.6.6.2 if the decision was not taken in a meeting but was taken by “round robin resolution” instead, at least 10 (ten) BOARD MEMBERS must have exercised their votes by indicating that he or she votes in favour of, or against, or abstains from such vote, and the majority of such BOARD MEMBERS must have voted in favour of the decision;
- 11.6.6.3 if the BOARD MEMBERS reach a deadlock on any issue:
- 11.6.6.3.1 the issue must have been reconsidered by the BOARD at a meeting within 10 (ten) DAYS of the date on which deadlock was reached and 75% (seventy five per cent) of BOARD MEMBERS present at the meeting must have voted in favour of the decision; or
- 11.6.6.3.2 the issue must have been referred by the BOARD to an expert chosen by the BOARD, or, if the BOARD MEMBERS could not agree on the expert, chosen by the head of the professional organisation of persons with the expertise required to decide the issue (for example, a lawyer, in the case of a legal issue, an actuary in the case of an actuarial issue, a chartered accountant in the case of an accounting issue) and the expert must have decided the matter on behalf of the BOARD.
- 11.6.7 A BOARD MEMBER who has any direct or indirect personal financial interest (other than his or her interest as a MEMBER of the FUND) in a decision to be taken by the BOARD must disclose that interest before the decision is taken and must not vote on the matter.
- 11.6.8 A decision taken by “round robin resolution” must be noted at the next ordinary meeting of the BOARD and included in the FUND’S minute book.
- 11.6.9 The BOARD may decide on a general policy to govern any aspect of the business of the FUND and may record such general policy in a policy document which will be binding on all the parties to which such policy applies. The BOARD must review its policies from time to time and may revise such policies as and when appropriate.

11.6.10 Notwithstanding anything to the contrary contained in these RULES, any BOARD MEMBER or member of a sub-committee of the BOARD shall be entitled to be present, act, vote and participate in any meeting of the BOARD or sub-committee (and form part of the quorum of such meeting) if such BOARD MEMBER or sub-committee member is present by means of video conferencing, conference telephone or any other electronic equipment by means of which all persons participating in such meeting can hear each other at approximately the same time. Furthermore, meetings of the BOARD and any of its sub-committees may generally be held via video conferencing, conference telephone or any other electronic means where practical.

## 11.7 **DELEGATION OF POWERS AND DUTIES BY THE BOARD TO ANOTHER PERSON OR BODY**

11.7.1 The BOARD may delegate any of its powers and duties to another person or body including, but not limited to, a sub-committee of the BOARD, the FUND'S ADMINISTRATOR referred to in Rule 12.4 and an employee of the FUND. The BOARD may also delegate to the person or body the power to sub-delegate a power or a duty unless it is clear from the rule governing the power or function that it must not be delegated.

11.7.2 Any decision of a sub-committee of the BOARD or an employee of the FUND must be recorded in the minutes of the next meeting of the BOARD and will be regarded as a decision of the FUND. The BOARD will retain full responsibility for any decision by a committee of the BOARD or an employee of the FUND to whom the BOARD'S decision making authority and mandates have been delegated in terms of this Rule and set out in the policy regulating the powers and functions of each sub-committee.

## 11.8 **POWERS OF THE FUND**

The FUND is a juristic person which will continue to exist even when the MEMBERS and the BOARD MEMBERS change. It has all of the legal capabilities and powers that a person with full legal capacity has, to the extent that a juristic person can have such capabilities and powers. These powers include the powers to:

- 11.8.1 sue and be sued in its own name;
- 11.8.2 conclude agreements;
- 11.8.3 acquire, own, hypothecate, hire, let and dispose of property, whether movable or immovable, and whether the property is physical property or intellectual property; and
- 11.8.4 do all things that it needs to be able to do to achieve its objects and to carry out its functions and duties.

## 11.9 **POWERS AND DUTIES OF THE BOARD**

- 11.9.1 The BOARD is responsible for directing, controlling and overseeing the operation of the FUND in accordance with all laws which are applicable to the FUND and in accordance with these RULES.
- 11.9.2 When it directs, controls and oversees the operation of the FUND, the BOARD and each BOARD MEMBER must:
  - 11.9.2.1 act with due care and diligence and in the best interests of the FUND;
  - 11.9.2.2 take all reasonable steps to protect the interests of the MEMBERS;
  - 11.9.2.3 act in good faith towards the EMPLOYERS;
  - 11.9.2.4 act independently;
  - 11.9.2.5 avoid conflicts of interest; and
  - 11.9.2.6 act with impartiality in respect of all MEMBERS and BENEFICIARIES.
- 11.9.3 The BOARD exercises the FUND'S powers referred to in Rule 11.8.

- 11.9.4 The BOARD must:
- 11.9.4.1 open a bank account in the name of the FUND into which all CONTRIBUTIONS must be paid and may open other bank accounts in the name of the FUND or in the name of an entity entitled to hold certificates of title to assets of the FUND;
  - 11.9.4.2 ensure that proper registers and records of the operations of the FUND are kept. These records include proper minutes of all meetings and of all resolutions passed by the BOARD and all of its sub-committees;
  - 11.9.4.3 ensure that true and full accounts of the FUND are kept in accordance with generally accepted accounting practice and any guidelines issued by the AUDITOR from time to time. Those accounts must be made up to the FINANCIAL YEAR END and must fairly present the FUND'S financial state of affairs and position and must be audited by the AUDITOR;
  - 11.9.4.4 ensure that proper controls are used to protect the assets of the FUND, taking into account the advice of the AUDITOR;
  - 11.9.4.5 ensure that adequate and appropriate information is given to the MEMBERS informing them of their rights, benefits and obligations in terms of the RULES of the FUND;
  - 11.9.4.6 take all reasonable steps to make sure that CONTRIBUTIONS are paid to the FUND on time and that the CONTRIBUTIONS are deposited in the FUND'S bank account on the first business day after they are received;
  - 11.9.4.7 obtain expert advice on matters on which the BOARD is not expert;
  - 11.9.4.8 ensure that the FUND operates and is administered in terms of the RULES of the FUND, the PFA and other applicable laws and that the RULES are in compliance with these laws;

- 11.9.4.9 ensure that every title deed and other document which proves that the FUND is the owner of a particular property is kept:
- 11.9.4.9.1 by the FUND in a safe or strong room at an office of the FUND;
- 11.9.4.9.2 by an authorised user as defined in the Financial Markets Act, No. 19 of 2012;
- 11.9.4.9.3 by an INSURER;
- 11.9.4.9.4 by a bank registered as such in terms of the Banks Act, No. 94 of 1990; or
- 11.9.4.9.5 by a nominee company approved as such by the FSCA; or
- 11.9.4.9.6 by any other person provided for in terms of section 5(2) of the PFA;
- 11.9.4.10 make sure that only people who have the authority in terms of a resolution passed by the BOARD to sign on behalf of the FUND sign cheques, contracts or other documents on its behalf.
- 11.9.5 The BOARD must develop an investment policy and strategy for the FUND, taking into account the long-term interests of the FUND and its MEMBERS.
- 11.9.6 The BOARD has the power to:
- 11.9.6.1 invest in and dispose of fixed property only if any amount lent to a person on the basis of security in the form of a mortgage over fixed property, together with any other amount that has been lent on the basis of security in the form of a mortgage over that same property does not exceed 80% (eighty percent) of the value of the property on the date on which the monies are lent;
- 11.9.6.2 invest, lend, put out at interest, place on deposit, make advances of or otherwise deal with the monies of the FUND upon such security and in such manner as it may decide from time to time;

- 11.9.6.3 sell, change, reinvest or otherwise deal with shares and other investments;
- 11.9.6.4 obtain an overdraft from a bank or borrow from any other party such amount as it decides and on such terms as it thinks fit in order to complete any investment or meet any temporary unforeseen cash shortage;
- 11.9.6.5 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 PFA. Such guarantee will be subject to the provisions of the PFA, the requirements of the FSCA and the requirements of the BOARD.

## 12. FUND OFFICERS, APPOINTEES AND SERVICE PROVIDERS

### 12.1 PRINCIPAL OFFICER

12.1.1 The BOARD must appoint a PRINCIPAL OFFICER and may withdraw that appointment in the manner provided for in the agreement concluded between the FUND and the PRINCIPAL OFFICER.

12.1.2 The PRINCIPAL OFFICER must fulfil all the duties required of him or her in terms of the PFA, these RULES and in terms of the agreement entered into with the BOARD.

