

RULES

OF THE

**STELLENBOSCH UNIVERSITY RETIREMENT
FUND**

The BOARD of the “Universiteit van Stellenbosch Aftredefonds” resolved at **Stellenbosch** on **21 August 2020** that the existing RULES of the FUND, as amended, be replaced by these RULES which are effective from 1 October 2020.

The reasons for replacing the RULES are as follows:

- A. To consolidate all the registered amendments up to and including amendment document no. 13 into one set of RULES.
- B. To change the official language of the FUND from Afrikaans to English, and to change the name of the FUND.
- C. To provide for the following changes to the existing provisions of the current RULES, in the process updating the wording in accordance with the latest changes to legislation as applicable and simplifying the wording in order to make the RULES more user-friendly:

DEFINITIONS

- ◆ The definitions of "Administrateurs", "Aftreereserwe", "Aftreereserwerekening", "Aftreevoordeleberading", "Aktuaris", "Besoldiging", "Diens", "Effektiewe Datum", "Finansiële Jaar", "Fonds", "Fondssalaris", "Gade", "Hoofwerkgewer", "Inkomstebelastingwet", "Inkomste-Owerhede", "Kostereserwerekening", "Kwalifiserende Gade", "Kwalifiserende Kind", "Ledesurplusrekening", "Lewende Annuïtant", "Lewende Annuïteit", "Lewende Annuïteit Balans Rekening", "Lid", "Lidoordragkrediet", "Normale Aftreedatum", "Normale Aftreeouderdom", "Owerheid", "Ouditeur", "Ou Fonds", "Reëls", "Risikoreserwerekening", "Totale koste van indiensneming", "Verwerkingsreserwerekening", "Vorige Fonds", "Werkgewer", "Werkgewersurplusrekening and "Wet" were translated and updated, where necessary, in accordance with the contents of these revised RULES.
- ◆ The definition of “Pensioengewende Diens” was translated and moved to Part 8.
- ◆ The following definitions were renamed and updated in accordance with the contents of these revised RULES: "Beleggingsopbrengs" to FUND INTEREST, "Geregistreerde Versekeraar" to INSURER, "Kwalifiserende Werknemer" to EMPLOYEE, "Ongeskiktheidskema" to DISABILITY ARRANGEMENT and "Trustees" to BOARD.
- ◆ The definitions of "AIPF MEMBER", "BENEFICIARY", "BOARD MEMBER", "COMMENCEMENT DATE", "CONTRIBUTIONS FOR RETIREMENT BENEFITS", "DEPENDANT", "INDIVIDUAL MEMBER ACCOUNT", "LABOUR RELATIONS ACT", "MARRIAGE", "NOMINEE", "RISK BENEFITS", "RISK DEATH IN SERVICE BENEFIT", "UNAPPROVED RISK BENEFITS" AND "UNCLAIMED BENEFITS FUND" were added to these revised RULES.

- ◆ The definition of “FUND CREDIT” was simplified and some of its provisions moved to the INDIVIDUAL MEMBER ACCOUNT (RULE 11.1).
- ◆ The definitions of "Berekeningsdatum", "Goedgekeurde Aftree-annuïteitsfonds", "Goedgekeurde Pensioenfonds", "Goedgekeurde Voorsorgfonds", "Hoofbeampte", "Lewende Annuïteit Balans", "Ouditeur", "Pensioenbewaringsfonds" en "Voorsorgbewaringsfonds" were deleted as they are no longer used in the contents of these revised RULES.

BODY OF THE RULES

- ◆ The accounts currently contained in current Rule 4, were moved to Part 11(Accounts and Reserves).
- ◆ The provisions with regard to financial advice provided for in current Rule 5.3A(1)(e) were moved to the Management part, RULE 13.8, as these provisions are applicable to all MEMBERS, and not only to the LIVING ANNUITANTS. Provision was made for a debit in this regard under the INDIVIDUAL MEMBER ACCOUNT.
- ◆ Rule 13 (Finansiële Bepalings); Rule 15 (Wysigings) and Rule 15 (Vertolking van Reëls en Dispute) were incorporated into Part 13 (Management) or Part 14 (Miscellaneous Provisions), where applicable.
- ◆ Current Rule 14 (Administrasie van die Fonds) was deleted as these provisions must be provided for in the administration agreement with the ADMINISTRATOR.
- ◆ The provisions of current Rule 17 (Diverse Bepalings) were incorporated into Part 14 (Miscellaneous Provisions) and were enhanced with other general provisions pertaining to a retirement fund).
- ◆ The provisions of current Rule 18 (Betaling van aftreereserwerekening) are now contained in Part 8 with some changes, and we have incorporated a definition of AIPF MEMBER in Part 2 (Definitions).
- ◆ The provisions of current Rule 19 ('Spesiale bepaling van toepassing op die betaling van skikkingsbedrae") are now contained in RULE 14.8.
- ◆ The provisions of Appendix 1 ("Bepalings van toepassing op Pensioene wat in die naam van die Fonds van 'n Geregistreerde Versekeraar aangekoop is") were deleted.

D. To provide for the latest legislative changes and the latest requirements of the AUTHORITY and the REVENUE AUTHORITIES to be incorporated into the RULES, including the following:

- ◆ RULE 5.3(4) was aligned with the latest tax legislation in terms of which a retired MEMBER may now also transfer his/her benefit to a preservation fund.

- ◆ RULE 13.6 (Objects and duties of the BOARD) was enhanced to provide for the additional duties of BOARD MEMBERS to obtain the necessary prescribed skills and whistle blowing in the event that they becoming aware of a material matter that could adversely affect the financial viability of the FUND or its MEMBERS.
- ◆ New RULE 13.9 clarifies the process of delegation by the BOARD or Principal Officer as per the AUTHORITY's requirements in this regard.
- ◆ RULE 13.10(1) has been updated to provide for the AUTHORITY's recommendations with regard the appointment/election of the chairperson by the BOARD.
- ◆ New RULE 13.12 provides for the appointment of a deputy principal officer as per the AUTHORITY's recommendations in this regard.

E. To provide for the following further amendments to the RULES:

- ◆ Part 6, Death Benefits, was updated to provide for the payment of the death benefit, other than the pensions payable to QUALIFYING SPOUSE and QUALIFYING CHILDREN, in a lump sum.
- ◆ RULE 9.4 has been updated to provide for the situation where MEMBERS are transferred to an organisation which is a current participating EMPLOYER in the FUND.
- ◆ Part 10 (Absence from SERVICE) was enhanced to provide for protected strikes and for the situation where a MEMBER is absent from SERVICE without the EMPLOYER's consent.
- ◆ RULE 15.1 has been updated to indicate that the period of liquidation commences only once the liquidator has been appointed by the AUTHORITY
- ◆ New RULE 15.3 provides for the situation where the full business of the FUND (i.e. all the EMPLOYERS and the MEMBERS linked to them) are transferred to another retirement fund and the FUND is wound down afterwards. Also for the BOARD in office at the transfer date to remain in office until the FUND is deregistered.

Certified that the above resolution was adopted in accordance with the existing RULES of the FUND.



.....

(Chairman of the BOARD)



.....


(BOARD MEMBER)



.....

(Principal Officer)

Certified that the amendments to these revised RULES will not affect the financial soundness of the FUND.



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ACTUARY

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RULES

OF

UNIVERSITY OF STELLENBOSCH RETIREMENT FUND

PART 1. INTRODUCTION

1.1 Establishment and object of the FUND

- 1.1(1) A retirement fund known as “Universiteit van Stellenbosch Aftredefonds” (the FUND) was established with effect from 1 November 1994.
- 1.1(2) The object of the FUND is to provide, in terms of the provisions of these RULES, as amended from time to time, benefits at retirement or other life contingencies on behalf of persons who qualify for participation in the FUND.
- 1.1(3) Upon registration the FUND becomes a juristic person, separate from its MEMBERS, capable of suing and being sued in its own name and of doing all things necessary for or incidental to the exercise of its powers or the performance of its functions in terms of the RULES.
- 1.1(4) The FUND has been operated as a Type B umbrella fund since 1 June 2011. As such contribution rates and the benefits provided for in the RULES apply to all participating EMPLOYERS and there is therefore no need for the drafting and registration of a separate set of special rules in respect of each participating EMPLOYER.
- 1.1(5) The FUND is an approved provident fund.

1.2 Registered office

- 1.2(1) The registered office of the FUND is situated at the University of Stellenbosch, Victoria Street, Stellenbosch.

1.3 Change of name

- 1.3(1) With effect from 1 October 2020 the name of the FUND is the “Stellenbosch University Retirement Fund”.

PART 2. DEFINITIONS

In these RULES, unless the context indicates otherwise,

- ♦ words defined in the ACT have the meanings assigned to them in the ACT;
- ♦ the singular also denotes the plural and vice versa; and
- ♦ the expressions below have the meanings indicated opposite them.

ACT means the Pension Funds Act (Act no 24 of 1956), as amended and the regulations promulgated in terms of it.

ACTUARY means the actuary appointed by the FUND.

ADMINISTRATOR means the administrator appointed by the FUND.

AIPF MEMBER means

- (a) a MEMBER who was a member of the Associated Institutions Pension Fund immediately before his/her entry to the FUND, who transferred his/her membership of that fund to the FUND and who has remained a MEMBER of the FUND uninterrupted thereafter; or
- (b) a MEMBER other than one contemplated in (a), who previously was a member of the Associated Institutions Pension Fund and whose employment conditions with the EMPLOYER provides for the payment of a RETIREMENT RESERVE in terms of Part 8.

AUDITOR means the auditor appointed by the FUND.

AUTHORITY means the Financial Sector Conduct Authority established in terms of section 56 of the Financial Sector Regulation Act (Act No. 9 of 2017).

BENEFICIARY means a MEMBER, DEPENDANT, NOMINEE or other person to whom a benefit is payable in terms of the RULES.

BOARD means the BOARD that controls and manages the FUND in terms of the RULES.

BOARD MEMBER means a member of the BOARD.

COMMENCEMENT DATE means 1 November 1994.

COST RESERVE ACCOUNT means the COST RESERVE ACCOUNT described in RULE 11.4.

CONTRIBUTIONS FOR RETIREMENT BENEFITS in regard to a MEMBER means the contributions made to the FUND by and in respect of the MEMBER in terms of RULE 4.2(1) and RULE 4.3, less the costs and fees referred to in RULE 4.2(2) in respect of the MEMBER.

DEPENDANT in regard to a MEMBER means -

- (a) a person in respect of whom the MEMBER is legally liable for maintenance;
- (b) a person in respect of whom the MEMBER is not legally liable for maintenance, if such person -
 - (i) was, in the opinion of the BOARD, upon the death of the MEMBER in fact dependent on the MEMBER for maintenance;
 - (ii) is the spouse of the MEMBER, where 'spouse' means the permanent life partner or spouse or civil union partner of a MEMBER in accordance with the Marriage Act 25 of 1961, the Recognition of Customary Marriages Act 120 of 1998, or the Civil Union Act, No. 17 of 2006, or the tenets of a religion;
 - (iii) is a child of the MEMBER, including a posthumous child, an adopted child and a child born out of wedlock; or
- (c) a person in respect of whom the MEMBER would have become legally liable for maintenance, had the MEMBER not died.

DISABILITY ARRANGEMENT means an unapproved arrangement which provides income continuation benefits for MEMBERS in terms of a policy of insurance effected with an INSURER for the benefit of the MEMBERS by the EMPLOYER, or previous employer in the case of a MEMBER transferred from a PREVIOUS FUND, as the case may be.

EFFECTIVE DATE means the date on which payment of a LIVING ANNUITY to a LIVING ANNUITANT commences.

EMPLOYEE means a person who is in SERVICE.

EMPLOYER means the MAIN EMPLOYER and any such participating employers as may be allowed to participate in the FUND with the consent of the MAIN EMPLOYER, from time to time, and which have agreed to be bound by the RULES and other participation requirements laid down by the MAIN EMPLOYER and the BOARD, provided that, where applicable for purposes of the RULES, the expression "EMPLOYER" may include a division of such EMPLOYER.

With regard to a MEMBER, EMPLOYER means that EMPLOYER by whom the MEMBER is or was last employed.

EMPLOYER SURPLUS ACCOUNT means the EMPLOYER SURPLUS ACCOUNT described in RULE 11.7.

FINANCIAL YEAR means

- (a) the period of fourteen months commencing on 1 November 1994 and ending on 31 December 1995;

- (b) the period of twelve months commencing on 1 January 1996 and ending on 31 December of each year up to 31 December 2012;
- (c) the period of fourteen months commencing on 1 January 2013 and ending on 28 February 2014;
- (d) the period of ten months commencing on 1 March 2014 and ending on 31 December 2014; and
- (e) the period of twelve months commencing on 1 January 2015 and ending on 31 December of each year thereafter.

FUND means STELLENBOSCH UNIVERSITY RETIREMENT FUND. Where applicable a reference to the FUND must be construed as a reference to the BOARD.

FUND CREDIT in regard to any MEMBER means the balance of his/her INDIVIDUAL MEMBER ACCOUNT.

FUND INTEREST in regard to a MEMBER means the rate of net investment return (both realised and unrealised) that the FUND earns in respect of the MEMBER as determined by the ADMINISTRATOR on behalf of the FUND. The FUND INTEREST may be positive or negative depending on circumstances.

FUND SALARY means a percentage of the MEMBER's TOTAL COST OF EMPLOYMENT as determined by the EMPLOYER, provided that

- (a) for purposes of the FUND, FUND SALARY will be determined on the first day of each month of MEMBERSHIP;
- (b) if the amount on which the MEMBER's FUND SALARY is based is reduced at any time, his/her EMPLOYER may, with the approval of the MEMBER, instruct that the reduction, for purposes of the FUND, will not be taken into account in the calculation of his/her FUND SALARY, or will only be partially taken into account.

It is specifically provided that FUND SALARY is not necessarily equal to the REMUNERATION to which the MEMBER is entitled, but is determined by the EMPLOYER, and that REMUNERATION is applied by the EMPLOYER solely for the purposes of the calculation of the MEMBER's FUND SALARY.

