

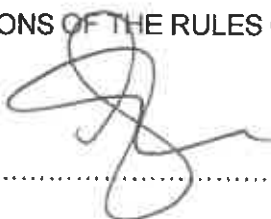
POLITICAL OFFICE-BEARERS PENSION FUND ("the Fund")

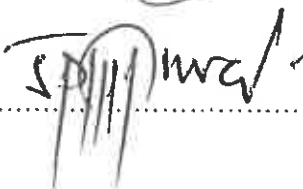
CONSOLIDATION OF RULES

RESOLVED:

That in terms of a resolution taken by the Board of Trustees on 15 March 2025, the attached consolidated Rules of the Fund (which represent a consolidation of the previously registered consolidated Rules and registered amendments 1 to 8) shall be adopted with immediate effect as the consolidated Rules of the Fund.

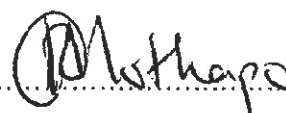
CERTIFIED THAT THE RESOLUTION ABOVE HAS BEEN ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF THE RULES OF THE FUND.

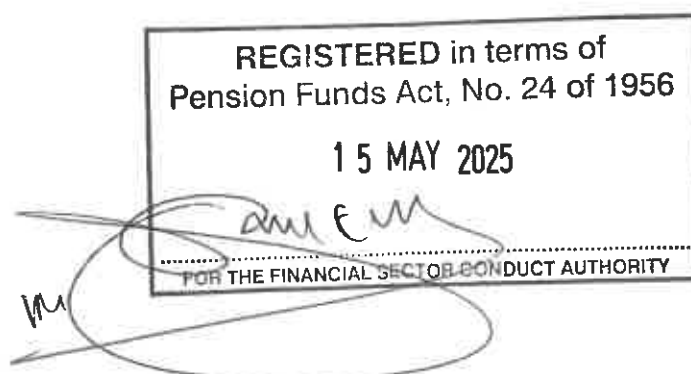

..... Chairperson


..... Trustee


..... Principal Officer

I hereby certify that this consolidation does not affect the financial soundness of the Fund.

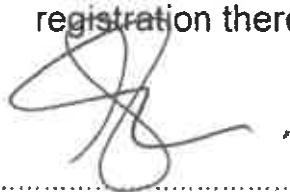

..... Valuator



POLITICAL OFFICE-BEARERS PENSION FUND
(P.F. 35658)

CONSOLIDATED RULES

Certified that these are the consolidated rules of the Political Office-Bearers Pension Fund which will become effective on the date of registration thereof.



..... (Chairperson)



..... (Trustee)



..... (Principal Officer)

INDEX

CONTENTS	PAGE
1. GENERAL	1
2. DEFINITIONS	1
3. MEMBERSHIP	13
4. CONTRIBUTIONS	14
5. PENSION BENEFITS	27
6. PURCHASE AND COMMUTATION OF PENSION	28
7. DEATH BENEFITS	32
8. TERMINATION OF SERVICE	35
8A. SAVINGS WITHDRAWAL BENEFIT	37
9. TRANSFERS INTO THE FUND	38
10. TERMINATION OF CONTRIBUTIONS	38
11. DEDUCTION FROM BENEFITS	39
12. MANAGEMENT OF THE FUND	40
13. FINANCIAL PROVISIONS	50
14. ADMINISTRATION OF THE FUND	52
15. ALTERATIONS	52
16. INTERPRETATION OF RULES AND DISPUTES	53
17. MISCELLANEOUS PROVISIONS	54
18. GREATER BENEFITS	56
19. PROVISIONS IN RESPECT OF THE SURPLUS ACT	56
 SCHEDULE 1: AMOUNTS TO BE CREDITED TO MEMBERS AS AT 1 MARCH 2016	 58
A. CALCULATION OF MAXIMUM BENEFIT	63
B. EXAMPLES – REVALUED PENSIONABLE SALARY	65
C. EXAMPLES – EQUALISATION AMOUNT	67