12.1.3 In particular, the PRINCIPAL OFFICER must:

12.1.3.1 sign all amendments to the RULES and submit them to the FSCA for his or her approval and registration and for notification to SARS, if required;

12.1.3.2 within six months after each FINANCIAL YEAR END, send to all MEMBERS, ANNUITANTS and PENSIONERS a written summary of all amendments made to the RULES which were registered within that FINANCIAL YEAR;

12.1.3.3 submit the FUND'S annual financial statements and other documents to the FSCA as required by the PFA;

12.1.3.4 sign all FUND documentation that must be submitted to the FSCA; and

12.1.3.5 perform all other functions which statutes require him or her to perform.

12.1.4 If the PRINCIPAL OFFICER is out of the country or is for any other reason unable to perform his or her duties, the BOARD must, within a period of 90 (ninety) days of becoming aware of such fact, appoint a new PRINCIPAL OFFICER in his or her place, being a person who is resident in the Republic of South Africa. If this happens, the BOARD must inform the FSCA of the new appointment within 30 (thirty) days from the date of such appointment. The FUND may also appoint a deputy PRINCIPAL OFFICER. Where the FUND



has appointed a deputy PRINCIPAL OFFICER and the PRINCIPAL OFFICER is out of the country or is for any other reason unable to perform his or her duties as set out in this Rule, then, pending the appointment of any new PRINCIPAL OFFICER contemplated in this Rule 12.1.4, the deputy PRINCIPAL OFFICER will perform the functions of the PRINCIPAL OFFICER until the BOARD formally appoints such new PRINCIPAL OFFICER. In respect of the deputy PRINCIPAL OFFICER, the PRINCIPAL OFFICER:

- 12.1.4.1                    may delegate his or her functions to the deputy PRINCIPAL OFFICER, in writing and subject to any conditions the BOARD may determine;
- 12.1.4.2                    is not divested or relieved of any of his or her functions delegated to the deputy PRINCIPAL OFFICER; and
- 12.1.4.3                    may withdraw any delegation to the deputy PRINCIPAL OFFICER at any time.

## 12.2                    **VALUATOR AND ACTUARIAL VALUATIONS**

- 12.2.1                    The BOARD must appoint an actuary to act as VALUATOR of the FUND, who must be a natural person admitted as a member of the Actuarial Society of South Africa or any other institution approved by the FSCA by notice in the Gazette and must be resident in South Africa. The BOARD may withdraw that appointment and appoint a new VALUATOR in terms of the RULES. Any appointment or re-appointment of an actuary must be made within any time periods prescribed by the FSCA.
- 12.2.2                    The VALUATOR shall be required to prepare actuarial valuations on behalf of the FUND in accordance with the PFA and the regulations issued in accordance with the PFA, as applicable. If an actuarial valuation discloses a deficit in the FUND, then (i) the BOARD shall consult with the EMPLOYERS and the VALUATOR regarding such deficit; and (ii) subject to the prior approval of the EMPLOYERS and the VALUATOR, the BOARD shall submit to the FSCA for approval, a plan in terms of which the BOARD proposes to address such deficit. Where such plan is approved by the FSCA, such plan shall be implemented by the BOARD accordingly, subject to any conditions or requirements as may be prescribed by the FSCA and subject to the PFA.

## 12.3 **AUDITOR**

12.3.1 The BOARD must appoint an AUDITOR who:

12.3.1.1 is registered as an AUDITOR in terms of the Auditing Profession Act No. 26 of 2005;

12.3.1.2 is engaged in public practice; and

12.3.1.3 is approved of by the FSCA.

12.3.2 The BOARD may withdraw the appointment of the AUDITOR at any time and appoint a new AUDITOR.

12.3.3 The AUDITOR has:

12.3.3.1 the right to at all reasonable times see and make copies of the accounting records and all books, vouchers, documents and other property of the FUND;

12.3.3.2 the right to get from the BOARD all such information and explanations that he or she thinks are necessary;

12.3.3.3 the right to investigate whether there are adequate measures and procedures to ensure that the FUND operates in a sound and cost-efficient way for the benefit of MEMBERS and their BENEFICIARIES; and

12.3.3.4 the right to investigate any aspect of the management of the FUND which has a bearing on the control and use and expenditure of its assets.

12.3.4 Within six months after each FINANCIAL YEAR END, the AUDITOR must prepare and submit to the BOARD statements of the FUND'S financial affairs in accordance with the provisions of the PFA. The report must state whether, in the opinion of the AUDITOR:

- 12.3.4.1 the statements in all material respects fairly present the financial position of the FUND in accordance with generally accepted accounting practice;
- 12.3.4.2 the transactions during the FINANCIAL YEAR in question of which the AUDITOR is aware took place in accordance with:
  - 12.3.4.2.1 the RULES;
  - 12.3.4.2.2 decisions taken by the BOARD during the reporting year;
  - 12.3.4.2.3 all applicable laws; and
  - 12.3.4.2.4 guidelines previously recommended by the FUND'S AUDITOR for the proper management of the FUND'S assets.

#### 12.4 **FUND ADMINISTRATOR**

The BOARD must appoint one or more organisations to administer the FUND. The BOARD may only appoint an organisation that has been approved by the FSCA as an ADMINISTRATOR. The BOARD may withdraw the appointment of the ADMINISTRATOR and appoint a new administrator. The ADMINISTRATOR must perform its duties and responsibilities in the manner as contained in its agreement with the FUND and the provisions of the PFA.

## 13. ACCOUNTS

### 13.1 STRUCTURE OF THE FUND'S ACCOUNTS

13.1.1 The BOARD has the power to establish and maintain such ACCOUNTS as are permitted in terms of legislation and the requirements of the FSCA as specified from time to time and as may be required by the FUND.

13.1.2 The CONTRIBUTIONS allocated to the various ACCOUNTS, other than the MEMBER SHARE ACCOUNT, will be invested in the portfolio as decided by the BOARD from time to time.

13.1.3 All CONTRIBUTIONS received by the FUND must be paid into its bank account and thereafter allocated to one of the following ACCOUNTS in the books of the FUND.

13.1.4 This Rule 13 shall be subject to the ANNUITISATION PROVISIONS. Accordingly, to the extent required in respect of any amount transferred to the FUND from an APPROVED FUND as contemplated in Rule 4.8, the FUND shall recognise, record and provide for any applicable VESTED RIGHTS when establishing and/or maintaining the MEMBER SHARE ACCOUNT and any other ACCOUNTS referred to in this Rule 13 (as may be applicable).

### 13.2 MEMBER SHARE ACCOUNT

A MEMBER SHARE ACCOUNT must be established for each ACTIVE MEMBER, PAID-UP MEMBER and DEFERRED PENSIONER. The build-up of the MEMBER SHARE ACCOUNT for a PAID-UP MEMBER is described in Rule 6.2.1 and the build-up of the MEMBER SHARE ACCOUNT for a DEFERRED PENSIONER is described in Rule 9.8.1.4.

For ACTIVE MEMBERS, the MEMBER SHARE ACCOUNT will consist of the Main Account, Supplementary Account 1, and Supplementary Account 2. The following transactions will be recorded in each of these ACCOUNTS:

13.2.1 **Main Account**

**Credits:**

- 13.2.1.1 If applicable, an opening balance comprising the MEMBER'S net actuarial liability in the PREVIOUS FUND as calculated by the VALUATOR;
- 13.2.1.2 The 8% (eight percent) of PENSIONABLE EARNINGS CONTRIBUTIONS paid by the MEMBER in terms of Rule 4.1.1;
- 13.2.1.3 Other than in respect of CATEGORY C MEMBERS, the EMPLOYERS CONTRIBUTIONS in respect of FLEXIBLE RISK MEMBERS or FIXED RISK MEMBERS paid and allocated in terms of Rule 4.3.2, Rule 4.2.1.1 or Rule 4.3.4;
- 13.2.1.4 In respect of CATEGORY C MEMBERS, the amount paid and allocated as retirement savings in terms of Rule 4.3.8.3;
- 13.2.1.5 Positive FUND RETURN on the underlying assets; and
- 13.2.1.6 The amount or amounts, if any, allocated to this ACCOUNT from any other ACCOUNT.