INCOME TAX ACT means the Income Tax Act (Act No. 58 of 1962), as amended, and the regulations promulgated in terms of it.

INDIVIDUAL MEMBER ACCOUNT means the individual account kept for each MEMBER in terms of RULE 11.1.

INSURER means an institution registered in terms of the Long-term Insurance Act (Act No. 52 of 1998), as amended.

LABOUR RELATIONS ACT means the Labour Relations Act (Act No.66 of 1995), as amended, and the regulations promulgated in terms of it.

LIVING ANNUITANT means a MEMBER who is being paid a LIVING ANNUITY by the FUND.

LIVING ANNUITY means an in-fund living annuity contemplated in RULE 5.5.

LIVING ANNUITY ACCOUNT means the account described in RULE 11.2.

MAIN EMPLOYER means Stellenbosch University.

MARRIAGE means -

- (a) a marriage or union in accordance with the Marriage Act, 1961, the Recognition of Customary Marriages Act, 1998, or the Civil Union Act, 2006, or the tenets of a religion; or
- (b) a union where two persons are living together as if married, with the commitment of continuing to do so permanently provided that
 - ♦ they have been doing so for at least six months; and
 - ♦ they successfully applied in writing to the EMPLOYER, in the format prescribed by the EMPLOYER from time to time, for their union to be registered by the EMPLOYER.

MEMBER means any person who is a MEMBER of the FUND in terms of the RULES and MEMBERSHIP has a corresponding meaning.

MEMBER SURPLUS ACCOUNT means the MEMBER SURPLUS ACCOUNT described in RULE 11.3.

MEMBER TRANSFER CREDIT means the amount that was transferred from the PREVIOUS FUND to the FUND in respect of a MEMBER to be applied on his/her behalf under the FUND in terms of the RULES.

NOMINEE means a person who is appointed by the MEMBER in terms of the RULES to receive benefits at his/her death.

NORMAL RETIREMENT AGE means the age of 65 years, or such later age (not older than 70 years) as specified in the MEMBER's contract of employment with the EMPLOYER.

NORMAL RETIREMENT DATE in regard to any MEMBER means the last day of the month in which he/she reaches the NORMAL RETIREMENT AGE or thereafter, but no later than the 31st December of the year in which the MEMBER attains NORMAL RETIREMENT AGE.

OLD FUND means the Associated Institutions Pension Fund and/or the Temporary Employees Pension Fund, as the case may be.

PREVIOUS FUND means a pension fund or provident fund, including the OLD FUND, in which the EMPLOYER participates or participated, or in which a previous employer participated, and from which a MEMBER or a group of MEMBERS were transferred to the FUND in terms of section 14 of the ACT.

PROCESSING RESERVE ACCOUNT means the PROCESSING RESERVE ACCOUNT described in RULE 11.5.

QUALIFYING CHILD in regard to a MEMBER means his/her child (including a legally adopted child and a stepchild) provided that he/she is under the age of 18 years and dependent on the MEMBER at the time of his/her death, including a child which, in the opinion of the BOARD, would have become dependent on the MEMBER if he/she had not died, on the understanding that, at the discretion of the BOARD -

(a) the age limitation of 18 years

(i) may be increased to 24 years if such a child is a full time student; or

(ii) may be indefinitely extended if such a child was fully dependent on the MEMBER as a result of medical reasons; and

(b) any other child may be included.

QUALIFYING SPOUSE in regard to a MEMBER means the person with whom the MEMBER was joined in MARRIAGE at the time of his/her death, subject to any further requirements as laid down by the INSURER with whom the benefits in terms of RULE 6.1(2)(b)(i) are insured.

REMUNERATION means "remuneration" as defined in the Fourth Schedule to the INCOME TAX ACT.

RETIREMENT BENEFITS COUNSELLING means the retirement benefits counselling as defined in the ACT.

RETIREMENT RESERVE with regard to an AIPF MEMBER means the balance in his/her RETIREMENT RESERVE ACCOUNT at any given date, which is payable to such a MEMBER in terms of the RULES.

RETIREMENT RESERVE ACCOUNT means the RETIREMENT RESERVE ACCOUNT described in RULE 11.8.

REVENUE AUTHORITIES means the statutory revenue authorities.

RISK BENEFITS means the RISK DEATH IN SERVICE BENEFIT.

RISK DEATH IN SERVICE BENEFIT means the benefits in terms of RULE 6.1(2).

RISK RESERVE ACCOUNT means the RISK RESERVE ACCOUNT described in RULE 11.6.

RULES means the rules of the FUND contained herein, as amended from time to time.

SERVICE means service with any of the EMPLOYERS and includes any period which the MEMBER is deemed to remain in SERVICE in terms of RULE 10.3(1).

SPOUSE with regard to a LIVING ANNUITANT means his/her "spouse", as defined in the ACT.

TOTAL COST OF EMPLOYMENT means the total annual cost to employ a MEMBER as determined by the MAIN EMPLOYER from to time.

UNCLAIMED BENEFITS FUND means a fund that is established for the receipt of unclaimed benefits contemplated in the definition of 'provident preservation fund' in Section 1 of the Income Tax Act (Act No. 58 of 1962).

UNAPPROVED RISK BENEFITS means -

- (a) the benefits provided in terms of the policy of the DISABILITY ARRANGEMENT; and/or
- (b) the benefits provided in terms of the freestanding group life insurance policy effected by the EMPLOYER for the benefit of the MEMBERS outside the FUND,

and in respect of which the FUND will not be liable for payment of either the premiums or the benefits provided in terms of such policies of insurance.

PART 3. MEMBERSHIP

3.1 MEMBERSHIP

- 3.1(1) Each person who was a MEMBER of the FUND immediately prior to 1 October 2020, will, subject to the provisions of the RULES, remain a MEMBER of the FUND.
- 3.1(2) Each new EMPLOYEE on or after 1 October 2020 qualifies for MEMBERSHIP of the FUND, provided that he/she -
- (a) is on the permanent staff of the EMPLOYER; or
 - (b) is a fixed term contract EMPLOYEE who has completed one year of SERVICE or more,
- excluding an EMPLOYEE
- ♦ who is, in terms of his/her employment conditions, compelled to join another retirement fund in which the EMPLOYER participates; or
 - ♦ who immediately prior to his/her appointment to SERVICE had been a member of the OLD FUND and elected to remain a member of such FUND.
- 3.1(3) An EMPLOYEE who entered SERVICE before the COMMENCEMENT DATE and has since then remained in SERVICE without interruption and did not become a MEMBER within twelve months of the date on which he/she qualified for MEMBERSHIP, may, with effect from 1 March 2018, apply to become a MEMBER of the FUND at any time.
- 3.1(4) MEMBERSHIP of the FUND will commence with effect from the date on which the EMPLOYEE qualifies for MEMBERSHIP, provided that the EMPLOYER has registered the EMPLOYEE with the ADMINISTRATOR. In the event of the EMPLOYER not registering the EMPLOYEE, MEMBERSHIP will not commence until the first day of the month following eventual registration unless otherwise agreed by the FUND in consultation with the ADMINISTRATOR. Unless otherwise agreed by the relevant INSURERS, a MEMBER will not qualify for RISK BENEFITS before the date of registration.

The receipt of a contribution by the FUND in respect of an EMPLOYEE does not automatically qualify the EMPLOYEE for any benefit under the FUND. If the FUND receives a contribution in respect of retirement or RISK BENEFITS for an EMPLOYEE and, for whatever reason, the EMPLOYEE does not qualify for MEMBERSHIP or for all or a part of the RISK BENEFITS, the contribution received in respect of the relevant benefits will be refunded to the EMPLOYER.

The requirement in this sub-RULE must be laid down by the EMPLOYER as a condition of employment of its EMPLOYEES.

3.2 New participating EMPLOYERS

- 3.2(1) Any EMPLOYER may, with the permission of the MAIN EMPLOYER and the BOARD and subject to the conditions that they may lay down, participate in the FUND.
- 3.2(2) An EMPLOYEE in SERVICE of a new participating EMPLOYER who joined the FUND -
- (a) prior to 1 March 2018, and
- (i) who was not a member of an existing fund in which his/her EMPLOYER participated immediately prior to the date on which the new EMPLOYER commenced participation in the FUND; and
- (ii) who did not become a MEMBER within twelve months of the date on which he/she qualified for MEMBERSHIP,
- may, with effect from 1 March 2018, apply to become a MEMBER of the FUND at any time, provided he/she qualifies for MEMBERSHIP;
- (b) on or after 1 March 2018, who was not a member of an existing fund in which his/her employer participated immediately prior the date on which the new EMPLOYER commenced participation in the FUND, may apply to become a MEMBER of the FUND at any time, provided he/she qualifies for MEMBERSHIP.
- 3.2(3) The MEMBERSHIP of an EMPLOYEE who, immediately prior to the new participating EMPLOYER's participation in the FUND, was in the service of that EMPLOYER and was a member of a previous fund in which that EMPLOYER participated, will be subject to the conditions agreed upon by the MAIN EMPLOYER, the new participating EMPLOYER and the BOARD.
- 3.2(4) An EMPLOYEE who enters the service of the new participating EMPLOYER on or after the date of its participation in the FUND must become a MEMBER of the FUND in accordance with the applicable provisions of this Part.

3.3 Termination

- 3.3(1) A MEMBER's MEMBERSHIP may not be terminated as long as he/she remains an EMPLOYEE, unless the category to which he/she belongs is transferred to another fund in which the EMPLOYER participates.
- 3.3(2) A MEMBER's MEMBERSHIP terminates -

- (a) at the MEMBER's death; or
 - (b) as soon as the MEMBER, after he/she has ceased to be an EMPLOYEE, ceases to be entitled to a benefit in terms of the RULES; or
 - (c) when the EMPLOYER's participation in the FUND ceases; or
 - (d) at the termination of the FUND,
- whichever event occurs first.

PART 4. CONTRIBUTIONS

4.1 Current contributions by MEMBERS

A MEMBER is not required to contribute to the FUND.

4.2 Current contributions by the EMPLOYER

4.2(1) The EMPLOYER must contribute monthly to the FUND in respect of each MEMBER who is an EMPLOYEE an amount equal to 5% of his/her monthly FUND SALARY.

4.2(2) The EMPLOYER may, at the request of a MEMBER, make monthly contributions to the FUND in respect of a him/her as elected by the MEMBER from the table below from time to time, which will be allocated to his/her INDIVIDUAL MEMBER ACCOUNT:

Category	Percentage of monthly FUND SALARY
A	0%
B	2.5%
C	5%
D	7.5%
E	10%
F	12.5%
G	15%
H	17.5%
I	20%
J	22.5%
K	25%
L	27.5%
M	30%

4.2(3) From the contributions contemplated in RULE 4.2(1), an amount is deducted and allocated to the COST RESERVE ACCOUNT to cover the cost of the following in respect of each MEMBER, namely –

- (a) the monthly fees payable to the ADMINISTRATOR for the administration of the FUND (excluding the investment administration);
- (b) the monthly fees payable to the consultants of the FUND; and
- (c) such additional costs and expenses, as determined by the BOARD, arising from the management of the FUND from time to time,

after which the balance is allocated to the INDIVIDUAL MEMBER ACCOUNT in respect of each MEMBER.

- 4.2(4) In addition to the contributions contemplated in RULE 4.2(1), the EMPLOYER must also contribute to the FUND
- (a) the monthly cost of the RISK BENEFITS, subject to RULE 4.2(5);
 - (b) once-off or recurring contributions, as determined by the EMPLOYER in consultation with the ACTUARY, in respect of an AIPF MEMBER who does not have paid-up benefits in the OLD FUND; and
 - (c) additional contributions as determined by the ACTUARY to address shortfalls in the FUND arising from the RETIREMENT RESERVE ACCOUNT.
- 4.2(5) The combined cost of the RISK BENEFITS and the UNAPPROVED RISK BENEFITS may not exceed the maximum of 7.5% of the MEMBER's monthly FUND SALARY. In the event that these costs do exceed said maximum, the BOARD, in consultation with the EMPLOYER, is entitled to reduce the RISK BENEFITS provided by the FUND to the extent required to cancel the shortfall. Such decrease must be provided for in an amendment to the RULES.
- 4.2(6) At the request of the MAIN EMPLOYER, the FUND may apply any part of the credit balance in the EMPLOYER SURPLUS ACCOUNT
- (a) as current contributions by the EMPLOYER in terms of this RULE, in which case the contributions payable by the EMPLOYER decrease accordingly; or
 - (b) for the purposes of RULE 14.6.

4.3 Additional voluntary contributions by the MEMBERS

A MEMBER may make additional voluntary contributions to the FUND for his/her own benefit, which will be allocated to his/her INDIVIDUAL MEMBER ACCOUNT.

4.4 Limitation on contributions

Notwithstanding any provision to the contrary contained in these RULES, if the total current contributions payable to the FUND in respect of a MEMBER in terms of this Part for a particular tax year are likely to exceed the maximum monetary amount allowed from time to time as a deduction in terms of the INCOME TAX ACT, he/she may elect that his/her contributions for that particular tax year be limited to said maximum amount, subject to adequate prior written notice by the EMPLOYER to the ADMINISTRATOR, and subject further to the requirements laid down by the EMPLOYER and ADMINISTRATOR in this regard.

4.5 Payment of contributions to FUND

The EMPLOYER must pay the contributions which are payable to the FUND in respect of the MEMBERS directly to the FUND within seven days of the end of the month in respect of which the contributions are payable.

If contributions are not paid timeously, interest will be payable by the EMPLOYER to the FUND at the rate prescribed for application to late payments of contributions in terms of the ACT.