1. GENERAL

- 1.1 The POLITICAL OFFICE-BEARERS PENSION FUND was established on 27 April 1994.
- 1.2 The Registered Office of the FUND shall be Parliament, Plein Street, Cape Town, 8001 (PO Box 2164, Cape Town 8000)
- 1.3 The object of the Fund is, in terms of these RULES, to provide retirement and other benefits for MEMBERS and Deferred Beneficiaries as well as for their beneficiaries in the event of their death.
- 1.4 The Fund, in its own name, shall be capable in law of suing and of being sued and of acquiring, holding and alienating property, movable and immovable.
- 1.5 Notwithstanding the registration of these revised RULES in terms of the Act after 01 June 2002, the revised RULES shall take effect from 01 June 2002.

2. DEFINITIONS

In these RULES words defined in the ACT and not in the RULES shall have the meanings assigned to them in the ACT and, unless inconsistent with the context, all words and expressions signifying the singular shall include the plural and vice versa, words and expressions implying the masculine gender shall include the feminine, and the following words and expressions shall have the following meanings:

"2016 AMOUNT" shall mean the amount or amounts determined in terms of paragraph 1, and credited to the MEMBER'S FUND CREDIT in terms of paragraph 2, of Schedule 1 to the RULES.

(Definition renamed by Rule Amendment 7 w.e.f. 1 Sept. 2024 - previously VESTED AMOUNT)

"2016 MEMBER" shall mean a MEMBER who, as at 29 February 2016, was a MEMBER, including a DISABILITY MEMBER, but who had not become a DEFERRED BENEFICIARY on or before that date".

(Definition renamed by Rule Amendment 7 w.e.f. 1 Sept. 2024 - previously VESTED MEMBER)

"ACT" shall mean the Pension Funds Act, 1956, and the regulations framed thereunder.

"ACTUARY" shall mean the ACTUARY appointed in terms of these RULES, who shall be a Fellow of the Institute of Actuaries of England or of the Faculty of Actuaries in Scotland or of the Society of Actuaries of America or of any other institute, faculty, society or chapter of actuaries approved by the MINISTER.

"ADDITIONAL SERVICE BENEFIT" shall have the meaning given to it in paragraph 1 of Schedule 1.

"ADMINISTRATORS" shall mean ADMINISTRATORS approved in terms of Section 13B of the ACT and appointed in terms of these RULES.

"APPROVED FUND" shall mean a pension, provident or retirement annuity fund, including a PRESERVATION FUND, registered in terms of the PENSION FUNDS ACT and approved as such by the REVENUE AUTHORITIES.

(Definition replaced by Rule Amendment 3 w.e.f. 1 March 2021)

"AUDITOR" shall mean an AUDITOR registered under the Public Accountants' and Auditors' Act, 1991, appointed in terms of these RULES.

"AUTHORITY" shall mean the Financial Sector Conduct Authority established in terms of section 56 of the Financial Sector Conduct Act, 2017.

(Definition introduced by Rule Amendment 7 w.e.f. 1 Sept. 2024, replacing REGISTRAR)

"CATEGORY A MEMBER" shall mean a MEMBER who has been notified to the TRUSTEES by the EMPLOYER as a MEMBER who has not reached age 49 years and who is not a member of the CLOSED PENSION FUND.

"CATEGORY B MEMBER" shall mean a MEMBER who has been notified to the TRUSTEES by the EMPLOYER as a MEMBER who has reached age 49 years and who is not a member of the CLOSED PENSION FUND.

"CATEGORY C MEMBER" shall mean a MEMBER who is a member of the CLOSED PENSION FUND.

"CLOSED PENSION FUND" shall mean the Fund established in terms of the Closed Pension Fund Act, 1993.

"COMMENCEMENT DATE" shall mean 27 April 1994.

"DEFERRED BENEFICIARY" shall mean a MEMBER who is entitled to receive a PAID-UP BENEFIT in terms of Rule 8.2.1(c).

"DIPLOMAT" shall mean a diplomatic representative of the Republic of South Africa who was a MEMBER in SERVICE immediately prior to his or her appointment as a diplomatic representative, and at the time of his or her appointment as such is not eligible to become a

contributory member of the Government Employees Pension Fund.