13.2.2 **Supplementary Account 1**

**Credits:**

- 13.2.2.1 In respect of CATEGORY A MEMBERS, 1.5% (one and a half percent) of PENSIONABLE EARNINGS paid in terms of Rule 4.1.2 and in respect of CATEGORY B MEMBERS, 3.5% (three and a half percent) of PENSIONABLE EARNINGS paid in terms of Rule 4.1.3;
- 13.2.2.2 Any additional voluntary CONTRIBUTIONS paid by the MEMBER in terms of Rule 4.1.6;

- 13.2.2.3 In respect of FLEXIBLE RISK MEMBERS, that part of the CONTRIBUTION that is paid by the EMPLOYER and allocated in terms of Rule 4.3.3.3 or Rule 4.3.5.3;
- 13.2.2.4 The CONTRIBUTION paid by the EMPLOYER and allocated as retirement savings for FIXED RISK MEMBERS as calculated in terms of Rule 4.2.1.4;
- 13.2.2.5 Amounts payable in terms of Rule 4.4.5 to compensate those MEMBERS whose conditions of employment with regard to the provision of post-retirement medical aid have been amended to make provision for such an additional amount;
- 13.2.2.6 Any amounts transferred for the benefit of a MEMBER from another APPROVED FUND;
- 13.2.2.7 Any risk proceeds payable from the INSURER in terms of the relevant provisions of Rule 7.1.4;
- 13.2.2.8 Any risk proceeds payable from the INSURER in terms of the relevant provisions of Rule 8.1.2;
- 13.2.2.9 Based on the advice of the VALUATOR, any amount which the BOARD decides should be transferred from the RISK RESERVE ACCOUNT for the benefit of FIXED RISK MEMBERS;
- 13.2.2.10 Any additional CONTRIBUTIONS paid by the EMPLOYER to provide for a greater benefit in terms of Rule 4.4.6;
- 13.2.2.11 CONDITIONAL RETIREMENT BENEFIT (or any part thereof) payable in terms of Rule 9.5.2.3 and Rule 9.5.3.3, provided that such amount may also be funded in terms of Rule 10.15;
- 13.2.2.12 Additional amounts payable in terms of Rule 9.6, provided that such amounts may also be funded in terms of Rule 10.15;
- 13.2.2.13 The amount or amounts, if any, reallocated to this ACCOUNT from any

other ACCOUNT which the BOARD, in exercise of its discretion, decides should be allocated to this ACCOUNT; and

13.2.2.14 Positive FUND RETURN on the underlying assets.

### 13.2.3 **Supplementary Account 2**

#### **Credits:**

13.2.3.1 Additional amounts payable in terms of Rule 9.7, provided that such amounts may also be funded in terms of Rule 10.15; and

13.2.3.2 Positive FUND RETURN on the underlying assets.

#### **The MEMBER SHARE ACCOUNT will be debited with the following:**

13.2.3.3 Any amounts transferred to APPROVED FUNDS in terms of Rule 6;  
or

13.2.3.4 Any amounts paid to MEMBERS in cash:

13.2.3.4.1 as lump sums on retirement in terms of the relevant provisions of Rule 9.1; or

13.2.3.4.2 on withdrawal from the FUND in terms of the relevant provisions of Rule 6.1; or

13.2.3.4.3 on his or her death in terms of the relevant provisions of Rule 8.1 and Rule 10.16; or

13.2.3.4.4 on his or her disability in terms of the relevant provisions of Rule 7.1;

13.2.3.5 Any amounts transferred, at the election of the MEMBER to an INSURER to provide a PENSION in terms of the relevant provisions of Rule 9;

- 13.2.3.6 Any amounts transferred to the PENSIONER ACCOUNT to provide a PENSION in terms of the relevant provisions of Rules 6,7,8 and/or 9;
- 13.2.3.7 Any amounts that may be deducted from the MEMBER SHARE ACCOUNT in terms of the relevant provisions of Rule 10 and/or elsewhere as provided for in these RULES or the PFA;
- 13.2.3.8 Any amounts allocated to another FUND ACCOUNT as recommended by the VALUATOR, on a basis deemed equitable and as approved by the BOARD from time to time;
- 13.2.3.9 Any reasonable cost not already provided for from the proceeds of the CONTRIBUTIONS for the administration and management of this ACCOUNT, as determined by the BOARD from time to time on the advice of the VALUATOR; and
- 13.2.3.10 Negative FUND RETURN on the underlying assets.

### 13.3 **PENSIONER ACCOUNT**

The PENSIONER ACCOUNT comprises an account in respect of all PENSIONS in the course of payment to PENSIONERS. The following transactions shall be recorded in this ACCOUNT:

#### **Credits:**

- 13.3.1 Where the MEMBER or his or her SPOUSE elects to receive a PENSION from the FUND, the transfer of the relevant amount from the MEMBER SHARE ACCOUNT in terms of Rule 13.2.3.6;
- 13.3.2 Any amount which may be credited to such ACCOUNT in accordance with the PFA;
- 13.3.3 Any amount transferred from the RISK RESERVE in terms of Rule 13.4.7 to finance that part of the MEMBER'S disability and death benefit as relevant which is not funded from the MEMBER SHARE ACCOUNT;



- 13.3.4 Any CONTRIBUTIONS by the EMPLOYER to eliminate an actuarial shortfall in this ACCOUNT as provided for in Rule 4.4.7, provided that such amount may also be funded in terms of Rule 10.15;
- 13.3.5 CONTRIBUTIONS payable by the EMPLOYER in terms of Rule 4.4.4, provided that such amount may also be funded in terms of Rule 10.15;
- 13.3.6 Any amounts transferred from the EMPLOYER SURPLUS ACCOUNT upon request by the EMPLOYER in accordance with these RULES;
- 13.3.7 Any amounts transferred from the FUND'S other ACCOUNTS, as recommended by the VALUATOR, on a basis deemed equitable and as approved by the BOARD;
- 13.3.8 Positive FUND RETURN earned on the investments; and
- 13.3.8A The balance in the LIVING ANNUITY ACCOUNT where the ANNUITANT'S monthly income is converted into a PENSION in terms of Rule 9.9.

**Debits:**

- 13.3.9 PENSIONS and other regular or special instalments payable in terms of the RULES;
- 13.3.10 Payment of the residual amount, if any of the MEMBER SHARE applied to secure a PENSION from the FUND less all PENSION PAYMENTS made once both the MEMBER and his or her SPOUSE is deceased as provided for in the relevant parts of Rules 7, 8 and 9;
- 13.3.11 Any reasonable costs not already provided for in calculating the PENSION payable for the administration and management of this account as determined by the BOARD from time to time on the advice of the VALUATOR;
- 13.3.12 Any amounts allocated to the FUND'S other ACCOUNTS, for purposes of refunding any overpayment made to the PENSIONER ACCOUNT as determined by the VALUATOR and as approved by the BOARD; and

13.3.13 Negative FUND RETURN on the underlying assets.

#### 13.4 RISK RESERVE ACCOUNT

A RISK RESERVE ACCOUNT is established in which provision is made for the premiums payable to INSURERS in terms of its policies and such amounts to protect the FUND against the vagaries of the market. The following transactions will be recorded in this ACCOUNT:

##### **Credits:**

13.4.1 An opening balance as determined by the BOARD on the recommendation of the VALUATOR;

13.4.2 The portion of CONTRIBUTIONS payable by EMPLOYERS as referred to in Rule 4.2.1.1, Rule 4.3.3.1, Rule 4.3.8.1 and Rule 4.3.5.1;

13.4.3 Amounts re-allocated to this account from any other ACCOUNTS as recommended by the VALUATOR and approved by the BOARD from time to time; and

13.4.4 Positive FUND RETURN earned on the investment of assets.

13.4.5 Any risk proceeds payable from the INSURER in respect of a FIXED RISK MEMBER in receipt of any FIXED RISK BENEFIT.

##### **Debits:**

13.4.6 Premiums paid to INSURERS in terms of the policies;

13.4.7 Any amounts transferred to the PENSIONER ACCOUNT to fund that part of the MEMBER'S disability and death benefit as relevant which is not funded from the MEMBER SHARE ACCOUNT and any amounts transferred to the PENSIONER ACCOUNT in respect of INSURER claim proceeds received under Rule 13.4.5;

- 13.4.8 Amounts, if any, re-allocated to any other ACCOUNT as recommended by the VALUATOR and approved by the BOARD from time to time; and
- 13.4.9 Negative FUND RETURN on the underlying assets.

13.5 **GENERAL RESERVE ACCOUNT**

The following transactions shall be recorded in this ACCOUNT:

**Credits:**

- 13.5.1 An opening balance as determined by the BOARD on the recommendation of the VALUATOR;
- 13.5.2 The portion of CONTRIBUTIONS payable by EMPLOYERS in relation to expenses as referred to in Rule 4.2.1.3, Rule 4.3.3.2, Rule 4.3.5.2 and Rule 4.3.8.2;
- 13.5.3 Positive FUND RETURN earned on the investment of assets;
- 13.5.4 Any amount transferred from the FUND'S other ACCOUNTS, as recommended by the VALUATOR and approved by the BOARD from time to time;
- 13.5.5 Any other amount received by the FUND not specified elsewhere in the RULES.