PART 5. RETIREMENT BENEFITS**5.1 Retirement from SERVICE**

- 5.1(1) A MEMBER must retire from SERVICE on his/her NORMAL RETIREMENT DATE or, if so agreed with the EMPLOYER, on a date after his/her NORMAL RETIREMENT DATE.
- 5.1(2) A MEMBER may retire from SERVICE prior to his/her NORMAL RETIREMENT DATE –
- (a) if he/she terminates SERVICE on or after age 55 and, with the permission of the EMPLOYER, elects to retire early; or
 - (b) if such retirement is owing to ill-health and the MEMBER does not qualify for a benefit from the DISABILITY ARRANGEMENT.
- 5.1(3) A MEMBER must be given access to RETIREMENT BENEFITS COUNSELLING with regard to the terms of the FUND's annuity strategy at least three months prior to his/her NORMAL RETIREMENT AGE, or such other period as prescribed by the AUTHORITY from time to time.

5.2 Postponement of payment of retirement benefit

When a MEMBER retires from SERVICE in terms of RULE 5.1 and elects, or fails to elect, to postpone payment of his/her retirement benefit, then the MEMBER's retirement benefit will remain in the FUND until payment in terms of RULE 5.3, in which case -

- (a) for the period of such postponement (commencing from the date of retirement from SERVICE),
 - (i) the benefit will remain in the INDIVIDUAL MEMBER ACCOUNT;
 - (ii) contributions to the FUND in terms of Part 4 in respect of the MEMBER will cease, provided that if the EMPLOYER appoints a MEMBER contemplated in this RULE, on a temporary basis afterwards –
 - (A) such a MEMBER may be allowed to make additional contributions to the FUND in terms of RULE 4.3 for the period of such temporary appointment;
 - (B) such contribution payments must be included with the EMPLOYER's monthly contribution payments to the FUND; and
 - (C) such contributions for a particular calendar year may be paid in one single amount or in twelve equal monthly payments;

- (iii) the MEMBER and his/her DEPENDANTS and NOMINEES will no longer be entitled to any RISK BENEFITS under the FUND and therefore no cost for RISK BENEFITS will be deducted in respect of him/her in this regard;
 - (iv) the MEMBER may, as before retirement from SERVICE, continue to select the investment portfolio(s) in which his/her retirement benefit must be invested in terms of RULE 12.1(2), subject to RULE 12.2(4); and
 - (v) a monthly administration fee and any applicable fees payable to consultants and other professional advisers appointed by the FUND, will be deducted from the MEMBER's INDIVIDUAL MEMBER ACCOUNT and credited to the COST RESERVE ACCOUNT;
- (b) if the MEMBER dies during the period of postponement, his/her FUND CREDIT will be paid to his/her DEPENDANTS and/or NOMINEES in terms of section 37C of the ACT.

5.3 Benefit payable

- 5.3(1) A MEMBER's retirement benefit consists of his/her FUND CREDIT which is applied by the FUND, at the MEMBER's request, to
- (a) purchase an annuity policy for him/her in terms of RULE 5.4; or
 - (b) pay a LIVING ANNUITY to him/her from the FUND in terms of RULE 5.5, subject to RULE 5.3(2) and RULE 5.3(3).
- 5.3(2) The MEMBER only becomes entitled to his/her FUND CREDIT, and it becomes due and payable, on the earlier of -
- (a) the date on which the ADMINISTRATOR is informed of the MEMBER's choice, in terms of the preceding sub-RULE, with regard to the manner of payment of his/her retirement benefit; or
 - (b) the date on which the MEMBER reaches the maximum age at which the benefit must be paid in terms of income tax legislation, if applicable.
- 5.3(3) The MEMBER may, in writing in the prescribed format, apply to the FUND to convert as much of his/her retirement benefit into a lump sum payment as is allowed in terms of the INCOME TAX ACT, provided that the BOARD may direct that the amount converted to cash by the MEMBER be limited to one-third of the MEMBER's retirement benefit, if it regards the payment of more than one-third of the retirement benefit as not advisable for good and sufficient reasons.

- 5.3(4) Alternatively, if the MEMBER does not want his/her benefit to be applied in terms of RULE 5.3(1), he/she may request that his/her FUND CREDIT be transferred to a retirement annuity fund or a preservation fund of his/her choice, subject to the provisions of the INCOME TAX ACT in this regard, following which the FUND will have no further liability towards the MEMBER.

5.4 Purchase of annuity policy

- 5.4(1) The annuity policy referred to in the preceding RULE must be purchased from an INSURER selected by the MEMBER with the MEMBER as owner of the policy.
- 5.4(2) The FUND's liability is limited to the conclusion of the annuity policy with the INSURER for the payment of the annuity direct to the MEMBER. Immediately after the FUND has paid the premium on the annuity policy and, where applicable, made payment of any lump sum, the MEMBER's MEMBERSHIP of the FUND ceases.
- 5.4(3) More than one annuity policy may be purchased in respect of a MEMBER subject to the terms and conditions prescribed by the REVENUE AUTHORITIES in this regard.
- 5.4(4) Subject to the right of conversion into a lump sum payment provided in the preceding RULE, the annuity policy must, unless otherwise allowed by the REVENUE AUTHORITIES, be non-commutable and non-surrenderable during the life of the retired MEMBER. It may not be transferred, assigned, reduced, hypothecated or attached by creditors as contemplated by the provisions of sections 37A and 37B of the ACT.
- 5.4(5) The annuity must be payable at least until the death of the MEMBER. It may be a single-life annuity, a joint and survivorship annuity or a flexible annuity.

5.5 Payment of LIVING ANNUITY by the FUND

- 5.5(1) If a MEMBER elects a LIVING ANNUITY in terms of RULE 5.3, he/she will be regarded as a LIVING ANNUITANT and the following will apply:
- (a) The FUND must establish a LIVING ANNUITY ACCOUNT for each LIVING ANNUITANT to which his/her FUND CREDIT, less the amount paid in a lump sum in terms of RULE 5.3(3), must be transferred prior to the EFFECTIVE DATE.
- (b) The LIVING ANNUITANT must choose a pension level equal to a percentage of the balance in his/her LIVING ANNUITY ACCOUNT as at the EFFECTIVE DATE. This percentage is subject to the minimum and maximum percentages determined by the REVENUE AUTHORITIES and the BOARD from time to time.

- (c) A monthly pension is paid from the LIVING ANNUITY ACCOUNT to the LIVING ANNUITANT, commencing on the EFFECTIVE DATE, provided that the LIVING ANNUITANT may request that the pension be paid to him/her on a quarterly or annual basis.
 - (d) A LIVING ANNUITANT may, in terms of RULE 12.1(2), choose the investment portfolios in which the balance in his/her LIVING ANNUITY ACCOUNT must be invested and disinvested.
 - (e) The LIVING ANNUITANT may, at his/her own cost, make use of the support and guidance arranged for by the BOARD as provided for in RULE 13.8, when making the decisions required in terms of this RULE;
 - (f) Monthly administration costs relating to the administration and payment of a pension to the LIVING ANNUITANT may be debited to the COST RESERVE ACCOUNT in respect of the MEMBER, subject to such conditions and requirements as laid down by the BOARD in this regard which they deem advisable.
 - (g) The FUND's liability at any time in respect of a LIVING ANNUITANT is limited to the balance in his/her LIVING ANNUITY ACCOUNT.
- 5.5(2) Subject to the transfer conditions in terms of section 14 of the ACT, a LIVING ANNUITANT may be allowed to purchase a living annuity or any other compulsory annuity from an INSURER in his/her own name, in which case the provisions of RULE 5.4 will apply to him/her mutatis mutandis.
- 5.5(3) If the LIVING ANNUITANT dies after the commencement of the payment of the LIVING ANNUITY, the following will apply:
- (a) The credit balance in the LIVING ANNUITANT's LIVING ANNUITY ACCOUNT at the date of his/her death must be paid to the DEPENDANTS and/or NOMINEES in accordance with section 37C of the ACT, provided that in the event that the deceased LIVING ANNUITANT leaves a SPOUSE, such SPOUSE may request, in writing in a format as may be required by the FUND from time to time, that the amount allocated to him/her be applied for the payment of a pension to him/her mutatis mutandis in terms of RULE 5.5(1).
If such a SPOUSE should die afterwards, the credit balance in the LIVING ANNUITY ACCOUNT will be paid to his/her estate.
 - (b) If the LIVING ANNUITANT dies without leaving any DEPENDANTS and/or NOMINEES, the credit balance in his/her LIVING ANNUITY ACCOUNT will be paid to his/her estate, as required in terms of section 37C of the ACT.

- 5.5(4) Notwithstanding any contrary provisions contained in this RULE 5.5, the full credit balance in the LIVING ANNUITANT's LIVING ANNUITY ACCOUNT may be paid to him/her in a lump sum if such balance reduces to an amount equal to or less than the minimum monetary amount applicable to the commutation of annuities as prescribed in terms of the INCOME TAX ACT from time to time.

PART 6. DEATH BENEFITS

6.1 Death before or on the NORMAL RETIREMENT DATE while an EMPLOYEE

If a MEMBER dies before or on the NORMAL RETIREMENT DATE while he/she is an EMPLOYEE, the benefits described below will become available for payment to the MEMBER's QUALIFYING SPOUSE and/or QUALIFYING CHILDREN, if applicable, or to his/her DEPENDANTS and NOMINEES in terms of section 37C of the ACT, subject to RULE 6.6:

FUND CREDIT

- 6.1(1) The MEMBER's FUND CREDIT is paid to his/her DEPENDANTS and NOMINEES in a lump sum.

RISK DEATH IN SERVICE BENEFIT

- 6.1(2) The RISK DEATH IN SERVICE in respect of a MEMBER consists of the total of the following benefits, as applicable, subject to RULE 6.6:

- (a) In the case of a MEMBER who does not leave a QUALIFYING SPOUSE or QUALIFYING CHILDREN and who elected -
- (i) not to be entitled to the RISK DEATH IN SERVICE BENEFIT, no RISK DEATH IN SERVICE BENEFIT will be payable and the MEMBER will only be entitled to payment of his/her FUND CREDIT in terms of RULE 6.1(1); or
 - (ii) in terms of RULE 6.3, to be entitled to the RISK DEATH IN SERVICE BENEFIT, an amount equal to twice the MEMBER's annual FUND SALARY will be paid to his/her DEPENDANTS and NOMINEES in a lump sum.
- (b) In the case of a MEMBER who leaves a QUALIFYING SPOUSE and/or QUALIFYING CHILDREN, a pension calculated as indicated below for the relevant QUALIFYING SPOUSE and/or QUALIFYING CHILDREN:
- (i) Spouse's pension

If the MEMBER leaves a QUALIFYING SPOUSE, an annual spouse's pension in respect of such QUALIFYING SPOUSE, calculated at 35% of the MEMBER's annual FUND SALARY on the date of his/her death, increased on an annual basis as determined by the BOARD in consultation with the ACTUARY; plus

(ii) Children's pension

If the MEMBER leaves QUALIFYING CHILDREN, an annual children's pension in respect of the children concerned, calculated at 10% of the MEMBER's annual FUND SALARY on the date of his/her death, per child for a maximum of three children increased on an annual basis as determined by the BOARD in consultation with the ACTUARY, provided that if the MEMBER does not leave a QUALIFYING SPOUSE, the calculation of the cash value must provide for the pension in respect of the first three QUALIFYING CHILDREN to be doubled to 20% per child.

The INSURER calculates the cash value of the pension in terms of this paragraph (b) which is subject to a minimum equal to twice the MEMBER's annual FUND SALARY. If said minimum exceeds the total cash value of the benefits calculated in terms of this paragraph (b), an amount equal to the difference must be paid by the FUND to the MEMBER's other DEPENDANTS and/or NOMINEES in terms of section 37C of the ACT.

6.2 Death after the NORMAL RETIREMENT DATE while an EMPLOYEE

If a MEMBER dies after the NORMAL RETIREMENT DATE and while he/she is an EMPLOYEE, his/her FUND CREDIT will be paid to his/her DEPENDANTS and NOMINEES in a lump sum.

6.3 Choice to be entitled to the RISK DEATH IN SERVICE BENEFIT

A MEMBER who has provided sufficient proof to the BOARD that he/she does not have any QUALIFYING SPOUSE or QUALIFYING CHILD(REN) may elect to be entitled to only his/her FUND CREDIT in terms of RULE 6.1(1) in the event of his/her death prior to the NORMAL RETIREMENT DATE while he/she is an EMPLOYEE.

6.4 Purchase of annuity policy at death

6.4(1) The pension referred to in this part must be purchased from an INSURER with the QUALIFYING SPOUSE or QUALIFYING CHILD as owner of the annuity policy.

6.4(2) The FUND's liability is limited to the conclusion of the annuity policy with the INSURER for the payment of the pension directly to the QUALIFYING SPOUSE or QUALIFYING CHILD, as the case may be.

6.4(3) If the deceased MEMBER leaves more than one QUALIFYING SPOUSE, the pension amount calculated in respect of the QUALIFYING SPOUSE in terms of RULE 6.1(2)(b)(i), must be divided amongst the relevant QUALIFYING SPOUSES.

- 6.4(4) More than one annuity policy may be purchased in respect of a deceased MEMBER, subject to the terms and conditions prescribed by the REVENUE AUTHORITIES in this regard.
- 6.4(5) Subject to the right of conversion into a lump sum payment provided below, the annuity policies must be non-commutable and non-surrenderable. And they may not be transferred, assigned, reduced, hypothecated or attached by creditors as contemplated by the provisions of sections 37A and 37B of the ACT.

6.5 Conversion of annuity policy into a lump sum payment

At the discretion of the BOARD or in the event of a request from a QUALIFYING SPOUSE or QUALIFYING CHILD, or his/her guardian or trustee in the case of a minor, for whom an annuity policy is to be purchased in terms of this Part, a part or the whole of the annuity policy may be converted into a lump sum payment.