"DISABILITY ARRANGEMENT" shall mean a separate disability arrangement set up by an EMPLOYER to provide benefits for employees who are MEMBERS in the event of their disablement.

"DISABILITY MEMBER" shall mean a MEMBER who is in receipt of a disability income benefit in terms of the DISABILITY ARRANGEMENT, and who has not yet taken benefits in terms of the RULES.

"EMPLOYER" shall mean the PRINCIPAL EMPLOYER and an EMPLOYER admitted to the Fund with the consent of the MINISTER and shall include:

- (i) The National Assembly;
- (ii) The National Council of Provinces;
- (iii) The nine Provincial Legislatures; and
- (iv) Any department of State where POLITICAL OFFICE-BEARERS are in SERVICE;

provided that in the case of a DEFERRED BENEFICIARY, EMPLOYER shall mean the employer by whom such MEMBER was employed at the date of termination of his/her SERVICE.

"EQUALISATION AMOUNT" shall have the meaning given to it in paragraph 1 of Schedule 1.

"FINANCIAL YEAR" shall mean the twelve-month period ending on 31 March each year.

"FORMER MEMBER" shall mean a person whose membership of the FUND has ceased and in respect of whom the FUND has no liability except as may be created in terms of the SURPLUS ACT.

"FUND" shall mean POLITICAL OFFICE-BEARERS PENSION FUND.

"FUND CREDIT" shall mean for each MEMBER at any particular date the amount held for the MEMBER in the Members' General Account, as specified in Rule 4.2A, and shall include the MEMBER'S INTEREST IN THE VESTED COMPONENT, the MEMBER'S INTEREST IN THE SAVINGS COMPONENT and the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT.

(Definition replaced by Rule Amendment 7 w.e.f. 1 September 2024)

"FUND INTEREST" shall mean the interest rate, whether positive or negative, as determined by the TRUSTEES from time to time after consultation with the ACTUARY, taking account of the investment returns earned by the FUND after making allowance for:

- (a) interest, dividends and capital appreciation; and
- (b) capital depreciation, expenses and taxes.

"INSURED PORTION" shall mean in relation to all MEMBERS during any particular FINANCIAL YEAR, the amount of death cover purchased from a REGISTERED INSURER. Such cover shall be determined from time to time by the TRUSTEES in accordance with the REGISTERED INSURER'S rates applicable to the MEMBERS and any conditions laid down by the REGISTERED INSURER and shall be notified to the MEMBERS by the TRUSTEES.

"LIVING ANNUITANT" shall mean a MEMBER who has chosen to invest all or part of his/her FUND CREDIT in a living annuity to be provided by the Fund, in terms of Rule 6.4, or a nominated spouse or child of a deceased LIVING ANNUITANT, who has become a LIVING ANNUITANT of the FUND in terms of Rule 6.4.

(Definition added by Rule Amendment 6 w.e.f. 1 March 2024)

"LIVING ANNUITANT'S FUND CREDIT" shall mean for each LIVING ANNUITANT at any particular date the amount held for the LIVING ANNUITANT in the Living Annuitants' Account, as specified in Rule 4.2B.

(Definition added by Rule Amendment 6 w.e.f. 1 March 2024)

"MEMBER" shall mean an eligible person who, having been admitted to membership of the FUND in terms of the RULES, has not ceased to be a MEMBER, and shall include a DISABILITY MEMBER, a DEFERRED BENEFICIARY, a LIVING ANNUITANT and a 2016 MEMBER, but for the purposes of the INSURED PORTION and contributions to the FUND in terms of Rule 4 shall exclude a DEFERRED BENEFICIARY.