**Debits:**

- 13.5.6 Any other payments by the FUND not specified elsewhere in the RULES as approved by the BOARD;
- 13.5.7 Any costs for the administration and management of the FUND as determined by the BOARD from time to time on the advice of the VALUATOR;
- 13.5.8 Amounts paid to suppliers of products and services to the FUND other than employees of the FUND;

- 13.5.9 Amounts paid to BOARD MEMBERS as remuneration in accordance with these RULES;
- 13.5.10 Amounts re-allocated to the FUND'S other ACCOUNTS when the BOARD, on the advice of the VALUATOR, determines such amounts are needed to provide for the contingencies for which those ACCOUNTS were established; and
- 13.5.11 Negative FUND RETURN earned on the investment of assets.

### 13.6 PROCESSING ERROR RESERVE ACCOUNT

A PROCESSING ERROR RESERVE ACCOUNT is established to minimise the impact on the FUND of decisions or actions taken on the basis of incorrect information. The following transactions shall be recorded in this ACCOUNT:

#### **Credits:**

- 13.6.1 An opening balance determined by the BOARD on the advice of the VALUATOR;
- 13.6.2 Late payment interest paid by an EMPLOYER in terms of section 13A of the PFA;
- 13.6.3 Amounts re-allocated from other ACCOUNTS when the BOARD, on the advice of the VALUATOR, determines those amounts are not needed for purposes of such other ACCOUNTS; and
- 13.6.4 Positive FUND RETURN earned on the investment of assets.

#### **Debits:**

- 13.6.5 Amounts transferred to another ACCOUNT when, in the opinion of the VALUATOR, the amount standing to the credit of that ACCOUNT is not sufficient for the purpose for which the ACCOUNT was established;

- 13.6.6 Late payment interest transferred to the MEMBER SHARE ACCOUNT;
- 13.6.7 Any costs for the management of this ACCOUNT as determined by the BOARD from time to time on the advice of the VALUATOR;
- 13.6.8 Any amounts allocated to the FUND'S other ACCOUNTS, as recommended by the VALUATOR, on a basis deemed equitable and as approved by the BOARD;
- 13.6.9 Negative FUND RETURN earned on the investment of assets.

### 13.7 **EMPLOYER SURPLUS ACCOUNT**

An EMPLOYER SURPLUS ACCOUNT is established with a sub-ACCOUNT for each PARTICIPATING EMPLOYER. The following transactions shall be recorded in this ACCOUNT:

#### **Credits:**

- 13.7.1 Amounts allocated by the BOARD in terms of the provisions of the PFA for utilisation by the EMPLOYER;
- 13.7.2 Such amounts, if any, as specified in the RULES to be credited to this ACCOUNT;
- 13.7.3 Amounts re-allocated from other ACCOUNTS when the BOARD, on the advice of the VALUATOR, determines that those amounts are not required for purposes of such other ACCOUNTS;
- 13.7.4 The portion of CONTRIBUTIONS payable by EMPLOYERS as referred to in Rule 4.4.8; and
- 13.7.5 Positive FUND RETURN earned on the investment of assets.

**Debits:**

- 13.7.6 Amounts utilised at the request of the EMPLOYER to the BOARD in terms of the PFA and/or Rule 10.15;
- 13.7.7 Amounts required to meet a deficit as provided for in the PFA;
- 13.7.8 Amounts applied on the liquidation of the FUND as provided for in the PFA;
- 13.7.9 Any costs for the management of this ACCOUNT as determined by the BOARD from time to time on the advice of the VALUATOR; and
- 13.7.10 Negative FUND RETURN earned on the investment of assets.

13.8 **LIVING ANNUITY CAPITAL ACCOUNT**

- 13.8.1 The FUND shall maintain a LIVING ANNUITY CAPITAL ACCOUNT in respect of all LIVING ANNUITIES payable in terms of the RULES. Each LIVING ANNUITY payable in terms of the RULES shall be maintained in an individual sub-account within the LIVING ANNUITY CAPITAL ACCOUNT. The individual sub-account will include the Rand amount available at any time to provide a LIVING ANNUITY for a particular ANNUITANT or SPOUSE.
- 13.8.2 The individual sub-account within the LIVING ANNUITY CAPITAL ACCOUNT in relation to a particular ANNUITANT or SPOUSE who is in receipt of a LIVING ANNUITY shall be:

**credited with:**

- 13.8.2.1 an opening balance consisting of such portion of the MEMBER'S MEMBER SHARE as he or she elects, in accordance with the provisions of the RULES, to provide a LIVING ANNUITY; and
- 13.8.2.2 positive FUND RETURN earned on the investments;

13.8.2.3 any amount transferred from any of the FUND'S other ACCOUNTS, as recommended by the VALUATOR and approved by the BOARD from time to time;

**debited with:**

13.8.2.4 LIVING ANNUITY payments to any ANNUITANT or SPOUSE in terms of the RULES;

13.8.2.5 such expenses, taxes or other charges, as determined by the BOARD from time to time and charged by the FUND in respect of the LIVING ANNUITY provided from this account;

13.8.2.6 any transfer and cash payments provided for in Rule 9.9.10 as applicable;

13.8.2.7 payment to BENEFICIARIES on the death of the ANNUITANT or SPOUSE in receipt of a LIVING ANNUITY;

13.8.2.8 negative FUND RETURN earned on the underlying assets; and

13.8.2.9 any amount re-allocated from this account to any other ACCOUNTS as recommended by the VALUATOR and approved by the BOARD from time to time.

## 14. TERMINATION

### 14.1 TERMINATION OF THE FUND

14.1.1 The FUND shall be terminated if:

14.1.1.1 the BOARD is of the view that it would be in the best interests of its MEMBERS for the FUND to be terminated and adopts a resolution to such effect, in which case the BOARD must give the EMPLOYERS at least six months' written notice of such termination.

14.1.1.2 a court orders that the FUND must be terminated; or

14.1.1.3 the EMPLOYERS decide unanimously that the FUND be dissolved, subject to six months' written notice to the BOARD thereof.

14.1.2 Should the FUND be terminated as contemplated in RULE 14.1.1, then subject to the PFA, the following conditions shall apply:

14.1.2.1 The BOARD shall, subject to the approval of the FSCA, appoint a liquidator in accordance with the PFA who must liquidate the FUND with effect from the date of the FSCA's approval of his or her appointment;

14.1.2.2 The liquidator shall be required to realise the assets of the FUND to the extent required. After the liquidator has (i) discharged the claims of all creditors of the FUND (other than MEMBERS) in the amounts determined by the liquidator; (ii) discharged all expenses incurred in the liquidation of the FUND; and (iii) paid the amount of the FUND's liabilities in respect of UNCLAIMED BENEFITS to an unclaimed benefits fund established for the purpose of administering and distributing UNCLAIMED BENEFITS, then the total assets of the FUND (including amounts standing to the credit of any of the GENERAL RESERVE ACCOUNT and/or PROCESSING ERROR RESERVE ACCOUNT) shall be applied to provide benefits for all MEMBERS and other BENEFICIARIES of the FUND on an equitable basis recommended by the VALUATOR and approved by the



liquidator of the FUND, subject to the approval of the FSCA. In this regard, in each case, subject to the requirements of SARS:

- 14.1.2.2.1 in respect of each ACTIVE MEMBER, DEFERRED PENSIONER, PAID-UP MEMBER and other MEMBER to whom a benefit is or may become payable (not otherwise specifically provided for in this Rule 14.1.2.2), the amount available in respect of each such ACTIVE MEMBER (which in the case of FIXED RISK MEMBERS shall include any amount allocated from the RISK RESERVE ACCOUNT), DEFERRED PENSIONER, PAID-UP MEMBER or other such MEMBER shall, as directed by the liquidator:
- 14.1.2.2.1.1 be transferred for his or her benefit to another APPROVED PENSION FUND, APPROVED PROVIDENT FUND or APPROVED RETIREMENT ANNUITY FUND or subject to the provisions of the INCOME TAX ACT, to an APPROVED PENSION PRESERVATION FUND: Provided that where any amount is transferred to an APPROVED FUND as contemplated in this Rule 14.1.2.2.1.1 in respect of a MEMBER to whom VESTED RIGHTS apply, the FUND shall notify such APPROVED FUND of the extent to which the amount so transferred comprises VESTED RIGHTS as contemplated in these RULES and the ANNUITISATION PROVISIONS; or
- 14.1.2.2.1.2 on the election of the ACTIVE MEMBER, DEFERRED PENSIONER, PAID-UP MEMBER or other such MEMBER, be paid to such MEMBER in cash;
- 14.1.2.2.2 in respect of a PENSIONER, the amount available in respect of such PENSIONER shall, as directed by the liquidator, be applied to purchase an annuity or annuities from an INSURER in the name of the PENSIONER, provided that:

- 14.1.2.2.2.1 the terms and conditions of the annuity or annuities purchased for such PENSIONER are as similar as possible to the terms and conditions of the PENSION paid to him or her from the FUND in accordance with these RULES;
- 14.1.2.2.2.2 the annuity so purchased must comply with conditions determined in terms of the provisions of the INSURANCE ACT, the INCOME TAX ACT and any requirements specified by SARS from time to time; and
- 14.1.2.2.2.3 on purchase of the annuity in terms of this Rule 14.1.2.2.2, the FUND will have no further liability in respect of the PENSIONER or his or her DEPENDANTS;
- 14.1.2.2.3 in respect of an ANNUITANT, the amount available in respect of such ANNUITANT shall, as directed by the liquidator, be applied to purchase an annuity or annuities for such ANNUITANT in his or her own name from an INSURER, provided that:
- 14.1.2.2.3.1 the terms and conditions of the annuity or annuities purchased for such ANNUITANT are as similar as possible to the terms and conditions of the LIVING ANNUITY paid to him or her from the FUND in accordance with these RULES;
- 14.1.2.2.3.2 the annuity or annuities so purchased must comply with conditions determined in terms of the provisions of the INSURANCE ACT, the INCOME TAX ACT and any requirements specified by SARS from time to time; and
- 14.1.2.2.3.3 on purchase of the annuity in terms of this Rule, the FUND will have no further liability in respect of the ANNUITANT or his or her DEPENDANTS;

- 14.1.2.2.4 the amount of the FUND's liabilities in respect of the FUND'S UNCLAIMED BENEFITS shall be paid to an APPROVED FUND established for the purpose of administering and distributing UNCLAIMED BENEFITS (including any national unclaimed benefits fund established for such purpose) and tracing those persons entitled to them;
- 14.1.2.3 If any person to whom an amount is payable in terms of RULE 14.1.2.2 cannot be traced, the amount referred to in RULE 14.1.2.2 shall be transferred to an APPROVED FUND established for the purpose of administering and distributing UNCLAIMED BENEFITS (including any national unclaimed benefits fund established for such purpose) and tracing those persons entitled to them;
- 14.1.2.4 In making an apportionment in terms of RULE 14.1.2.2 the liquidator shall take into consideration every former member who ceased membership with the FUND during the period of at least twelve months ending on the date of commencement of liquidation or such other period as may be determined by the liquidator, subject to the approval of the FSCA. The liquidator may, in its discretion, apportion and distribute certain assets of the FUND to former members of the FUND, in such manner as the liquidator, acting on the advice of the VALUATOR, shall determine, provided that any such apportionment shall be reduced by the amount of any benefit which such former member received on ceasing his or her membership with the FUND.
- 14.1.3 Any surplus assets remaining in the FUND following the distribution of assets provided for in RULE 14.1.2 shall be applied by the liquidator in accordance with section 15I of the PFA, provided that for purposes of distributing any amounts held in the EMPLOYER SURPLUS ACCOUNT to EMPLOYERS as contemplated in section 15I of the PFA, such amounts shall be allocated on an equitable basis as between the EMPLOYERS who have previously made contributions to such EMPLOYER SURPLUS ACCOUNT and to whom such surplus is attributable.
- 14.1.4 Once all payments have been made by the FUND in terms of RULE 14.1.2.2, the FUND shall have no further liability to any person or EMPLOYER and its

registration in terms of the PFA shall be cancelled.

- 14.1.5 Should a court order that the FUND must be liquidated, then the liquidator so appointed must liquidate the FUND in accordance with this RULE 14.1 subject to any changes required by the context and subject to the applicable provisions of the PFA.

14.2 **WITHDRAWAL OF EMPLOYER, PARTIAL TERMINATION OF THE FUND AND NEW FUND**

- 14.2.1 A partial termination of the FUND in respect of an EMPLOYER shall apply in the following circumstances, namely where an EMPLOYER participating in the FUND:

- 14.2.1.1 ceases to exist or carry on business, is placed into liquidation and/or is wound up; or

- 14.2.1.2 transfers its operations to, or is amalgamated with, or is reconstructed in a similar or different form such that it has a new legal personality or is replaced by an organisation with the same or similar functions of the EMPLOYER and where the relevant reconstructed employer or new organisation does not choose to take the place of the EMPLOYER in relation to the FUND as contemplated in Rule 14.3.2; or

- 14.2.1.3 withdraws its participation in the FUND for any reason by giving the FUND at least three months' written notice of its withdrawal from the FUND, including where the EMPLOYER decides to (i) establish a new APPROVED PENSION FUND or APPROVED PROVIDENT FUND for the principal purpose of providing retirement benefits for its ELIGIBLE EMPLOYEES and/or previous employees or for certain of its ELIGIBLE EMPLOYEES and/or previous employees; or (ii) to participate in another APPROVED PENSION FUND or APPROVED PROVIDENT FUND for such purpose.

- 14.2.2 In respect of any partial termination provided for in this Rule 14.2, the applicable "EMPLOYER TERMINATION DATE" shall be the following date:

- 14.2.2.1 where Rule 14.2.1.1 is applicable, the EMPLOYER TERMINATION DATE shall be a date as determined by the BOARD having regard to the relevant circumstances;
- 14.2.2.2 where Rule 14.2.1.2 or Rule 14.2.1.3 is applicable, the EMPLOYER TERMINATION DATE shall be a date as determined by the BOARD, on which all applicable transfers of assets and liabilities required under section 14 of the PFA have been approved by the FSCA and all applicable EXITING MEMBERS have ceased their membership with the FUND as required in accordance with this Rule 14.2;
- 14.2.3 With effect from the applicable EMPLOYER TERMINATION DATE, the EMPLOYER's participation in the FUND shall cease, subject to section 14 and the remaining provisions of the PFA and the following conditions and requirements:
- 14.2.3.1 CONTRIBUTIONS payable in terms of Rule 4 shall cease with effect from the EMPLOYER TERMINATION DATE or any earlier date as may be agreed between the BOARD and the EMPLOYER. Furthermore, on the cessation of CONTRIBUTIONS as at the EMPLOYER TERMINATION DATE or such other earlier date as provided for in this Rule 14.2.3.1, no further disability or death benefits shall be payable to the applicable EXITING MEMBERS in accordance with Rule 7 or Rule 8.
- 14.2.3.2 Where the EMPLOYER withdraws its participation in the FUND in accordance with Rule 14.2.1.3, the EMPLOYER must, when giving written notice (a) specify whether the EMPLOYER will participate in a new APPROVED PENSION FUND or APPROVED PROVIDENT FUND of which the EMPLOYER will be the principal employer, or in another existing APPROVED PENSION FUND or APPROVED PROVIDENT FUND such as a multi-employer fund, or whether the EMPLOYER will not participate in any other APPROVED PENSION FUND or APPROVED PROVIDENT FUND after the EMPLOYER TERMINATION DATE; and (b) confirm that all EXITING MEMBERS (for the avoidance of doubt, including all MEMBERS who are or were

previously employed by such EMPLOYER) have been notified by the EMPLOYER of its withdrawal from the FUND.

14.2.3.3 Where the EMPLOYER will participate in another APPROVED PENSION FUND or APPROVED PROVIDENT FUND as contemplated in Rule 14.2.3.2, then:

14.2.3.3.1 all EXITING MEMBERS who may be admitted as members of such APPROVED PENSION FUND or APPROVED PROVIDENT FUND in accordance with the rules thereof, must become admitted as members thereof, shall cease membership in the FUND, and the assets and liabilities in respect of such EXITING MEMBERS shall be transferred to such APPROVED PENSION FUND or APPROVED PROVIDENT FUND in accordance with section 14 of the PFA; and

14.2.3.3.2 all EXITING MEMBERS who may not be admitted as members of the applicable new APPROVED PENSION FUND or APPROVED PROVIDENT FUND in accordance with the rules thereof shall cease membership in the FUND, and the assets and liabilities in respect of such EXITING MEMBERS shall, in accordance with section 14 of the PFA, be transferred to:

14.2.3.3.2.1 an INSURER, in the case of EXITING MEMBERS who are PENSIONERS and ANNUITANTS and the FUND shall purchase an annuity in the name of each such PENSIONER or ANNUITANT; and/or

14.2.3.3.2.2 an APPROVED PENSION PRESERVATION FUND, an APPROVED PROVIDENT PRESERVATION FUND or an APPROVED RETIREMENT ANNUITY FUND, in the case of EXITING MEMBERS who are PAID-UP MEMBERS or DEFERRED PENSIONERS; or

14.2.3.3.2.3 an APPROVED FUND established for the purpose of administering and distributing UNCLAIMED BENEFITS

and tracing those persons entitled to them, in respect of EXITING MEMBERS to whom an UNCLAIMED BENEFIT is payable,

in each case subject to Rule 14.2.5.6.