6.6 Limitations and other conditions regarding the death benefits

- 6.6(1) The RISK DEATH IN SERVICE BENEFIT is subject to all the limitations, exclusions, terms and conditions that are applicable to the death insurance that the FUND has effected with the INSURER in regard to the benefit, subject to RULE 6.6(4). In the event that the RISK DEATH IN SERVICE BENEFIT is suspended or cancelled by the INSURER, the RISK DEATH IN SERVICE BENEFIT will not be payable in terms of the RULES until such time that it is reinstated by the INSURER.
- 6.6(2) The policy insuring the RISK DEATH IN SERVICE BENEFIT must be open for inspection by the MEMBERS at the personnel office of the EMPLOYER at reasonable times.
- 6.6(3) The death benefits payable or to be applied in respect of a MEMBER in terms of this Part may be reduced by the amount of any reasonable costs undertaken by the FUND in identifying and tracing DEPENDANTS and/or NOMINEES of the MEMBER or making an advance payment of a portion of the death benefits at the request of the DEPENDANTS and/or NOMINEES of the MEMBER.
- 6.6(4) The BOARD may, after consultation with the ACTUARY, determine that the limitations and conditions as set out in sub-RULE (1) will not be applied, or will only be partially applied.

PART 7. WITHDRAWAL BENEFITS**7.1 Termination of SERVICE**

7.1(1) If a MEMBER's SERVICE is terminated before the NORMAL RETIREMENT DATE (whether voluntarily by the MEMBER or as a result of retrenchment, redundancy and dismissal or any other reason), and he/she is then not entitled to retirement benefits from the FUND, he/she may choose in writing in the prescribed format one of the following options, subject to RULE 7.3:

Cash benefit

(a) The MEMBER may choose that the whole of his/her FUND CREDIT be paid to him/her in a lump sum.

Transfer benefit

(b) The MEMBER may choose that the whole of his/her FUND CREDIT be transferred for his/her benefit to another retirement fund selected by him/her, provided that it is able to accept the money.

Cash and transfer benefit

(c) The MEMBER may choose that a portion of his/her FUND CREDIT be paid to him/her in a lump sum and that the portion not so paid be transferred for his/her benefit to another retirement fund selected by him/her, provided that it is able to accept the money.

Paid-up benefit

(d) The MEMBER may choose that the whole of his/her FUND CREDIT be made paid-up under the FUND, provided that, for the period until the benefit is paid in terms of RULE 7.2:

- (i) the benefit will remain in the INDIVIDUAL MEMBER ACCOUNT;
- (ii) contributions to the FUND in terms of Part 4 in respect of the MEMBER will cease;
- (iii) the MEMBER and his/her DEPENDANTS and NOMINEES will no longer be entitled to any RISK BENEFITS under the FUND and therefore no cost for RISK BENEFITS will be deducted in respect of him/her in this regard;
- (iv) the MEMBER may, as before retirement from SERVICE, continue to select the investment portfolio(s) in which his/her retirement benefit must be invested in terms of RULE 12.1(2), subject to RULE 12.2(4); and

- (v) a monthly administration fee, and any applicable fees payable to consultants and other professional advisers appointed by the FUND, will be deducted from the MEMBER's INDIVIDUAL MEMBER ACCOUNT and credited to the COST RESERVE ACCOUNT.

7.1(2) A MEMBER must be given access to RETIREMENT BENEFIT COUNSELLING prior to the payment or transfer of his/her FUND CREDIT.

7.2 Benefits payable to a MEMBER whose benefit has been made paid-up

The FUND CREDIT of a MEMBER who has elected to make his/her benefit paid-up in terms of the preceding RULE or whose benefit was made paid-up in terms of RULE 7.3, becomes available -

- (a) to be paid to his/her DEPENDANTS and/or NOMINEES in terms of section 37C of the ACT, if he/she dies before exercising the options in paragraphs (b) or (c) below;
- (b) when he/she requests payment of his/her benefit at any time prior to reaching the NORMAL RETIREMENT AGE, in which case his/her full benefit will become available to him/her to be paid in a lump sum or to be transferred to another retirement fund, provided that it is able to accept the money; or
- (c) to be applied mutatis mutandis in terms of PART 5 when the MEMBER becomes entitled to retire in terms of the RULES,

provided that the MEMBER will become entitled to the benefit in terms of this RULE and his/her benefit will be due and is payable only at the earlier of -

- ♦ the date which the MEMBER elects to retire or withdraw from the FUND, as the case may be; or
- ♦ the date on which the MEMBER reaches the maximum age at which the benefit must be paid in terms of income tax legislation, if applicable.

7.3 Default paid-up benefit

If the MEMBER does not advise the FUND of his/her choice in terms of RULE 7.1 in writing in a format as may be required by the FUND from time to time, before or on the date of his/her termination of SERVICE, the MEMBER's benefit will be made paid-up under the FUND as contemplated in RULE 7.1(1)(d).

7.4 Interest on late transfers

If the benefit to be transferred in terms of this Part is not transferred by the FUND within the period determined in terms of section 13A of the ACT, interest will be added to the value of that benefit as at the date of termination of SERVICE at a

rate equal to the greater of the rate prescribed in terms of that section and FUND INTEREST.

**PART 8. SPECIAL PROVISIONS WITH REGARD TO
AIPF MEMBERS**

8.1 Application of part

This Part applies to an AIPF MEMBER who has not yet received his/her RETIREMENT RESERVE in terms of the RULES.

8.2 Definition

For purposes of this Part, PENSIONABLE SERVICE means -

- (a) the period of SERVICE under the FUND during which contributions were made to the FUND in respect of an AIPF MEMBER in terms of RULE 4.2; plus
- (b) in the case of an AIPF MEMBER whose MEMBER TRANSFER CREDIT under the Associated Institutions Pension Fund was transferred to the FUND, the period of service under that FUND during which contributions were made by and/or in respect of the MEMBER in terms of the rules of that fund.

8.3 Application of RETIREMENT RESERVE

An AIPF MEMBER becomes entitled to his/her RETIREMENT RESERVE as described below:

- (a) The RETIREMENT RESERVE of an AIPF MEMBER
 - (i) who had already reached the age of 60 years on 1 January 2016 was allocated to his/her INDIVIDUAL MEMBER ACCOUNT on the relevant date, after which his/her RETIREMENT RESERVE ACCOUNT was closed.
 - (ii) who reaches age 60 after 1 January 2016, must be allocated to his/her INDIVIDUAL MEMBER ACCOUNT on the date on which he/she reaches age 60 irrespective of whether he/she is in receipt of a benefit from the DISABILITY ARRANGEMENT, after which his/her RETIREMENT RESERVE ACCOUNT will be closed.
- (b) The RETIREMENT RESERVE of an AIPF MEMBER who terminates SERVICE or retires from SERVICE or dies before reaching the age of 60 years and whose RETIREMENT RESERVE had consequently not yet been allocated to his/her INDIVIDUAL MEMBER ACCOUNT, will be applied as follows:
 - (i) A MEMBER who retires from SERVICE before reaching age 60 becomes entitled to a pro-rata portion of the RETIREMENT RESERVE calculated according to the following formula, which will be allocated to his/her

INDIVIDUAL MEMBER ACCOUNT for application in accordance with Part 5:

$\frac{A}{B} \times \text{RETIREMENT RESERVE}$

Where A = PENSIONABLE SERVICE up to actual retirement date; and
B = PENSIONABLE SERVICE projected to age 60.

- (ii) A MEMBER who leaves SERVICE as a result of retrenchment or redundancy will become entitled to a portion of his/her RETIREMENT RESERVE as determined by the ACTUARY in consultation with the BOARD, which will be allocated to his/her INDIVIDUAL MEMBER ACCOUNT to be applied in accordance Part 7; and
- (iii) A MEMBER who dies in SERVICE or while he/she is in receipt of a benefit from the DISABILITY ARRANGEMENT, will become entitled to his/her full RETIREMENT RESERVE on the date of his/her death depending on the category in which he/she falls as a result of the choice the MEMBER made when provided with an election opportunity in this regard, and which became effective on 1 January 1996. The categories are as follows:

Category	Instance of death before age 60	Payment of RETIREMENT RESERVE
1	In SERVICE	No
	In receipt of disability income	No
2	In SERVICE	No
	In receipt of disability income	Yes
3	In SERVICE	Yes
	In receipt of disability income	No
4	In SERVICE	Yes
	In receipt of disability income	Yes

Where the RETIREMENT RESERVE becomes payable, it must be allocated to the deceased MEMBER's INDIVIDUAL MEMBER ACCOUNT, less any relevant administration costs, if applicable, to be applied in accordance with Part 6.

PART 9. TRANSFERS**9.1 Transfers to the FUND**

- 9.1(1) The FUND, in consultation with the EMPLOYER and other funds, may receive benefits from those other funds on the conditions laid down by the FUND, provided that such benefits, if provided by a defined benefit fund, must be converted to defined contribution benefits prior to transfer to the FUND, subject to the relevant provisions of the INCOME TAX ACT.

9.2 Transfers from the FUND

- 9.2(1) The FUND, in consultation with the EMPLOYER and other funds, may transfer benefits to those other funds on the conditions laid down by the FUND, subject to the relevant provisions of the INCOME TAX ACT.
- 9.2(2) Where business of the FUND in respect of a MEMBER, or group of MEMBERS, is transferred to another fund, as contemplated in section 14 of the ACT, as from the effective date of the transfer -
- (a) contributions to the FUND by or in respect of the MEMBER(S) must cease; and
 - (b) the MEMBER(S) will not be entitled to any RISK BENEFITS under the FUND.
- 9.2(3) If an EMPLOYER transfers all the MEMBERS in its SERVICE as a group to one or other approved retirement fund, or if the entire business of the FUND is to be transferred to one or other approved retirement fund, the provisions of RULE 15.3 are applicable.

9.3 Transfers to or from preservation funds

Any transfer to or from a preservation fund must comply with the relevant provisions of the INCOME TAX ACT.

9.4 Transfers in terms of section 197 of the LABOUR RELATIONS ACT

- 9.4(1) If business of the EMPLOYER is transferred in terms of section 197 of the LABOUR RELATIONS ACT, the following applies:
- (a) If the organisation to which the business of the EMPLOYER is transferred is already a participating EMPLOYER under the FUND, then the MEMBERS' MEMBERSHIP of the FUND will continue uninterrupted and they will not become entitled to their FUND CREDITS or any portion thereof in cash, but for purposes of the FUND, such MEMBERS will resort under the new EMPLOYER in the records of the FUND, subject to paragraph (d) below.

- (b) If the organisation to which the business of the EMPLOYER is transferred does not participate in the FUND, the MEMBERS affected by the transfer of business become members of an approved pension or provident fund established for the employees of such organisation, and the MEMBERS' FUND CREDITS will be transferred to such approved pension or provident fund in terms of section 14 of the ACT, and they will not be entitled to their FUND CREDITS or a portion thereof in cash, subject to paragraph (d) below.
- (c) If there is no approved pension or provident fund deemed suitable by the BOARD for the employees of the organisation to which the business of the EMPLOYER is transferred -
 - (i) the BOARD may determine that the FUND CREDITS of the MEMBERS affected by the transfer be transferred to an approved retirement annuity fund in terms of section 14 of the ACT; or
 - (ii) the BOARD may determine that the MEMBERS affected by the transfer remain MEMBERS of the FUND for a certain period and on certain conditions, provided that, for that period, the organisation to which the business of the EMPLOYER is transferred, becomes an EMPLOYER for purposes of the RULES; and
 - (iii) the BOARD may, at the request of the organisation to which the business of the EMPLOYER is transferred, determine that all new employees of such organisation become MEMBERS of the FUND also for a certain period and on certain conditions.
- (d) If paragraph (c) is applicable but the BOARD does not elect to make the determinations referred to in sub-paragraphs (i) or (ii), then the MEMBERS affected by the transfer will be entitled to their withdrawal benefits in terms of Part 7.

PART 10. ABSENCE FROM SERVICE

10.1 Absence with the EMPLOYER's consent

If a MEMBER is absent from SERVICE with the EMPLOYER's consent, the MEMBER's MEMBERSHIP continues, subject to the following:

- (a) The EMPLOYER may suspend its contributions to the FUND in respect of the MEMBER, except the portion that must be applied towards the cost for the RISK BENEFITS and the expenses of the FUND.
- (b) During the period of absence the MEMBER's FUND SALARY is deemed to be equal to the FUND SALARY he/she received immediately before the commencement of absence, subject to other agreements between the FUND and the EMPLOYER in this regard.
- (c) The RISK BENEFITS remain applicable to the MEMBER during the period of absence, subject to the provisions of the RULES and the insurance of the RISK BENEFITS effected by the FUND with the INSURER.

A MEMBER is deemed to be absent from SERVICE with the EMPLOYER's consent while he/she is engaged in a strike that is protected in terms of the LABOUR RELATIONS ACT.

10.2 Absence without the EMPLOYER's consent

A MEMBER's SERVICE is regarded as terminated if and as soon as he/she is absent from SERVICE without the EMPLOYER's consent. The EMPLOYER must immediately inform the FUND of the MEMBER's absence and of the date when it commenced.

10.3 MEMBER in receipt of a disability income benefit

10.3(1) A MEMBER in receipt of income from the DISABILITY ARRANGEMENT, is deemed to be an EMPLOYEE who is not absent from SERVICE until the earlier of -

- (a) his/her NORMAL RETIREMENT DATE; and
- (b) the benefit cessation date from the DISABILITY ARRANGEMENT.

10.3(2) While the MEMBER receives such an income the following applies:

- (a) For purposes of determining his/her contributions (if any) and the EMPLOYER's contributions to the FUND, his/her FUND SALARY is deemed to be equal to the FUND SALARY he/she received immediately before becoming disabled to the extent required for the disability income benefit to become payable, and his/her FUND SALARY will be deemed to increase in

proportion to any increases in his/her disability income benefit in accordance with the policy of the DISABILITY ARRANGEMENT.

- (b) The RISK BENEFITS applicable to him/her are those that applied immediately before he/she became disabled to the extent required for the disability income benefit to become payable. The RISK BENEFITS and any increases in these benefits are subject to the provisions of the RULES and the insurance of the RISK BENEFITS effected by the FUND with the INSURER.