(Definition amended by Rule Amendment 6 w.e.f. 1 March 2024)

"MEMBER'S INTEREST IN THE RETIREMENT COMPONENT" shall mean, in respect of each MEMBER for whom contributions are receivable after the TWO-POTS COMMENCEMENT DATE, a component of the MEMBER'S FUND CREDIT comprising:

- Two-thirds of the TOTAL RETIREMENT CONTRIBUTIONS made in respect of the MEMBER;
- Any amounts credited to the MEMBER'S FUND CREDIT in terms of Rules 4.2A.1(iii) to (x);
- Any transfer of a MEMBER'S INTEREST IN THE SAVINGS COMPONENT or of a MEMBER'S INTEREST IN THE VESTED COMPONENT (excluding his or her PROTECTED BENEFITS) that a MEMBER may choose to make;
- Any portion of a transfer amount comprising a retirement component in an APPROVED FUND (excluding a retirement annuity fund), received in respect of the MEMBER;
- A proportionate share of any amount to be debited to the MEMBER'S FUND CREDIT in terms of Section 37D of the ACT or in terms of Rules 4.2A.2(ii),(iii),(iv),(v),(vi), and (vii), where the proportion is determined by reference to the relative amounts of the member's interest in the three components of the FUND CREDIT at the applicable date;
- FUND INTEREST, whether positive or negative.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

"MEMBER'S INTEREST IN THE SAVINGS COMPONENT" shall mean, in respect of each DEFERRED BENEFICIARY, and each MEMBER in respect of whom contributions are receivable after the TWO-POTS COMMENCEMENT DATE, a component of the MEMBER'S FUND CREDIT comprising:

- One-third of the TOTAL RETIREMENT CONTRIBUTIONS made in respect of the MEMBER;
- Any seeding amount transferred from the MEMBER'S INTEREST IN THE VESTED COMPONENT as provided for in the definitions of SAVINGS COMPONENT and VESTED COMPONENT;
- Any portion of a transfer amount comprising a savings component in an APPROVED FUND excluding a retirement annuity fund, received in respect of the MEMBER;
- A proportionate share of any amount to be debited to the MEMBER'S FUND CREDIT in terms of Section 37D of the ACT or in terms of Rules 4.2A.2(ii),(iii),(iv),(v),(vi), and (vii), where the proportion is determined by reference to the relative amounts of the member's interest in the three components of the FUND CREDIT at the applicable date;
- Any SAVINGS WITHDRAWAL BENEFIT debited from the MEMBER'S INTEREST IN THE SAVINGS COMPONENT by request of the MEMBER, in terms of Rule 8A;
- FUND INTEREST, whether positive or negative.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

"MEMBER'S INTEREST IN THE VESTED COMPONENT" shall mean, in respect of each DEFERRED BENEFICIARY, and each MEMBER in respect of whom contributions are receivable after the TWO-POTS COMMENCEMENT DATE, a component of the MEMBER'S FUND CREDIT comprising:

- The MEMBER'S FUND CREDIT that existed immediately prior to the TWO-POTS COMMENCEMENT DATE, inclusive of any PROTECTED BENEFITS held in respect of the MEMBER at that date;
- Any portion of a transfer amount comprising a vested component in an APPROVED FUND excluding a retirement annuity fund, received in respect of the MEMBER;
- Any seeding amount to be debited and transferred to the MEMBER'S INTEREST IN THE SAVINGS COMPONENT as provided for in the definitions of SAVINGS COMPONENT and VESTED COMPONENT;
- A proportionate share of any amount to be debited to the MEMBER'S FUND CREDIT in terms of Section 37D of the ACT or in terms of Rules 4.2A.2(ii),(iii),(iv),(v),(vi), and (vii), where the proportion is determined by reference to the relative amounts of the member's interest in the three components of the FUND CREDIT at the applicable date;
- FUND INTEREST, whether positive or negative.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

"MINIMUM INDIVIDUAL RESERVE" shall mean an amount as defined and calculated in terms of section 14B of the SURPLUS ACT.

"MINIMUM RETIREMENT DATE" shall mean the last day of the month in which the MEMBER attains age 50 years.

"MINISTER" shall mean the Minister of Finance.