14.2.3.4 Where the EMPLOYER will not participate in any other APPROVED PENSION FUND or APPROVED PROVIDENT FUND, then:

14.2.3.4.1 all EXITING MEMBERS who are ACTIVE MEMBERS, PAID-UP MEMBERS, DEFERRED PENSIONERS and other EXITING MEMBERS to whom a benefit is or may become payable (not otherwise specifically provided for in this Rule 14.2.3.4) shall cease membership in the FUND and the assets and liabilities in respect of such EXITING MEMBERS shall, in accordance with section 14 of the PFA, be transferred to an APPROVED PENSION PRESERVATION FUND, an APPROVED PROVIDENT PRESERVATION FUND or an APPROVED RETIREMENT ANNUITY FUND as determined by the BOARD;

14.2.3.4.2 all EXITING MEMBERS who are PENSIONERS and ANNUITANTS, the FUND shall purchase an annuity in the name of each such PENSIONER or ANNUITANT, the assets and liabilities in respect of such EXITING MEMBERS shall, in accordance with section 14 of the PFA, be transferred to an INSURER and such EXITING MEMBERS shall accordingly cease membership in the FUND; and

14.2.3.4.3 all EXITING MEMBERS to whom an UNCLAIMED BENEFIT is payable, shall cease membership in the FUND and the assets and liabilities in respect of such EXITING MEMBERS shall, in accordance with section 14 of the PFA, be transferred to an unclaimed benefits fund established for the purpose of administering and distributing UNCLAIMED BENEFITS,

in each case subject to Rule 14.2.5.6.

- 14.2.3.5 Where the EMPLOYER withdraws its participation in the FUND in accordance with Rule 14.2.1.1 or Rule 14.2.1.2, the provisions of Rule 14.2.3.3 to Rule 14.2.3.4 shall apply to such partial termination *mutatis mutandis*.
- 14.2.4 For purposes of giving effect to a partial termination provided for in this Rule 14.2, the VALUATOR shall, subject to the provisions of section 14 of the PFA, calculate a TRANSFER AMOUNT in respect of each EXITING MEMBER (as applicable). Such TRANSFER AMOUNT shall be calculated on the following basis, subject to Rule 14.2.5:
- 14.2.4.1 in respect of each ACTIVE MEMBER, PAID-UP MEMBER, DEFERRED PENSIONER or other EXITING MEMBER to whom a benefit is or may become payable (not otherwise specifically provided for in this Rule 14.2.4), the TRANSFER AMOUNT shall be the sum of (i) his or her MEMBER SHARE as reflected in the MEMBER SHARE ACCOUNT and (ii) to the extent considered fair and equitable by the BOARD acting on the advice of the VALUATOR, a pro-rata share of the GENERAL RESERVE ACCOUNT, the PROCESSING ERROR RESERVE ACCOUNT and only in respect of FIXED RISK MEMBERS, the RISK RESERVE ACCOUNT;
- 14.2.4.2 in respect of each PENSIONER, the TRANSFER AMOUNT shall be such amount determined by the VALUATOR based on the prevailing Government issued nominal and inflation-linked bond yields as at the TRANSFER DATE and the life expectancy assumptions used at previous statutory valuation considering the FUND's Pension Increase Policy, subject to any adjustment to the extent recommended by the VALUATOR for purposes of ensuring the financial soundness of the FUND, together with a pro-rata share of the GENERAL RESERVE ACCOUNT and/or the PROCESSING ERROR RESERVE ACCOUNT to the extent considered fair and equitable by the BOARD acting on the advice of the VALUATOR;
- 14.2.4.3 in respect of each ANNUITANT, the TRANSFER AMOUNT shall be the sum of (i) the balance in the ANNUITANT'S LIVING ANNUITY



ACCOUNT as at the TRANSFER DATE and (ii) to the extent considered fair and equitable by the BOARD acting on the advice of the VALUATOR, a pro-rata share of the GENERAL RESERVE ACCOUNT and/or the PROCESSING ERROR RESERVE ACCOUNT;

14.2.4.4 in respect of any EXITING MEMBER to whom an UNCLAIMED BENEFIT is payable, the amount of such UNCLAIMED BENEFIT as at the TRANSFER DATE.

14.2.5 The following further conditions shall apply in relation to each applicable TRANSFER AMOUNT and the applicable partial termination:

14.2.5.1 To the extent that there is any balance in the EMPLOYER SURPLUS ACCOUNT as at the TRANSFER DATE which is attributable to the relevant EMPLOYER, such amount may be distributed in accordance with section 15E of the PFA.

14.2.5.2 In each case, the TRANSFER AMOUNT determined in respect of each EXITING MEMBER will be adjusted for (i) investment return earned on all applicable underlying assets (net of all costs) for the period from the TRANSFER DATE to the date of payment to the applicable INSURER or transferee fund or EXITING MEMBER (as applicable), which investment return by be earned by investment portfolio in which the applicable underlying assets are invested; (ii) any amounts which must or may be deducted in terms of these RULES and/or the PFA; and (iii) subject to Rule 14.2.7 the reasonable costs of the partial termination process, which includes costs associated with the transfer of the assets and liabilities in respect of the applicable EXITING MEMBER (including any costs contemplated in Rule 14.2.5.3).

14.2.5.3 The BOARD, in its discretion, shall decide whether the TRANSFER AMOUNTS will be paid to the applicable INSURER or transferee fund in cash, in specie or as a combination thereof, provided that where a particular INSURER or transferee fund requires such payments to be made in cash only, then the costs of liquidating such assets shall be borne by the applicable EXITING MEMBER.

- 14.2.5.4 The determination of all TRANSFER AMOUNTS shall be subject to the provisions of the PFA (including section 14 of the PFA), the INCOME TAX ACT and the requirements of SARS.
- 14.2.5.5 The FUND shall provide such communication to EXITING MEMBERS as required in terms of the PFA read with Conduct Standard 1 of 2019 issued by the FSCA.
- 14.2.5.6 Where certain EXITING MEMBERS may not be admitted to an alternative APPROVED PENSION FUND or APPROVED PROVIDENT FUND as provided for in Rule 14.2.3.3.2 or Rule 14.2.3.4, the following further conditions shall apply:
- 14.2.5.6.1 in respect of each ACTIVE MEMBER, PAID-UP MEMBER, DEFERRED PENSIONER or other EXITING MEMBER to whom a benefit is or may become payable (not otherwise specifically provided for in this Rule 14.2.5.6):
- 14.2.5.6.1.1 the BOARD shall determine the default APPROVED PENSION PRESERVATION FUND to which the applicable TRANSFER AMOUNT must be paid, provided that the BOARD must specify any limitations on the EXITING MEMBERS' ability to withdraw a cash amount from such APPROVED PENSION PRESERVATION FUND in order to comply with the INCOME TAX ACT and any other applicable legislation;
- 14.2.5.6.1.2 an EXITING MEMBER may, however, opt out of such default APPROVED PENSION PRESERVATION FUND and elect to become admitted as a member of another APPROVED PENSION PRESERVATION FUND, an APPROVED PROVIDENT PRESERVATION FUND or an APPROVED RETIREMENT ANNUITY FUND by completing an option form provided by the FUND, or alternatively elect to receive a cash benefit;

- 14.2.5.6.2 in respect of a PENSIONER (other than a PENSIONER contemplated in Rule 14.2.5.6.4), the BOARD shall decide from which INSURER an annuity shall be purchased in the name of such PENSIONER and to whom the applicable TRANSFER AMOUNT shall be paid, provided that any such annuity so purchased must comply with the conditions determined in accordance with the provisions of the INSURANCE ACT, the INCOME TAX ACT and any requirements specified by SARS from time to time;
- 14.2.5.6.3 in respect of an ANNUITANT (other than an ANNUITANT contemplated in Rule 14.2.5.6.4), the BOARD shall decide from which INSURER an annuity shall be purchased in the name of such ANNUITANT and to whom the applicable TRANSFER AMOUNT shall be paid provided that (i) any such annuity so purchased must comply with the conditions determined in accordance with the provisions of the INSURANCE ACT, the INCOME TAX ACT and any requirements specified by SARS from time to time and provided further that (ii) such an ANNUITANT may opt out of such arrangement and elect for the FUND to purchase an annuity from an alternative INSURER by completing an option form provided by the FUND;
- 14.2.5.6.4 where an EXITING MEMBER is both a PENSIONER and an ANNUITANT, he or she must elect from which INSURER(S) an annuity or annuities must be purchased and to whom his or her TRANSFER VALUES must be transferred, provided that any such annuity or annuities so purchased must comply with the conditions determined in accordance with the provisions of the INSURANCE ACT, the INCOME TAX ACT and any requirements specified by SARS from time to time;
- 14.2.5.6.5 the BOARD shall determine the unclaimed benefits fund (which may include a national unclaimed benefits fund established for the purposes of administering and distributing UNCLAIMED

BENEFITS) to which the assets and liabilities in respect of the UNCLAIMED BENEFITS shall be transferred (to the extent that it is possible to do so), subject to the provisions of the PFA.