PART 11. ACCOUNTS AND RESERVES

11.1 INDIVIDUAL MEMBER ACCOUNT

- 11.1(1) The FUND keeps an INDIVIDUAL MEMBER ACCOUNT in respect of each MEMBER which comprises of an opening balance on 1 October 2020 equal to the FUND CREDIT of each MEMBER as at 30 September 2020. This account will be credited with the following with effect from 1 October 2020:
- (a) the CONTRIBUTIONS FOR RETIREMENT BENEFITS in respect of the MEMBER;
 - (b) the MEMBER TRANSFER CREDIT (if any);
 - (c) transfers from the RETIREMENT RESERVE ACCOUNT in terms of RULE 8.3, if applicable;
 - (d) any portion of the EMPLOYER SURPLUS ACCOUNT and/or MEMBER SURPLUS ACCOUNT transferred to the INDIVIDUAL MEMBER ACCOUNT in respect of the MEMBER;
 - (e) any settlement amounts allocated to the INDIVIDUAL MEMBER ACCOUNT in terms of RULE 14.8, when applicable;
 - (f) any amount credited to the INDIVIDUAL MEMBER ACCOUNT in terms of RULE 14.10, when applicable;
 - (g) at the discretion of the BOARD, interest charged on the late payment of contributions in terms of the ACT; and
 - (h) FUND INTEREST if the rate of FUND INTEREST is positive.
- 11.1(2) The INDIVIDUAL MEMBER ACCOUNT is debited with the following with effect from 1 October 2020 –
- (a) the portion of the FUND CREDIT which is payable to BENEFICIARIES and/or applied to purchase annuities from INSURERS in respect of BENEFICIARIES in terms of the RULES;
 - (b) the transfer of the FUND CREDIT, less the amount paid in a lump sum, to the LIVING ANNUITY ACCOUNT, if applicable;
 - (c) any amounts deducted in terms of section 37D of the ACT;
 - (d) the FUND's administration costs in respect of the MEMBER where these costs are not paid from other assets of the FUND;
 - (e) the administration fees payable, any applicable fees payable to consultants and other professional advisers appointed by the FUND, if payment of the

MEMBER's retirement benefit is postponed in terms of RULE 5.2 or the MEMBER's withdrawal benefit is made paid-up in terms of Part 7, from the date of the MEMBER's retirement from, or termination of, SERVICE;

- (f) any costs related to the payment of the MEMBER's RETIREMENT RESERVE in terms of RULE 8.3 as applicable;
- (g) fees payable to financial advisors in terms of RULE 13.8 at the MEMBER's request; and
- (h) FUND INTEREST if the rate of FUND INTEREST is negative.

11.2 LIVING ANNUITY ACCOUNT

11.2(1) The FUND keeps a LIVING ANNUITY ACCOUNT for each LIVING ANNUITANT which is credited with the following –

- (a) the amount transferred from the INDIVIDUAL MEMBER ACCOUNT in terms of RULE 11.1(2)(b) when the MEMBER becomes a LIVING ANNUITANT;
- (b) amounts transferred to this account from the MEMBER SURPLUS ACCOUNT and/or EMPLOYER SURPLUS ACCOUNT, if applicable;
- (c) any settlement amounts allocated to the INDIVIDUAL MEMBER ACCOUNT in terms of RULE 14.8, when applicable;
- (d) any amount credited to the INDIVIDUAL MEMBER ACCOUNT in terms of RULE 14.10, when applicable; and
- (e) FUND INTEREST if the rate of FUND INTEREST is positive.

11.2(2) The LIVING ANNUITY ACCOUNT is debited with –

- (a) monthly pension payments in terms of RULE 5.5;
- (b) the amount to purchase an alternative pension in terms of RULE 5.5(2), if applicable;
- (c) the cost of switching a LIVING ANNUITANT's choice of investment in terms of RULE 12.1(2);
- (d) payments to the deceased LIVING ANNUITANT's DEPENDANTS and/or NOMINEES in terms of RULE 5.5(3);
- (e) payment to the LIVING ANNUITANT in terms of RULE 5.5(4);
- (f) administration expenses and other FUND expenses in terms of RULE 5.5(1)(f), as determined by the BOARD in relation to this account;
- (g) fees payable to financial advisors in terms of RULE 13.8 at the LIVING ANNUITANT's request; and

(h) FUND INTEREST if the rate of FUND INTEREST is negative.

11.3 MEMBER SURPLUS ACCOUNT

11.3(1) The FUND keeps a MEMBER SURPLUS ACCOUNT to which the following may be credited –

- (a) amounts allocated to this account in terms of RULE 14.11(6); and
- (b) the net investment return on the amount in the MEMBER SURPLUS ACCOUNT, if positive.

11.3(2) The MEMBER SURPLUS ACCOUNT is debited, only at the request of the BOARD, with the following –

- (a) amounts to improve the benefits of existing MEMBERS transferred to the INDIVIDUAL MEMBER ACCOUNT or LIVING ANNUITY ACCOUNT, as the case may be;
- (b) amounts to improve the benefits previously paid to former members or to improve the amounts previously transferred in respect of former members;
- (c) amounts to meet, in full or in part, expenses which would otherwise reduce the proportion of the MEMBER's contributions that are used for retirement benefits;
- (d) amounts to fund any deficit in the FUND in terms of RULE 14.11(5); and
- (e) the net investment return on the amount in the MEMBER SURPLUS ACCOUNT, if negative,

provided that,

- ♦ when the MEMBER ceases MEMBERSHIP of the FUND in terms of the RULES for any reason he/she is, subject to the provisions of Section 15G of the ACT, entitled to receive his/her share of the credit balance in the MEMBER SURPLUS ACCOUNT on the date on which his/her MEMBERSHIP terminates; and
- ♦ the BOARD MEMBERS appointed by the EMPLOYER do not have a vote regarding the use of any credit balance in the account unless such use will increase the rate of the contributions payable to the FUND by the EMPLOYER.

11.3(3) On liquidation of the FUND, any balance in the account must be applied in accordance with section 15I of the ACT.

11.4 COST RESERVE ACCOUNT

- 11.4(1) The FUND keeps a COST RESERVE ACCOUNT comprising of an opening balance equal to the balance in this account on 30 September 2020. The COST RESERVE ACCOUNT may be credited with the following with effect from 1 October 2020 –
- (a) EMPLOYER contributions in terms of RULE 4.2(2);
 - (b) transfers from the RISK RESERVE ACCOUNT and/or PROCESSING RESERVE ACCOUNT in terms of RULE 14.11(9);
 - (c) amounts credited to this account in terms of RULES 5.2(a)(v), 5.5(1)(f) and 7.1(1)(d)(v);
 - (d) unallocated interest earned in the bank account of the FUND;
 - (e) subject to the maximum amount determined by the BOARD from time to time, small amounts of interest charged on the late payment of contributions in terms of the ACT, which if allocated to INDIVIDUAL MEMBER ACCOUNTS would have a detrimental cost effect on the FUND and the MEMBERS; and
 - (f) the net investment return on the amount in the COST RESERVE ACCOUNT, if positive.
- 11.4(2) The COST RESERVE ACCOUNT may be debited with the following with effect from 1 October 2020 –
- (a) such administrative expenses of the FUND as agreed to by the BOARD and the ADMINISTRATOR from time to time, including the expenses contemplated in RULES 5.2(a)(v), 5.5(1)(f), 7.1(1)(d)(v) and 13.8(1);
 - (b) any taxes and levies not taken into account in the costs of the administration of the FUND or the investment of its assets;
 - (c) premiums for fidelity and professional indemnity insurance taken out by the FUND;
 - (d) fees and reimbursements payable to consultants, advisers and other service providers appointed by the FUND;
 - (e) the costs of any audits of the FUND;
 - (f) fees and reimbursements payable in respect of the principal officer and deputy principal officer of the FUND;
 - (g) reasonable expenses incurred by a BOARD MEMBER while rendering services to the FUND;
 - (h) the costs of training BOARD MEMBERS;

- (i) at the discretion of the BOARD, any other expenses of the FUND not provided for above;
- (j) transfers to the RISK RESERVE ACCOUNT or the PROCESSING RESERVE ACCOUNT in terms of RULE 14.11(9); and
- (k) the net investment return on the amount in the COST RESERVE ACCOUNT, if negative.

11.4(3) On liquidation of the FUND, any balance in the account must be applied in accordance with section 15I of the ACT.

11.5 PROCESSING RESERVE ACCOUNT

11.5(1) The FUND may maintain a PROCESSING RESERVE ACCOUNT to provide protection of the FUND's financial position, to a certain extent, against the mismatching of assets and liabilities caused by timing differences in the actual investment or disinvestment of the FUND's money from the time it was deemed to happen at the calculation of benefits or the accrual of investment earnings, or any other ad hoc mismatching event which may occur.

11.5(2) The level of the PROCESSING RESERVE ACCOUNT is determined by the BOARD on advice of the ACTUARY at each statutory valuation date or more often as determined by the BOARD, and may not exceed the level of available assets after the liabilities of the FUND in terms of these RULES have been taken into account. If a release from the PROCESSING RESERVE ACCOUNT results in an increase in the FUND's actuarial surplus, the BOARD must determine any allocation of the portion of such actuarial surplus exempted in terms of section 15C(1) of the ACT.

11.5(3) The PROCESSING RESERVE ACCOUNT belongs to the FUND and the balance in this account does not form part of the liabilities of the FUND. As such a MEMBER will not be entitled to a portion of the PROCESSING RESERVE ACCOUNT when his/her MEMBERSHIP of the FUND is terminated, unless otherwise directed by the BOARD.

11.5(4) On liquidation of the FUND, any balance in the account must be applied in accordance with section 15I of the ACT.

11.6 RISK RESERVE ACCOUNT

- 11.6(1) The FUND keeps a RISK RESERVE ACCOUNT which is credited with –
- (a) the monthly contributions by the EMPLOYER, for the provision of RISK BENEFITS, in terms of RULE 4.2(4)(a);
 - (b) amounts received from INSURERS for RISK BENEFITS, if applicable;

- (c) transfers from the COST RESERVE ACCOUNT or the PROCESSING RESERVE ACCOUNT in terms of RULE 14.11(9); and
- (d) the net investment return on the amount in the RISK RESERVE ACCOUNT, is positive.

11.6(2) The RISK RESERVE ACCOUNT is debited with –

- (a) the lump sum payable in terms of RULE 6.1(2)(a)(ii) and RULE 6.1(2)(b) on the death of a MEMBER, if applicable;
- (b) the premiums payable to the INSURER in respect of the RISK BENEFITS;
- (c) transfers to the COST RESERVE ACCOUNT or the PROCESSING RESERVE ACCOUNT in terms of RULE 14.11(9); and
- (d) the net investment return on the amount in the RISK RESERVE ACCOUNT, is negative.

11.6(3) On liquidation of the FUND, any balance in the account must be distributed in accordance with section 15I of the ACT.

11.7 EMPLOYER SURPLUS ACCOUNT

11.7(1) The FUND may keep an EMPLOYER SURPLUS ACCOUNT to which is credited –

- (a) amounts allocated to the EMPLOYER SURPLUS ACCOUNT in terms of RULE 14.11(6); and
- (b) the net investment return on the amount in the EMPLOYER SURPLUS ACCOUNT, if positive.

11.7(2) The EMPLOYER SURPLUS ACCOUNT, at the request of the MAIN EMPLOYER, is debited with –

- (a) amounts applied as contributions made by the EMPLOYER to the FUND;
- (b) amounts to supplement pensions so as to compensate pensioners for the loss of any subsidy from the EMPLOYER of their medical costs after retirement;
- (c) expenses which the EMPLOYER is obliged to pay in terms of the RULES of the FUND;
- (d) amounts used to improve the benefits payable to all MEMBERS or a category of MEMBERS, as determined by the EMPLOYER;
- (e) transfers to the MEMBER SURPLUS ACCOUNT;
- (f) transfers to the employer surplus account of another retirement fund in which the EMPLOYER participates, subject to the approval of the AUTHORITY;

- (g) amounts used by the EMPLOYER to avoid retrenchment of a significant proportion of its workforce in terms of section 15J of the ACT;
- (h) amounts applied to repay surplus utilised improperly by the EMPLOYER in terms of Section 15B of the ACT;
- (i) amounts to fund any deficit in the FUND in terms of RULE 14.11(5); and
- (j) the net investment return on the amount in the EMPLOYER SURPLUS ACCOUNT, if negative,

provided that the BOARD MEMBERS elected by the MEMBERS do not have a vote regarding the use of any credit balance in the account.

- 11.7(3) On liquidation of the FUND, any balance in the account must be distributed in accordance with section 15I of the ACT.

11.8 RETIREMENT RESERVE ACCOUNT

- 11.8(1) The FUND keeps a RETIREMENT RESERVE ACCOUNT in respect of the AIPF MEMBERS who have not yet reached the age of 60 years and who is still entitled to the payment of a portion of or the full RETIREMENT RESERVE in terms of Part 8, which is credited with -

- (a) additional contributions paid by the EMPLOYER in terms of paragraphs (b) and (c) of RULE 4.2(4), if applicable; and
- (b) the net investment return on the amount in the RETIREMENT RESERVE ACCOUNT, if positive.

- 11.8(2) The RETIREMENT RESERVE ACCOUNT is debited with

- (a) amounts transferred to the INDIVIDUAL MEMBER ACCOUNT of an AIPF MEMBER in terms of RULE 8.3; and
- (b) the net investment return on the amount in the RETIREMENT RESERVE ACCOUNT, if negative.

PART 12. INVESTMENT OF ASSETS AND MONEYS**12.1 Choice of investment**

12.1(1) The FUND is empowered in terms of RULE 13.7 to determine the investment portfolios to be made available for the investment of assets and moneys of the FUND, and in which proportions the assets of the FUND is to be invested in such investment portfolios.

12.1(2) The FUND may delegate its powers in this regard in accordance with RULE 13.9(2) to the MEMBERS of the FUND, in terms of which every MEMBER may choose from time to time in which proportion the amount standing to his/her credit (or any part of it) is to be invested in the investment portfolios referred to, subject to RULE 12.1(3). This choice and any change to it are subject to the conditions that the FUND, its investment managers and administrators may lay down.