"NON-RESIDENT" shall mean a MEMBER who:

- Is a person who is not a resident of the Republic of South Africa for an uninterrupted period of three years or longer, on or after 01 March 2021; or
- Departed from the Republic of South Africa at the expiry of a visa obtained for the purposes of (a) working as contemplated in paragraph (i) of the definition of "visa" in section 1 of the Immigration Act, 2002 (Act No. 13 of 2002) or (b) a visit as contemplated in paragraph (b) of the definition of "visa" in section 1 of the Immigration Act, 2002 (Act No. 13 of 2002), issued in terms of paragraph (b) of the proviso to section 11 of that Act by the Director-General, as defined in that Act; or
- Is or was a resident who emigrated from the Republic and whose emigration is recognised by the South African Reserve Bank for purposes of exchange control in respect of application for that recognition received on or before 28 February 2021 and approved by the South African Reserve Bank or an authorised dealer in foreign exchange for the delivery of currency on or before 28 February 2022.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

"PAID-UP BENEFIT" shall mean the benefit retained in the FUND in terms of Rule 8.2.1(c), increased by FUND INTEREST until it becomes payable in terms of Rule 5.1.2, Rule 6 or Rule 8.2.4.

"PAST SERVICE" shall mean

- (a) the period of service determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

B

Where

A = that part of the MEMBER'S FUND CREDIT which arises from the portion of the contributions made by the EMPLOYER in respect of the MEMBER in terms of Rule 4.2.1 which is defined as contributions in respect of PAST SERVICE

B = that part of the MEMBER'S FUND CREDIT which arises from the contributions made by the MEMBER in terms of Rule 4.1.1 and the total contributions in respect of SERVICE made by the EMPLOYER in respect of the MEMBER in terms of Rule 4.2.1

C = the MEMBER'S SERVICE as defined in these RULES

PLUS

- (b) any period of PENSIONABLE SERVICE with a previous EMPLOYER in respect of which an amount was transferred in to this FUND in terms of Rule 9.1

subject to a maximum of

- (c) the period between the date on which the MEMBER attained the age of 16 years and the date at which PAST SERVICE is determined, LESS the MEMBER'S SERVICE in the FUND as determined at the same date.

"PENSION" shall mean the annuity purchased from a REGISTERED INSURER in terms of the provisions of these RULES.

"PENSIONABLE SALARY" shall mean 60% (sixty per cent) of the total remuneration package (being the salary and allowances as proclaimed by the President in terms of the Remuneration of Public Office Bearers Act, Act No 20 of 1998) applicable to each MEMBER, provided that :-

- (i) in the case of a POLITICAL OFFICE BEARER classified as a DIPLOMAT by his / her EMPLOYER, his/her PENSIONABLE SALARY for the purposes of the FUND shall be his/her basic annual salary and such other allowances which the EMPLOYER determines are pensionable and that are advised to the FUND in writing; and
- (ii) the PENSIONABLE SALARY of a DISABILITY MEMBER shall be his / her PENSIONABLE SALARY at the date on which his / her disablement commenced. Subject to the provisions of Rule 6.2.5, if the benefit payable to the DISABILITY MEMBER is increased, his / her PENSIONABLE SALARY shall be increased in the same proportion.

"PENSIONABLE SERVICE" shall mean the total of the MEMBER'S SERVICE and the MEMBER'S PAST SERVICE as defined in these RULES.

"POLITICAL OFFICE-BEARER" shall mean:

- (a) the Deputy President;
- (b) a Minister and a Deputy Minister;
- (c) a Member of the National Assembly and a permanent delegate to the National Council of Provinces;
- (d) the Premier and a Member of the Executive Council of a province;
- (e) a Member of a Provincial Legislature;
- (f) a DIPLOMAT; or

- (g) any other person recognised as a POLITICAL OFFICE-BEARER for the purposes of Section 190A of the Interim Constitution.

"PRINCIPAL EMPLOYER" shall mean the Minister of Finance.

"PRINCIPAL OFFICER" shall mean the PRINCIPAL OFFICER of the FUND appointed in accordance with these RULES.

"PRESERVATION FUND" shall mean a fund established for the purpose of preserving benefits accruing to MEMBERS in the event of their MEMBERSHIP of the FUND ceasing prior to their retirement.

"PROJECTED", when applied to the terms ADDITIONAL SERVICE BENEFIT, EQUALISATION AMOUNT or TERMINAL GRATUITY, shall have the meaning given to it in paragraph 1 of Schedule 1.