14.2.6 Following the transfer of each applicable TRANSFER AMOUNT in respect of the EXITING MEMBERS pursuant to a partial termination in terms of this Rule 14.2, the EXITING MEMBERS shall cease to be MEMBERS of the FUND and the FUND shall accordingly have no further liability in respect of such EXITING MEMBERS or the applicable EMPLOYER.

14.2.7 The EMPLOYER may, at its election, bear all or a portion of the reasonable costs of the transfers of assets and liabilities provided for in this Rule 14.2, in respect of the applicable EXITING MEMBERS.

14.2.8 Where any TRANSFER AMOUNT is transferred to an APPROVED FUND as contemplated in this Rule 14.2 in respect of a MEMBER to whom VESTED RIGHTS apply, the FUND shall notify such APPROVED FUND of the extent to which the amount so transferred comprises VESTED RIGHTS as contemplated in these RULES and the ANNUITISATION PROVISIONS.

### 14.3 **RECONSTRUCTION OF AN EMPLOYER**

14.3.1 If an EMPLOYER is amalgamated with another body or is reconstructed in a similar or different form such that it has new legal personality or is replaced by an organisation with the same or similar functions as the EMPLOYER, then the reconstructed employer or the new organisation may take the place of the EMPLOYER in relation to the FUND, in which event the FUND shall not otherwise be affected.

14.3.2 If the relevant reconstructed employer or new organisation does not choose to take the place of the EMPLOYER in relation to the FUND then the FUND must be partly wound up in relation to the EMPLOYER, in accordance with the provisions of Rule 14.2.

15. **GENERAL**

15.1 **FUND DOCUMENTS**

15.1.1 The BOARD may authorise one or more of its BOARD MEMBERS to sign agreements and other documents on its behalf, provided that either:

15.1.1.1 the PRINCIPAL OFFICER, and one other BOARD MEMBER so authorised by the BOARD must sign any agreement or document which is binding on the FUND or which authorises action on behalf of the FUND; or

15.1.1.2 any two BOARD MEMBERS so authorised by the BOARD must sign any agreement or document which is binding on the FUND or which authorises action on behalf of the FUND.

15.2 **AMENDMENT OF THE RULES**

15.2.1 The BOARD may amend the RULES only if:

15.2.1.1 it has first obtained the opinion of the VALUATOR on the rule amendment;

15.2.1.2 the amendment will not result in the reduction of the amount of any MEMBER'S MEMBER SHARE unless:

15.2.1.2.1 it has been recommended by the VALUATOR; and

15.2.1.2.2 the MEMBERS have been given notice of it;

and

15.2.1.2.3 the EMPLOYERS have consented to the rule amendment, if the rule amendment could affect the liabilities of the EMPLOYERS.

15.2.1.3 Rule 15.2.1.2.3 cannot be amended unless all the EMPLOYERS consent to it.

### 15.3 **DISPUTES**

15.3.1 If any MEMBER, PENSIONER, ANNUITANT and/or DEFERRED PENSIONER or other STAKEHOLDER has a dispute with the FUND, he, she or it must either put their complaint in writing and deliver it to the PRINCIPAL OFFICER of the FUND or, if he, she or it cannot put it in writing, explain it to the PRINCIPAL OFFICER. The PRINCIPAL OFFICER will then write down the details of the complaint given to him, her or it and give them to the chairperson of the FUND.

15.3.2 The chairperson and/or the PRINCIPAL OFFICER must try to resolve the dispute.

15.3.3 If the dispute is not resolved, the complaint so lodged shall be properly considered and replied to in writing by the FUND or the relevant EMPLOYER (where applicable) within 30 (thirty) days after the receipt thereof. If the complainant is not satisfied with the response, he or she may refer the matter to the ADJUDICATOR in terms of the PFA.

### 15.4 **CLAIMS AGAINST THE FUND**

15.4.1 No STAKEHOLDER has any claim against the FUND or the BOARD other than a claim that the RULES have not been complied with.

15.4.2 The FUND will invest the MEMBER SHARE and on-going retirement savings contributions according to an investment strategy as decided by the BOARD that reduces investment risk as the MEMBER approaches his or her NORMAL RETIREMENT AGE (the “default life stage model”). Subject to the provisions of Rule 15.16, the MEMBER may opt out of the above default investment strategy by completing an option form on such terms and conditions as the BOARD may decide from time to time.

## 15.5 **RIGHT TO INSPECT DOCUMENTS AND OBTAIN COPIES**

Every MEMBER is entitled to see and, at his or her own expense, make copies of:

- 15.5.1 the RULES;
- 15.5.2 the latest audited set of financial statements of the FUND;
- 15.5.3 the report by the VALUATOR on the latest statutory valuation of the FUND, if there is one;
- 15.5.4 any scheme which is being conducted by the FUND in terms of section 18 of the PFA.

## 15.6 **AMALGAMATIONS AND TRANSFERS**

- 15.6.1 As long as they do so in terms of the relevant provisions of the PFA, the BOARD may:
  - 15.6.1.1 amalgamate any business carried on by the FUND with any business carried on by any other APPROVED FUND;
  - 15.6.1.2 transfer any business carried on by the FUND to any other person;
  - 15.6.1.3 accept the transfer of any business carried on by another person to the FUND.
- 15.6.2 Whenever the FUND amalgamates, transfers or accepts the transfer of any business, the BOARD must ensure that a written notice is sent to every MEMBER who is to transfer out of the FUND and to every person who is about to transfer into the FUND in accordance with the PFA and any applicable regulations and/or Conduct Standards published by the FSCA. Full details of the amalgamation or transfer scheme must appear in the notice. The notice must be sent at least 30 (thirty) DAYS before the scheme is submitted to the FSCA for approval.

## 15.7 **MEMBERS MUST PROVIDE INFORMATION**

15.7.1 Each MEMBER, PENSIONER and/or ANNUITANT must provide the BOARD with any information it may reasonably require from time to time, including, any information required for purposes of administering benefits or any information which the FUND may be required to provide to SARS from time to time.

15.7.2 Each PENSIONER, PAID-UP MEMBER, ANNUITANT AND DEFERRED PENSIONER must give notice, in writing, to the FUND of his or her postal address and the address of his or her place of residence and any change in that address including any information which may be requested from him or her in terms of Rule 10.12.7.

15.7.3 If a MEMBER does not comply with this Rule, the BOARD may withhold payment of benefits to him or her or his or her BENEFICIARIES until all documents and/or information required by the BOARD is provided. Any loss suffered by a MEMBER or BENEFICIARY as a consequence of the BOARD'S withholding of a benefit in terms of this Rule will not be recoverable by the MEMBER or BENEFICIARY from any one or more BOARD MEMBERS or from the FUND.

15.7.4 If the information provided is delayed, false or wrong the FUND will not be liable for any loss suffered by a MEMBER, or BENEFICIARY as a result thereof.

## 15.8 **CONFIDENTIALITY OF INFORMATION**

The BOARD and each of the BOARD MEMBERS are only entitled to such information from an EMPLOYER as they may reasonably require for the fulfilment of their responsibilities in terms of these RULES. They may only use such information for the administration and management of the FUND and may not disclose it to any person or body other than office-bearers or employees or agents of the FUND. Those persons likewise may only use the information for the administration and management of the FUND and may not disclose it to anyone else without the permission of the BOARD and in the manner as provided for in the Code of Conduct



as prepared by the BOARD from time to time. The BOARD, each of the BOARD MEMBERS and the EMPLOYER will be obliged to comply with all applicable legislation, including data-protection legislation, when processing personal information in terms of these RULES.

## 15.9 **EXPENSES OF THE FUND**

15.9.1 The FUND must pay for all expenses incurred in the management, operation and administration of the FUND including, but not limited to, audit, legal and actuarial expenses if those expenses were authorised by the BOARD in accordance with specific decisions taken by it or general policies formulated by it.

15.9.2 The BOARD, in consultation with the VALUATOR, may decide which amount should be held from time to time in the FUND'S ACCOUNTS as provision for the FUND'S expenses.