The cost of switching a MEMBER's choice of investment is recouped from the INDIVIDUAL MEMBER ACCOUNT or the LIVING ANNUITY ACCOUNT, as the case may be.

12.1(3) The FUND must choose one or more investment portfolios for that part of the amount standing to the credit of a MEMBER, other than a LIVING ANNUITANT, in respect of which the MEMBER has not properly conveyed his/her choice of investment portfolios or has chosen that the FUND make the election.

12.1(4) The BOARD will take reasonable steps to ensure that the MEMBERS are sufficiently informed with regard to the investment choices available to them and the consequences of their decisions. The BOARD will under no circumstances advise, influence or assist MEMBERS with their choices in this regard. MEMBERS must obtain such advice from their personal financial planners or such other financial advisors which the BOARD may arrange for the benefit of the MEMBERS in terms of RULE 13.8.

12.1(5) Although the BOARD will take reasonable steps to ensure that the interests of the MEMBERS are protected, the BOARD and the FUND will not be liable for any loss, damage or disadvantage suffered by any MEMBER or any other person with a claim for a benefit or any other amount against the FUND, as a result of, or in relation to, any investment choice made by the MEMBER.

12.2 Investment of assets and moneys while claim pending

12.2(1) Subject to RULE 12.2(2), the benefit arising from a MEMBER's retirement from SERVICE, death or other termination of SERVICE is invested in a money market portfolio kept by the FUND within a reasonable period after the date on which the

ADMINISTRATOR is informed in the prescribed format of said retirement from SERVICE, death or other termination of SERVICE, subject to the requirements laid down by the ADMINISTRATOR in this regard from time to time.

- 12.2(2) Subject to sub-RULE (3), the benefit of a MEMBER -
- (a) who had retired from SERVICE and who elected to postpone payment of his/her retirement benefit or who failed to make an election in this regard; or
 - (b) whose SERVICE was terminated and who elected to make his/her withdrawal benefit paid-up in the FUND in terms of RULE 7.1(1)(d) or whose benefit was made paid-up in terms of RULE 7.3,
- must remain invested in the investment portfolio(s) they were invested in on the date of the MEMBER's retirement from or termination of SERVICE, as the case may be, subject to any investment choices exercised by the MEMBER thereafter in terms of the preceding RULE.
- 12.2(3) When the MEMBER's benefit must be paid in terms of the RULES, it is invested in the money market portfolio within a reasonable period after the relevant date described in RULES 5.3(2) or 7.2, as the case may be.
- 12.2(4) In the event that a MEMBER, who failed to elect to postpone payment of his/her retirement benefit in terms of RULE 5.2 or whose benefit was made paid-up in terms of RULE 7.3, fails to inform the FUND of the option he/she elected in terms of the relevant RULES, including his/her investment portfolio selection, within six months from the date of his/her retirement from or termination of SERVICE, his/her benefit will be invested in the default investment portfolio selected by the FUND for this purpose, failing which the benefit will remain invested as contemplated in the preceding sub-RULE.
- 12.2(5) The rate of net income earned on the investment in the money market portfolio referred to in the preceding sub-RULES constitutes the FUND INTEREST in regard to the MEMBER from the commencement of that investment until the date the ADMINISTRATOR requests the tax directive from the REVENUE AUTHORITIES.
- 12.2(6) The proceeds of insurance forming part of benefits payable to or in respect of a MEMBER must be invested in the money market portfolio from the date of receipt from the INSURER. The net income on the investment of those proceeds up to the date the ADMINISTRATOR requests the tax directive from the REVENUE AUTHORITIES will be added to the benefits payable.
- 12.2(7) Notwithstanding any contrary provisions contained in this RULE, in the event of the late payment of any benefit contemplated in RULES 12.2(1) and 12.2(2) to be

transferred on behalf of the MEMBER to another retirement fund or a retirement annuity fund or a preservation fund, subject to the relevant provisions of the RULES and the INCOME TAX ACT, and further subject to RULE 7.4 in the case of a MEMBER who elected to transfer his/her benefit in terms of RULE 7.1.

PART 13. MANAGEMENT**13.1 The BOARD**

- 13.1(1) The FUND is controlled and managed by a BOARD which itself or through its duly authorised delegates performs all acts for and on behalf of the FUND. The composition of the BOARD must at all times comply with the requirements of the RULES in this regard and any vacancy on the BOARD must be filled within the period prescribed by the AUTHORITY, on the understanding that a resolution taken by the BOARD during such prescribed period will not render the resolution invalid, provided that the BOARD complies with Section 7A(1) of the ACT and there is a quorum at each meeting of the BOARD during this period.
- 13.1(2) The BOARD consists of ten persons called BOARD MEMBERS. The MAIN EMPLOYER must appoint five BOARD MEMBERS. The MEMBERS of the FUND must elect five BOARD MEMBERS.

13.2 Term of office

- 13.2(1) A general appointment and election of BOARD MEMBERS must be held every three years.
- 13.2(2) A BOARD MEMBER, other than one who fills a casual vacancy, holds office for a three year term until the next general appointment and election of BOARD MEMBERS.
- Any BOARD MEMBER's term of office also ceases if he/she -
- (a) dies or resigns by giving written notice to the other BOARD MEMBERS; or
 - (b) is disqualified from being a BOARD MEMBER in terms of RULE 13.3; or
 - (c) is a BOARD MEMBER appointed by the MAIN EMPLOYER, and the MAIN EMPLOYER terminates his/her appointment; or
 - (d) in the case of a BOARD MEMBER elected by the MEMBERS, if the MEMBERS decide that he/she must vacate his/her position provided he/she had been given an opportunity to state his/her case; or
 - (e) is removed from office in terms of the following sub-RULE.
- 13.2(3) Any BOARD MEMBER who, in the opinion of the BOARD, is guilty of misconduct or neglecting his/her duties can by a resolution of the BOARD, taken with a two-thirds majority of votes, be removed from his/her office as BOARD MEMBER after he/she has had a chance to state his/her case.
- 13.2(4) If the term of office of a BOARD MEMBER is terminated before the expiry of the three years, the vacancy must be filled by the relevant alternate appointed or

elected. If there is no alternative available, another BOARD MEMBER must be appointed or elected, as the case may be, to fill the casual vacancy until the next general appointment and election of BOARD MEMBERS.

- 13.2(5) On expiry of a BOARD MEMBER's term of office he/she may be re-appointed or re-elected, as the case may be, if he/she is willing and otherwise competent to hold office.

13.3 Disqualification from holding office as a BOARD MEMBER

Any person who is ineligible to be or disqualified from being a director of a company in terms of the Companies Act, 2008, may not be appointed, be elected or act as a BOARD MEMBER. This includes, amongst others, the following persons:

- (a) a juristic person;
- (b) a minor or a person under legal disability;
- (c) an unrehabilitated insolvent;
- (d) any person who has been removed from an office of trust on account of misconduct;
- (e) any person who has been convicted, in South Africa or elsewhere, and imprisoned without the option of a fine, or fined more than the prescribed amount, for theft, fraud, forgery, perjury or an offence involving fraud, misrepresentation or dishonesty, or an offence in connection with the promotion, formation or management of a company.

13.4 Election of BOARD MEMBERS by MEMBERS

- 13.4(1) The BOARD MEMBERS to be elected by the MEMBERS are elected in accordance with the following provisions:
- (a) The BOARD regulates the elections.
 - (b) The BOARD must arrange the elections whenever required in terms of the RULES.
 - (c) Only persons who beforehand have been nominated by MEMBERS and in writing have declared themselves willing to serve, may be elected.
 - (d) Each MEMBER may nominate three persons for election as BOARD MEMBERS.
 - (e) Each nomination must be in writing.
 - (f) The BOARD MEMBERS must be elected by the MEMBERS by way of a formal voting process.

(g) The persons elected are decided by majority vote.

13.5 Alternates

- 13.5(1) The MAIN EMPLOYER may appoint one or more persons to act as alternates in the place of BOARD MEMBERS appointed by it during their absence or inability to act as BOARD MEMBERS. Likewise the MEMBERS of the FUND may elect one or more persons to act as alternates in the place of BOARD MEMBERS elected by them during their absence or inability to act as BOARD MEMBERS.
- 13.5(2) A person may act as alternate for one BOARD MEMBER only at a time.
- 13.5(3) While acting as such, an alternate is subject to all the terms and conditions that apply to BOARD MEMBERS. And the alternate must exercise and discharge all the duties and functions of the BOARD MEMBER in whose place he/she is acting.
- 13.5(4) An alternate ceases being an alternate at the next general appointment and election of new BOARD MEMBERS. And the same rules regarding resignation and removal from office and disqualification to serve that apply to BOARD MEMBERS, apply to alternates.

13.6 Object and duties of the BOARD

The object of the BOARD is to direct, control and oversee the operations of the FUND in accordance with the RULES, the ACT and other applicable laws. In so doing the BOARD must –

- (a) take all reasonable steps to ensure that the interests of MEMBERS in terms of the RULES and the provisions of the ACT are protected at all times;
- (b) act with due care, diligence and good faith;
- (c) avoid conflicts of interest;
- (d) act independently;
- (e) act with impartiality in respect of all MEMBERS and other BENEFICIARIES;
- (f) ensure that proper accounts, entries, registers and records of the operations of the FUND are kept;
- (g) ensure that proper control systems are employed by or on behalf of the BOARD to protect the assets of the FUND;
- (h) ensure that adequate and appropriate information is communicated to the MEMBERS and other BENEFICIARIES informing them of their rights, benefits and duties in terms of the RULES, subject to such disclosure requirements as may be prescribed;

- (i) ensure that contributions are paid timeously to the FUND in accordance with the RULES and the ACT;
 - (j) obtain expert advice on matters where the BOARD lacks sufficient expertise;
 - (k) ensure that the RULES and the operation and administration of the FUND comply with all applicable legislation and any legally binding ruling laid down by the AUTHORITY or the REVENUE AUTHORITIES;
 - (l) keep registers containing the information prescribed by the regulations to the ACT at the FUND's registered office;
 - (m) determine the manner of dealing with expenses of the FUND not provided for in the RULES;
 - (n) ensure that the assets of the FUND are kept in the name of the FUND or in the name of a nominee company approved by the AUTHORITY;
 - (o) arrange for the safekeeping of all title deeds and other securities belonging to or held by the FUND and for the marking of those documents so as to easily establish at any time that the documents belong to or are held by the FUND; and
 - (p) comply with any other prescribed requirements.
- 13.6(2) The BOARD must request each EMPLOYER to notify it of the identity of any director or member or person, as the case may be, who is regularly involved in the management of the overall financial affairs of the company or close corporation or in case of an EMPLOYER of any other legal status or description respectively, the persons who are held personally liable for compliance with Section 13A of the ACT and for payment of contributions to the FUND.
- 13.6(3) A newly elected or appointed BOARD MEMBER must attain such levels of skills as may be prescribed by the AUTHORITY within the prescribed period and must retain such prescribed levels throughout his/her term of office as required in terms of the ACT.
- 13.6(4) When a BOARD MEMBER is removed from office other than as a result of the expiration of his/her term of office or voluntary resignation, the affected BOARD MEMBER must provide the AUTHORITY with written reasons for such removal within the prescribed period and in the prescribed format.
- 13.6(5) If a BOARD MEMBER becomes aware of any material matter relating to the affairs of the FUND which may, in his/her opinion, seriously prejudice the financial viability of the FUND or its MEMBERS, he/she must inform the AUTHORITY thereof in writing.

13.7 Powers of the BOARD

The BOARD must carry out the objects of the FUND and fulfil their duties in terms of the RULES and the ACT. In achieving this end, the BOARD has the following powers:

- (a) to open and operate a banking account in the name of the FUND;
- (b) to receive, administer and apply the moneys of the FUND;
- (c) to acquire or hold movable and immovable property and to sell, rent, hire, borrow or lend such property or to obtain it otherwise and to transfer or dispose of it;
- (d) to lend, invest, let out at interest, place on deposit, invest in policies, advance or otherwise deal with all moneys of the FUND against such security and in the manner as the BOARD may determine from time to time, and to realise, vary, reinvest or otherwise deal with such securities and other investments in the manner it may determine;
- (e) to borrow money at interest or otherwise, for the purposes of the FUND, in order to meet any temporary cash shortage, or complete any investment;
- (f) in the name of the FUND to institute, conduct, defend, compound, settle or abandon any legal proceedings by or against the FUND;
- (g) to effect policies with one or more INSURERS for the purpose of insuring in whole or in part, the benefits payable in terms of these RULES if it should so determine and to maintain existing policies (if any) for as long as it may deem fit;
- (h) to delegate any of its powers and duties in accordance with RULE 13.8(1);
and
- (i) generally to do whatever, in its opinion, is conducive to attaining the objects of the FUND.

13.8 Guidance and support for MEMBERS

- 13.8(1) The BOARD may identify one or more financial advisers or firms of financial advisers to provide financial advice to MEMBERS as contemplated in RULE 13.8(1) and RULE 13.8(3) below. Such financial advisers or firms of financial advisers may only be selected by the FUND if they are duly accredited.
- 13.8(2) MEMBERS who have already reached a certain age as determined by the BOARD from time to time, may make use of such advisers or firms of advisers and the cost of such advice will be borne by the FUND and will be debited to the

COST CONTINGENCY ACCOUNT on behalf of the MEMBER, subject to RULE 13.8(4).

- 13.8(3) Other MEMBERS or the DEPENDANTS and/or NOMINEES of deceased MEMBERS may also make use of such advisers or firms of advisors but the cost of the financial advice must be paid for by the MEMBER concerned, or his/her DEPENDANT or NOMINEE, as the case may be. The BOARD may, on application by the MEMBER, in its sole discretion, allow the cost of any financial advice referred to in this sub-RULE to be debited against the MEMBER's INDIVIDUAL MEMBER ACCOUNT or LIVING ANNUITY ACCOUNT, as the case may be, subject to such terms and conditions as it may lay down from time to time.
- 13.8(4) It is specifically provided that the BOARD or the MAIN EMPLOYER will not be responsible for and can therefore not be held liable for the advice provided to or decisions made by MEMBERS as a result of the advice provided to them by financial advisers identified in terms of RULE 13.8(1).

13.9 Delegation of powers and duties

- 13.9(1) The BOARD may delegate any of its powers and duties under the ACT to a person or group of persons, or a committee of the BOARD (in this RULE called "delegatee"), subject to the following system of delegation:
- (a) The BOARD must determine which particular power or duty should be delegated in order to ensure more efficient management and functioning of the FUND.
 - (b) The BOARD must then decide to whom the particular power or duty must be delegated, after being satisfied that the delegatee has the necessary skills, knowledge and experience to perform such power or duty.
 - (c) Any such delegation must -
 - (i) be in writing and signed by the delegatee;
 - (ii) set out clearly which power or duty the delegatee must perform;
 - (iii) contain the details of how such power or duty must be performed;
 - (iv) state when and how reporting to the BOARD must be done;
 - (v) state that no sub-delegation is allowed;
 - (vi) state that the BOARD may amend or withdraw the delegation at any time;
and
 - (vii) contain such other conditions as determined by the BOARD.

(d) The BOARD will remain responsible for a power or duty delegated in terms of this RULE.

(e) The BOARD may withdraw such delegation at any time.

13.9(2) The BOARD may also delegate its power to invest the assets of the FUND in terms of RULE 13.7(d) to the MEMBERS subject to RULE 12.1.

13.10 Procedures of the BOARD

13.10(1) Every year the BOARD MEMBERS must appoint a chairperson of the BOARD from their number. If the chairperson of the BOARD is absent for any meeting of the BOARD, the BOARD MEMBERS present at the meeting must appoint a chairperson for that meeting from their number.

13.10(2) The BOARD may lay down regulations with regard to the procedures of the BOARD which may not be inconsistent with the RULES.

13.10(3) The BOARD must hold a meeting of the BOARD at least twice a year.

13.10(4) Proper notice of at least 15 days of a meeting of the BOARD must be given to each BOARD MEMBER. The notice period may be waived if all the BOARD MEMBERS agree.

13.10(5) A meeting of the BOARD may be conducted by meeting in person or by video or telephone conference or such other means of communication approved by the BOARD.

13.10(6) A quorum consisting of six BOARD MEMBERS is required for concluding business. The BOARD MEMBERS making up the quorum must consist of at least three BOARD MEMBERS appointed by the MAIN EMPLOYER and at least three elected by the MEMBERS.

13.10(7) At a meeting of the BOARD all resolutions, excepting a resolution to remove a BOARD MEMBER from office, must be decided by majority vote. If a majority vote in respect of a specific matter cannot be obtained a new meeting must be called. If the voting is again equal the matter must be referred to a person deemed by the BOARD to be an expert on the matter for a recommendation. The person so appointed operates as an expert and not as an arbitrator. He/she has full discretion regarding the procedure to be followed to arrive at a decision. Before having to make a decision, he/she may act in the role of a conciliator, mediator or advisory arbitrator towards the BOARD MEMBERS for them to reach a majority resolution. Any decision taken by him/her on the matter is final and binding.

If a majority decision cannot be reached regarding the appointment of such an expert, the appointment must be made by the chairman of the Bar Council nearest to the registered address of the FUND.

- 13.10(8) For purposes of the operation of RULE 13.10(7) is required that
- (a) before any decision may be taken by the BOARD, a BOARD MEMBER must declare any conflict or potential conflict of interest not previously disclosed and if it is the opinion of the remaining BOARD MEMBERS that there is indeed a conflict of interest, he/she may not vote on any decision to be taken by the BOARD; and
 - (b) a BOARD MEMBER who is conflicted on a particular issue may not vote on such an issue. A resolution in writing signed by all the BOARD MEMBERS is of the same force and effect as a resolution passed at a meeting of the BOARD. For this purpose, the signature by the alternate acting on behalf of a BOARD MEMBER in his/her absence, will suffice.
- 13.10(9) All resolutions by the BOARD passed at a meeting or otherwise must be recorded in the form of written minutes.

13.11 Principal officer and secretary

- 13.11(1) The BOARD must appoint a principal officer in terms of the ACT and may from time to time, at its discretion, appoint somebody else as principal officer. The BOARD must notify the AUTHORITY in the prescribed format of each appointment within the prescribed period.
- 13.11(2) If the principal officer is absent from the Republic of South Africa for a period of more than thirty days or is unable to perform the duties imposed on him/her by the ACT, the BOARD must appoint another person as principal officer during his/her absence or inability and must notify the AUTHORITY in the prescribed format of the appointment. Alternatively the BOARD may appoint a deputy principal officer in accordance with RULE 13.12 to perform the duties of the principal officer when necessary and to assist him/her with some or all of his/her duties.
- 13.11(3) The BOARD may, by means of a resolution, determine that the principal officer is entitled to a fee and reimbursements that are reasonable and relate to the services that the principal officer renders to the FUND, provided that if the principal officer is in SERVICE he/she will not be entitled to the fees and reimbursements contemplated in this RULE.
- 13.11(4) If the BOARD deems it necessary it may appoint a secretary and other personnel on such conditions as it may determine and it may cancel such appointments and may make new ones.

13.12 Appointment of a deputy principal officer

- 13.12(1) If the BOARD deems it necessary, it may appoint a deputy principal officer to assist the principal officer and must notify the AUTHORITY in the prescribed format within the prescribed period.
- 13.12(2) The principal officer may, in writing, delegate to the deputy principal officer any of his/her duties under the ACT and the RULES, including the performing of his/her full duties during his/her extended absence from the Republic of South Africa, subject to the following system of delegation:
- (a) The principal officer must determine which particular duty should be delegated in consultation with the BOARD.
 - (b) Any such delegation must be in writing and signed by the deputy principal officer.
 - (i) Such delegation must state clearly -
 - (ii) which duty the deputy principal officer must perform;
 - (iii) the details of how such duty must be performed;
 - (iv) when and how reporting must be done;
 - (v) that no sub-delegation is allowed;
 - (vi) that the delegation may be amended or withdrawn at any time; and
 - (vii) such other conditions as determined by the principal officer and/or the BOARD.
 - (c) The principal officer will remain responsible for a duty delegated in terms of this RULE.
 - (d) The principal officer or the BOARD may withdraw such delegation at any time.
- 13.12(3) If the principal officer is unable, for any reason, to perform the duties imposed on him/her by the ACT, the deputy principal officer must perform such duties for the period during which the principal officer is unable to perform the duties himself/herself, until the principal officer is able to perform his/her duties or until the BOARD formally appoints a new principal officer in accordance with RULE 13.11, as the case may be.
- 13.12(4) The BOARD may, by means of a resolution, determine that the deputy principal officer is entitled to a fee and reimbursements that are reasonable and relate to the services that he/she renders to the FUND, provided that if the principal officer is in SERVICE he/she will not be entitled to the fees and reimbursements contemplated in this RULE.

13.13 ADMINISTRATOR

The BOARD must appoint an ADMINISTRATOR to perform administrative functions for the FUND for such period as it may decide. The BOARD may dismiss the ADMINISTRATOR at any time. In terms of section 13B of the ACT the ADMINISTRATOR must be approved as such by the AUTHORITY.

13.14 ACTUARY

The BOARD must appoint an ACTUARY for the FUND for such period as it may decide and has the right to dismiss him/her at any time. The appointment of the ACTUARY must be approved by the AUTHORITY.

13.15 AUDITOR

13.15(1) The BOARD must appoint an AUDITOR for the FUND for such period as it may decide and has the right to dismiss him/her at any time. The AUDITOR must be registered under the Auditing Profession Act, No. 26 of 2005, and may not be an officer of the FUND.

13.15(2) The AUDITOR must have unrestricted access to all books, papers, vouchers, accounts, and other relevant documents connected with the FUND.

13.15(3) The books of account must be made up at the end of each FINANCIAL YEAR and audited by the AUDITOR.

13.16 Financial statements

The BOARD must submit a copy of its financial statements to the AUTHORITY within the prescribed period and in the prescribed format.

13.17 Personal liability

The BOARD MEMBERS and assignees of the BOARD are not personally liable for any loss which the EMPLOYER, MEMBERS or DEPENDANTS may suffer as a result of their actions, provided the actions are in accordance with the RULES and the loss does not arise from their negligence, dishonesty or fraud.

13.18 Indemnity against loss

13.18(1) The BOARD must, in the manner allowed by the AUTHORITY, devise means of safeguarding the FUND against losses owing to fraud or dishonesty.

13.18(2) The BOARD must arrange professional indemnity insurance for the FUND against any loss resulting from the negligence of the BOARD and their assignees.

13.18(3) The costs of indemnifying the FUND in terms of this RULE may be borne by the FUND.

13.19 Expenditure in respect of BOARD MEMBERS

- 13.19(1) Reasonable expenses incurred by a BOARD MEMBER in the execution of his/her duties will be borne by the FUND, provided that such expenses are approved by the BOARD in advance.
- 13.19(2) The costs of training BOARD MEMBERS are borne by the FUND.
- 13.19(3) The BOARD MEMBERS are not entitled to any form of remuneration or fees for their duties as BOARD MEMBERS.

13.20 Provision of data

The EMPLOYER must, in the manner and within the time determined by the FUND, furnish to the BOARD those particulars about MEMBERS that determine their benefits from the FUND or their entitlement to benefits. The BOARD may act upon those particulars without further enquiry and is not responsible to anybody for any mis-statements, errors or omissions that may be contained in those particulars.

13.21 Execution of contracts and other documents binding on the FUND

The BOARD is competent to enter into and amend contracts on behalf of the FUND in accordance with the RULES and to sign such contracts and other documents on behalf of the FUND. Any contract or document that binds or affects the FUND must be signed on behalf of the FUND by the person(s) authorised by means of a proper resolution of the BOARD to sign them. Documents to be submitted to the AUTHORITY must be signed in accordance with the regulations to the ACT.

PART 14. MISCELLANEOUS PROVISIONS**14.1 Manner of payment of benefits**

Benefits payable to a BENEFICIARY, are paid by way of an electronic transfer into the BENEFICIARY's account at a deposit-taking institution, the details of which have been furnished by the EMPLOYER or the BENEFICIARY to the FUND.

14.2 Disposition of death benefits

- 14.2(1) Subject to the prescriptions laid down by the FUND, a MEMBER may, in writing, designate a person (and revoke such a designation in writing) to receive the benefits at his/her death.
- 14.2(2) The benefits payable to the DEPENDANTS and NOMINEES of a deceased MEMBER, other than those payable to a particular DEPENDANT in terms of the RULES, are paid by the FUND to the DEPENDANTS and NOMINEES in accordance with section 37C of the ACT.
- 14.2(3) Any benefit payable by the FUND in respect of a deceased MEMBER does not form part of the assets in the estate of such a MEMBER.

14.3 Benefits inalienable

All benefits and rights to benefits in terms of these RULES are subject to the prohibitions as to reduction, cession, attachment, etc. contained in sections 37A and 37B of the ACT.

14.4 Deductions from benefits

- 14.4(1) The BOARD may, subject to section 37D of the ACT, deduct certain amounts from the benefit to which a BENEFICIARY is entitled in terms of the RULES or deemed to be entitled as contemplated in the ACT. These amounts are -
- (a) the amount of any income tax payable on the benefit;
 - (b) compensation for any damage caused to the EMPLOYER by reason of any theft, dishonesty, fraud or misconduct by the MEMBER and regarding which the MEMBER has, in writing, admitted liability to the EMPLOYER or judgement has been obtained against the MEMBER in any court;
 - (c) any amount which the FUND must pay by arrangement with, and on behalf of, a BENEFICIARY in respect of -
 - (i) the BENEFICIARY's subscription to a registered medical scheme; or
 - (ii) any insurance premium payable by the BENEFICIARY to an INSURER;or

- (iii) an amount for any purpose approved by the AUTHORITY, on the conditions laid down by him/her;
- (d) any amount which the FUND must pay in terms of a maintenance or divorce order made by a competent court, as allowed in terms of applicable legislation.

The cost for the FUND relating to the payment of any amount in accordance with paragraphs (c), (d) and (e) may be recouped from the FUND CREDIT or, in the case of paragraph (e), from the amount to be paid.

- 14.4(2) A claim for the amount due in terms of paragraphs (b) and (c) of sub-RULE (1) must be lodged in writing with the BOARD within such reasonable time of the event giving rise to the payment of the benefit as the BOARD may from time to time determine for lodging such claims.
- 14.4(3) In order to allow the EMPLOYER the opportunity to obtain a judgement for compensation as envisaged in paragraph (c) of sub-RULE (1), the FUND may withhold an amount from the benefit payable, provided that -
 - (a) the amount withheld does not exceed the value of the claim;
 - (b) any balance of the benefit is paid in accordance with the RULES applicable to that benefit;
 - (c) the FUND is satisfied that the EMPLOYER has instituted proceedings against the MEMBER concerned or is in the process of instituting appropriate action;
 - (d) the FUND is satisfied that the EMPLOYER is not at any stage responsible for any undue delay in the prosecution of the proceedings;
 - (e) once the proceedings have been determined, settled or withdrawn, any benefit to which the MEMBER is entitled is paid immediately.
- 14.4(4) The FUND's right to recover or withhold amounts from benefits in terms of paragraphs (b) and (c) of sub-RULE (1), is limited to the amount that, in terms of the RULES, may be taken by the BENEFICIARY as a lump sum benefit. In order to make deductions from benefits payable regarding a MEMBER, the BOARD may commute for a lump sum an amount of any benefit becoming payable regarding the MEMBER up to the maximum amount which may be commuted in terms of the RULES.

14.5 Currency

All amounts payable to or by the FUND in terms of the RULES are payable in the Republic of South Africa in the currency of the Republic of South Africa.