## 15.10 **CURRENCY**

All CONTRIBUTIONS and all benefits provided for in these RULES must be paid in South African Rands.

## 15.11 **INDEMNITY**

The FUND will refund to a BOARD MEMBER and the PRINCIPAL OFFICER all costs reasonably incurred by him or her in opposing a claim against the FUND which did not result from any gross negligence, recklessness, intentional unlawful acts, dishonesty or fraud by that BOARD MEMBER or the PRINCIPAL OFFICER.

## 15.12 **FIDELITY AND PROFESSIONAL INDEMNITY INSURANCE**

15.12.1 The BOARD must ensure that the FUND is insured by an INSURER registered as an INSURER in terms of the Long Term Insurance Act, 1998 or the INSURANCE ACT (as applicable). The FUND must be insured by that INSURER against any loss which results from the error or omissions, negligence, recklessness, intentional unlawful acts or dishonesty of –

- 15.12.1.1 a BOARD MEMBER;
- 15.12.1.2 the PRINCIPAL OFFICER or any other official of the FUND; or
- 15.12.1.3 an employee of the FUND;
- 15.12.2 other than a loss which arises when the FUND sells an asset in accordance with a decision about its investments, or when the FUND receives a lower than expected return on its investments or as a result of the payment of a benefit in terms of the RULES;
- 15.12.3 obtain a written undertaking that any other person or party including the EMPLOYER has taken out insurance against losses resulting from the negligence, dishonesty or fraud of any other person having the receipt or charge of moneys or other assets belonging to the FUND.

15.13 **RESTRICTION ON EMPLOYERS' BENEFITS**

Save to the extent permitted by law or in terms of these RULES, an EMPLOYER may not derive monetary advantage from monies paid into or out of the FUND.

15.14 **MEMBERS AND BENEFICIARIES ARE DEFERRED CREDITORS**

The MEMBERS, PENSIONERS, ANNUITANTS and BENEFICIARIES in terms of the RULES are deferred creditors of the FUND and their claim in their capacity as MEMBERS, PENSIONERS, ANNUITANTS and BENEFICIARIES will not be met until the claims of ordinary creditors have been paid.

15.15 **INVESTMENT PORTFOLIOS**

It is provided that if the MEMBER does not make an election for any specific investment portfolio, his or her MEMBER SHARE shall be invested in the portfolios as determined by the BOARD from time to time.

15.16 **MEMBER INVESTMENT CHOICE**

- 15.16.1 MEMBERS entitled to a benefit referred to in Rules 9.5 and 9.7 are not

permitted to exercise MEMBER investment choice.

- 15.16.2 It is specifically provided that the investment powers of the BOARD may be delegated by the BOARD to each MEMBER of the FUND on such terms and conditions and in accordance with such procedures as the BOARD may prescribe from time to time as set out otherwise in these RULES. These terms, conditions and procedures include but are not limited to:
- 15.16.2.1 the right of the BOARD to determine, and change from time to time, the number, range and composition of any investment portfolios from which a MEMBER may elect to invest all or part of his or her MEMBER SHARE and/or CONTRIBUTIONS paid by and in respect of him or her. These portfolios will be distinguished by the risk and expected return offered;
  - 15.16.2.2 the right of the BOARD, in their sole discretion, to take into account any charges incurred in connection with any investment choice made by a MEMBER when determining the FUND RETURN in respect of that MEMBER on a monthly basis;
  - 15.16.2.3 in the case of a MEMBER who does not elect within such timeframe specified by the BOARD, an investment portfolio in respect of all or part of their MEMBER SHARE and/or CONTRIBUTIONS paid by and in respect of him or her, will be invested in the default portfolio as determined by the BOARD from time to time;
  - 15.16.2.4 The MEMBER will have no claim against the FUND or the BOARD if his or her actual normal retirement age is different from the "NORMAL RETIREMENT AGE" provided to the FUND by the MEMBER'S EMPLOYER.
- 15.16.3 If a MEMBER has made a positive election, his or her MEMBER SHARE will continue to be invested according to that election unless the MEMBER submits a switch form.
- 15.16.4 A MEMBER may make a separate election for the investment portfolios in which his or her accumulated MEMBER SHARE must be invested, and the

investment portfolio in which his or her future MEMBER SHARE must be invested. He or she may make a separate election for the investment portfolio in which his or her Main Account, Supplementary Account 1 and Supplementary Account 2 are invested.

- 15.16.5 The MEMBER may exercise an investment choice monthly; provided however that if the particular portfolio has limitations on switching out these restrictions will apply to any MEMBER that has elected to invest in such portfolio.
- 15.16.6 If a MEMBER makes a choice it will be implemented effective the first DAY of the next month, provided the ADMINISTRATOR receives an instruction in the required format from the MEMBER prior to the 15<sup>th</sup> DAY of the current month; If the MEMBER fails to notify the ADMINISTRATOR by the 15<sup>th</sup> DAY of the month of his or her choice to change his or her investment strategy, his or her choice will not be implemented on the first DAY of the next month, but will be implemented on the first DAY of the month after next.
- 15.16.7 It is the MEMBER'S responsibility to ensure that the FUND has received his or her Investment Switching Form.
- 15.16.8 The MEMBER will be responsible for the administration costs associated with this switch. The FUND will communicate these costs to the MEMBER. No switching charge is applicable if MEMBERS choose between the life stage model 60 (sixty) and 65 (sixty five).
- 15.16.9 The BOARD must take reasonable steps to ensure that MEMBERS are adequately informed of their investment choices available to them and the consequences of their decisions. The BOARD will in no way advise, influence or assist MEMBERS in making their choices, such advice to be obtained by MEMBERS from their personal financial planners.
- 15.16.10 Whilst the BOARD must take reasonable steps to ensure that the interests of all MEMBERS are protected, the BOARD and the FUND will not be liable for any loss, damage or prejudice suffered, or alleged to be suffered, by any MEMBER or other person claiming to be entitled to a benefit or any other amount under the FUND, as a result of or in connection with any investment choice made by a MEMBER.

- 15.16.11 If as a result of a change to the default life stage model, as determined by the BOARD from time to time, a loss is incurred by a MEMBER in changing from one portfolio to another neither the BOARD or the FUND will be liable for any loss, damage or prejudice suffered, or alleged to be suffered, by any MEMBER or other person claiming to be entitled to a benefit or any other amount under the FUND, as a result of or in connection with such a change.

15.17 **CALCULATION BASIS FOR THE CONVERSION FACTOR**

The CONVERSION FACTOR shall be calculated based on the assumptions and benefits reviewed annually by the VALUATOR (which review forms part of the VALUATOR'S annual valuation report) on the following basis:

- 15.17.1 the MEMBER'S age at the calculation date will be taken to be his/her age;
- 15.17.2 if the MEMBER has a SPOUSE at retirement this person's age will also be taken as his or her age;
- 15.17.3 the PENSION is assumed to be payable monthly in arrears;
- 15.17.4 the CONVERSION FACTOR will be calculated with reference to the yield on government issued nominal and inflation linked bonds, together with future pension increases consistent with the FUND'S pension increase policy adopted in accordance with the PFA;
- 15.17.5 if the MEMBER has a SPOUSE at retirement, the CONVERSION FACTOR will be calculated allowing for a 75% (seventy five percent) PENSION to be payable to this SPOUSE on the death of the MEMBER and a guarantee period of 5 (five) years;
- 15.17.6 provision will be made for the balance of the MEMBER SHARE ACCOUNT at the date the PENSION commenced less all PENSION payments made, to be payable once all PENSION payments cease;

- 15.17.7 provision may be made for the administration expenses and such other expenses as the BOARD may determine in relation to providing the PENSION;
- 15.17.8 the MEMBER will receive a pro-rata increase at the first PENSION increase date;
- 15.17.9 mortality of the MEMBER and his/her SPOUSE in retirement will be determined by the VALUATOR on an annual basis, save that the VALUATOR may recommend a different mortality basis for normal retirements, disability benefits in terms of Rule 7 and ill-health retirements in terms of Rule 9.3,

which assumptions and benefits will be documented in the FUND's "Principles for Converting Amounts to Pensions" and shall be reviewed from time to time by the BOARD acting on the advice of the VALUATOR.

15.18 **CALCULATION BASIS FOR THE CONDITIONAL RETIREMENT FACTOR**

The CONDITIONAL RETIREMENT FACTOR is only applicable to MEMBERS who may become entitled to the CONDITIONAL RETIREMENT BENEFIT provided for in Rule 9.5.

The CONDITIONAL RETIREMENT FACTOR is calculated using the same assumptions as for the CONVERSION FACTOR save that future investment returns are assumed to be 6% (six percent) p.a.