14.6 Greater benefits

- 14.6(1) At the request of the EMPLOYER the FUND must provide a greater benefit than that provided for elsewhere in the RULES, provided that the increase is subject to the deficit being paid to the FUND by the EMPLOYER.
- 14.6(2) The balance in the EMPLOYER SURPLUS ACCOUNT pertaining to such an EMPLOYER, if any, may be applied to meet the deficit contemplated in RULE 14.6(1).

14.7 Proof of claims

The FUND is not obliged to grant any benefit unless it has been satisfied with regard to the MEMBER's age and with regard to any other circumstance which it considers relevant to the benefit and for which it requested proof or information.

14.8 Payment of settlement amounts

- 14.8(1) Any amounts received by the FUND arising from settlement payments made to the FUND and which are not retained for any other purpose, will be applied to increase the benefits payable to the MEMBERS and any former members concerned, in such proportions as the BOARD may determine, which amount
- (a) will be allocated to the MEMBER's INDIVIDUAL MEMBER ACCOUNT or LIVING ANNUITY ACCOUNT, as the case may be, or
 - (b) in the case of a former member, will be paid into his/her bank account, only if, within two years after the date on which the settlement payments became payable to him/her -
 - ♦ his/her last known bank account details are verified by the ADMINISTRATOR; or
 - ♦ the BOARD is informed of his/her bank details.

14.9 Benefits not claimed

- 14.9(1) If a benefit becomes legally due and payable under the FUND, which, for purposes of this RULE, includes the portion of the MEMBER's benefit payable in terms of a divorce order as contemplated in RULE 14.4(1)(e) and such benefit is not claimed within two years after the date on which it becomes legally due and payable, or the FUND is terminated or partially terminated in terms of sections 27 or 28 of the ACT, the benefit will become an unclaimed benefit, after which it may be transferred to an UNCLAIMED BENEFITS FUND. If at any stage after the benefit becomes legally due and payable and before it is transferred to an UNCLAIMED BENEFITS FUND, the benefit is claimed by a legitimate BENEFICIARY which, for purposes of this RULE, includes an ex-spouse of a

MEMBER, the BOARD must pay the benefit to such BENEFICIARY. The benefit may be reduced by the monthly recurring costs of the administration of the benefit and by any reasonable costs incurred by the FUND in identifying and tracing a legitimate BENEFICIARY, on the understanding that, in the event where no monthly recurring administration costs have been deducted in respect of the MEMBER, a cost may be charged by the ADMINISTRATOR for payment of the benefit to such a legitimate BENEFICIARY.

- 14.9(2) In the event of the benefit reducing to nil before it is claimed by a legitimate BENEFICIARY or transferred to an UNCLAIMED BENEFITS FUND, the FUND's liability regarding the payment of the benefit automatically terminates and no BENEFICIARY will have any further claim against the FUND in respect of the benefit.

14.10 Demutualisation proceeds

Any demutualisation proceeds which may accrue to the FUND from time to time, irrespective of their origin, for which the RULES do not otherwise provide, may be applied under the FUND on a fair and equitable basis as determined by the BOARD at the recommendation of the ACTUARY.

14.11 Investigation by ACTUARY

- 14.11(1) The BOARD must cause the financial position of the FUND to be investigated and reported on by the ACTUARY at least once every three years at the end of a FINANCIAL YEAR.
- 14.11(2) In the report the ACTUARY must indicate, inter alia, what increases or reductions in the contributions and the benefits of the FUND are envisaged by the financial condition of the FUND.
- 14.11(3) Within twelve months of the expiry of the period to which the investigation refers, the FUND must -
- (a) submit a copy of the report to the AUTHORITY; and
 - (b) send a copy of the report or a summary thereof, prepared by the valuator in a form prescribed by regulation and signed by him/her, to every EMPLOYER participating in the FUND.
- 14.11(4) Whenever a copy of the report is deposited with the AUTHORITY, the FUND must also deposit with him/her a certificate that a copy of the report or the summary referred to has been sent to every EMPLOYER participating in the FUND.
- 14.11(5) If the investigation discloses a deficit, the BOARD and the MAIN EMPLOYER, in consultation with the ACTUARY, must decide how to fund the deficit, provided

that any credit balances in the MEMBER SURPLUS ACCOUNT or EMPLOYER SURPLUS ACCOUNT will be applied to fund such deficit in accordance with section 15H of the ACT.

- 14.11(6) If the investigation discloses a surplus, such surplus must be allocated to the MEMBER SURPLUS ACCOUNT and/or the EMPLOYER SURPLUS ACCOUNT in such proportions as determined by the BOARD in consultation with the ACTUARY and subject to the approval of the MAIN EMPLOYER.
- 14.11(7) In the performance of the investigation, the ACTUARY must estimate which portion of the investment yield on the assets of the FUND is attributable to the various reserve accounts of the FUND in order to ensure that any growth as a result of their underlying assets is credited to the relevant account. The basis of such estimated allocation will be agreed between the BOARD and ACTUARY from time to time.
- 14.11(8) The ACTUARY may recommend from time to time that, subject to the provisions of the ACT, benefits under the FUND be increased or decreased, including the allocation of bonuses, provided that vested benefits of the MEMBERS may not be decreased as provided for in section 37A of the ACT. If necessary the FUND must amend the RULES to give effect to such increase or decrease, as the case may be.
- 14.11(9) The BOARD may, at their discretion and on the advice of the ACTUARY, make transfers to the COST RESERVE ACCOUNT, the RISK RESERVE ACCOUNT and/or the PROCESSING ERROR RESERVE taking into account the purpose of each reserve account and the amount standing to the credit of such reserve account at any given time.

14.12 Binding force of the RULES

The RULES bind the EMPLOYER, the MEMBERS, the FUND and its officials and anyone who lays a claim in terms of the RULES or whose claim is derived from someone so claiming.

14.13 Disputes

In a dispute regarding the interpretation of the RULES or the administration of the FUND, the complainant must submit his/her complaint to the FUND in writing. Within thirty days of receipt of the complaint the FUND must answer in writing. If the complainant is not satisfied with the FUND's answer and the complaint is a complaint as described in the ACT, the complainant may lodge the complaint with the Pension Funds Adjudicator.

14.14 Inspection of and copies of documents of the FUND

The RULES and the latest financial statements will be open for inspection by MEMBERS at the registered office of the FUND at reasonable times. MEMBERS may, at a reasonable fee determined by the FUND, obtain copies of the RULES and the latest financial statements.

14.15 Conditions of SERVICE

Nothing in these RULES curtails the EMPLOYER's right to dismiss an EMPLOYEE from its SERVICE.

14.16 Amendments to the RULES

14.16(1) The FUND may amend the RULES at any time, provided that –

- (a) where an EMPLOYER's financial obligations are directly affected, the MAIN EMPLOYER agrees to it;
- (b) where the financial situation of the FUND is affected, the ACTUARY and the MAIN EMPLOYER agrees to it;
- (c) the AUTHORITY registers the amendment; and
- (d) approval of the amendment in terms of the Income Tax Act 1962 (Act 58 of 1962) is obtained.

14.16(2) If the RULES are amended with regard to the benefits that are provided by the FUND, the amendment will, unless specifically stated otherwise, not apply to -

- (a) the benefits in respect of MEMBERS who are no longer EMPLOYEES on the amendment date; and
- (b) benefits regarding claims which arise before the amendment date.

14.16(3) Within six months after the end of a FINANCIAL YEAR, the BOARD must notify the MEMBERS in a summarised form of every amendment to the RULES that is registered by the AUTHORITY during the course of that FINANCIAL YEAR.

**PART 15. TERMINATION AND PARTIAL TERMINATION OF
THE FUND**

15.1 Liquidation of the FUND

- 15.1(1) The MAIN EMPLOYER may, after consultation with the BOARD and subject to six months' prior notice to the other EMPLOYERS and the MEMBERS, instruct the BOARD to have the FUND liquidated. The FUND must also be liquidated if the MAIN EMPLOYER ceases to carry on business, unless the BOARD resolves how the position of MAIN EMPLOYER in terms of the RULES must be dealt with to ensure the successful continuation of the FUND.
- 15.1(2) No contributions are payable to the FUND for the period following the month in which the instruction to have the FUND liquidated or the cessation of business occurs.
- 15.1(3) If the FUND is to be liquidated the BOARD must, subject to the approval of the AUTHORITY, appoint a liquidator and the period of liquidation is deemed to commence as from the date of such approval.
- 15.1(4) The liquidator must, after taking into account the costs of the liquidation, firstly apply the assets of the FUND by purchasing, from an INSURER, regular income benefits for the MEMBERS, other than LIVING ANNUITANTS, who, on the date of liquidation, have already reached the NORMAL RETIREMENT DATE. The benefits purchased for them in terms of this sub-RULE must, in so far as the assets are sufficient, be equal in value to the benefits to which they are entitled in terms of the RULES. But the liquidator may, at the request of a MEMBER, convert as much of the MEMBER's benefit entitlement in terms of this sub-RULE into a lump sum payment as is allowed in terms of the INCOME TAX ACT.

The liquidator must apply the balance in the LIVING ANNUITY ACCOUNTS of the LIVING ANNUITANTS to purchase annuities or any other compulsory annuities from an INSURER in their own names or, if the credit balance in the LIVING ANNUITY ACCOUNT of a specific LIVING ANNUITANT is equal to or less than the minimum monetary amount applicable to the commutation of annuities in terms of the INCOME TAX ACT, the liquidator may pay such balance to the LIVING ANNUITANT in a lump sum.

- 15.1(5) After provision has been made for payments in accordance with the preceding sub-RULE, the liquidator must divide any balance of the assets amongst the MEMBERS and the BENEFICIARIES referred to in the preceding sub-RULE and all the other MEMBERS. This division must be done in a manner recommended by the ACTUARY and approved by the liquidator.
- 15.1(6) The amount allocated in terms of the preceding sub-RULE to a MEMBER or BENEFICIARY referred to in RULE 15.1(4) may be applied to enhance any benefits to be purchased for him/her in terms of that sub-RULE, or be paid in a lump sum. The amount allocated to one of the other MEMBERS (i.e. those prospectively entitled to benefits) must be paid in a lump sum, or, at the request of the MEMBER, be transferred to and applied under another fund providing retirement benefits or be applied to purchase a retirement benefit for him/her from an INSURER.
- 15.1(7) For the purposes of this RULE, any MEMBER or former MEMBER whose SERVICE is terminated, voluntarily or otherwise, prior to the NORMAL RETIREMENT DATE and during a period immediately preceding the liquidation may, if considered appropriate by the liquidator, be deemed to have been a MEMBER and EMPLOYEE on the date of liquidation. But the benefits already paid to him/her must be taken into account. The liquidator must invoke this provision at least in respect of those whose SERVICE was terminated during the twelve months immediately preceding the liquidation.

15.2 Partial liquidation of the FUND

If an EMPLOYER, other than the MAIN EMPLOYER, gives written notice to the BOARD of its intention to terminate its participation in the FUND, the business of the FUND in respect of the MEMBERS who were or are in SERVICE must be liquidated, mutatis mutandis, in accordance with the preceding RULE.

15.3 Transfers of the business of the FUND

- 15.3(1) If an EMPLOYER is to transfer all the MEMBERS in its SERVICE as a group to one or other approved retirement fund in the manner contemplated in section 14 of the ACT, the EMPLOYER must give prior notice to the BOARD and the MEMBERS in its SERVICE.

- 15.3(2) As from the effective date of the transfer -
- (a) contributions to the FUND by or in respect of the relevant MEMBERS must cease; and
 - (b) the relevant MEMBERS will not be entitled to any RISK BENEFITS under the FUND.
- 15.3(3) The interests in the FUND of -
- (a) the relevant MEMBERS; and
 - (b) those BENEFICIARIES to whom payments are then being made in terms of the RULES on account of their or someone else's retirement or death while they were in SERVICE,
- must, in a manner agreed to by the BOARD, after consulting the EMPLOYER, be transferred to and applied under the relevant approved retirement fund.
- Alternatively, the interests in the FUND of the BENEFICIARIES referred to in paragraph (b) may be used to purchase retirement benefits or regular income benefits for them from an INSURER in the form of annuity policies in their own name.
- 15.3(4) The interests in the FUND of a MEMBER or BENEFICIARY referred to in the preceding sub-RULE mean the value of the FUND's accumulated liability in respect of him/her, determined by taking into account the rights and reasonable expectations to benefits in terms of the RULES and additional benefits the payment of which is established practice. But in the case of such a MEMBER his/her interests do not exceed such value multiplied by the percentage ratio of the FUND's assets to its liabilities as determined by the ACTUARY.
- 15.3(5) The BOARD, after consulting the ACTUARY and the EMPLOYERS participating in the FUND, may determine the interests at higher amounts not exceeding the amounts that would probably have been allocated to them were the FUND liquidated in terms of RULE 15.1.
- 15.3(6) If the MAIN EMPLOYER terminates its participation in the FUND and transfers the MEMBERS in its SERVICE as a group to one or other approved retirement fund, the entire business of the FUND must be transferred mutatis mutandis in accordance with the previous provisions of this RULE, unless the BOARD resolve how the position of MAIN

EMPLOYER must be dealt with to ensure the successful continuation of the FUND in accordance with the RULES.

- 15.3(7) If all the EMPLOYERS' participation in the FUND is terminated in order to transfer all the MEMBERS to one or other approved retirement fund, the entire business of the FUND must be transferred mutatis mutandis in accordance with the previous provisions of this RULE.
- 15.3(8) If the entire business of the FUND is transferred in accordance with the previous sub-RULE, the following, in conjunction with other relevant RULES, will apply:
- (a) The term of office of the BOARD of the FUND at the time will be extended until the FUND is finally wound up and deregistered.
 - (b) If during this period the BOARD cannot be properly constituted, the AUTHORITY may appoint one or more independent persons to the BOARD. The reasonable cost of any intervention by the AUTHORITY and/or remuneration of independent persons on the BOARD must be paid by the FUND.
 - (c) When the transfer of the MEMBERS and all the assets of the FUND is completed and the FUND has no more liabilities, the BOARD must apply to the AUTHORITY and the REVENUE AUTHORITIES for the cancellation of the registration and approval of the FUND respectively.