"PROTECTED BENEFITS" shall mean the amounts which, in terms of the Income Tax Act, 1962 (Act 58 of 1962), as amended ("the Income Tax Act"), can be taken in full as a cash lump sum at retirement. Based on the provisions of the Income Tax Act at the effective date of this Rule, these amounts are such portion of any amount transferred on behalf of a Member from another APPROVED FUND, on or after 1 March 2021, which represented PROTECTED BENEFITS in the other APPROVED FUND, being benefits arising as follows:

- (i) In the case of a retiring MEMBER who was aged 55 years or older on 1 March 2021 and was a member of a provident fund or provident preservation fund on that date –
 - Any amount contributed to that provident fund, or transferred to that provident preservation fund, whether before, on or after 1 March 2021; plus
 - Any other amount credited to the MEMBER's individual account or minimum individual reserve (as defined in the Pension Funds Act, no. 24 of 1956, as amended) in that provident fund or that provident preservation fund, whether before, on or after 1 March 2021; plus
 - Any investment returns credited on these amounts up to the date of transfer to the FUND; minus
 - A proportionate deduction in respect of amounts permitted by the Pension Funds Act to be deducted from the member's individual account or minimum individual reserve in that provident fund or that provident preservation fund, whether before, on or after 1 March 2021;
- (ii) In the case of a retiring MEMBER who was younger than 55 years of age on 1 March 2021 and was a member of a provident fund or provident preservation fund on that date –
 - Any amount contributed to that provident fund, or transferred to that provident preservation fund, before 1 March 2021; plus
 - Any other amount credited to the member's individual account or minimum individual reserve in that provident fund or that provident preservation fund, as a result of the value of the member's individual account or minimum individual reserve on 1 March 2021; plus

- Any investment returns credited on these amounts up to the date of transfer to the FUND; minus
 - A proportionate deduction in respect of amounts permitted by the Pension Funds Act to be deducted from member's individual account or minimum individual reserve in that provident fund or that provident preservation fund, whether before, on or after 1 March 2021;
- where such PROTECTED BENEFITS amount transferred to the FUND on or after 1 March 2021 is increased by FUND INTEREST from the date of receipt of the transfer amount to the date on which the benefit becomes payable.

(Definition introduced by Rule Amendment 3 w.e.f. 1 March 2021)

"REGISTERED INSURER" shall mean an insurer registered in terms of the Long Term Insurance Act No 52 of 1998.

"RETIREMENT COMPONENT" shall mean a component being a sub-account of the Members' General Account in terms of Rule 4.2A, to which the following are allocated, for each MEMBER:

- Two-thirds of the TOTAL RETIREMENT CONTRIBUTIONS made in respect of any MEMBER after the TWO-POTS COMMENCEMENT DATE ,
- Any amounts transferred from an equivalent component of an APPROVED FUND excluding a retirement annuity fund, on or after the TWO-POTS COMMENCEMENT DATE ;
- Any transfer of a MEMBER'S INTEREST IN THE SAVINGS COMPONENT that the MEMBER may choose to make, into the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT, on or after the TWO-POTS COMMENCEMENT DATE ;
- Any transfer of a MEMBER'S INTEREST IN THE VESTED COMPONENT (excluding his or her PROTECTED BENEFITS) that the MEMBER may choose to make, into the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT, on or after the TWO-POTS COMMENCEMENT DATE;

and in respect of which the total value of the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT must be paid in the form of an annuity (including a living annuity), a combination of annuities (including a combination of methods of paying the annuity) or a combination of types of annuities, when the MEMBER retires from the FUND in terms of Rule 5.2, except where the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT plus two-thirds of the MEMBER'S INTEREST IN THE VESTED COMPONENT does not exceed R 165 000 or such other amount as may be prescribed in legislation, where the MEMBER is deceased, or where the MEMBER chooses to transfer his or her RETIREMENT COMPONENT to an APPROVED FUND.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

"REVENUE AUTHORITIES" shall mean the South African Revenue Services and any other statutory revenue authority whose approval of the FUND is required.

"RULES" shall mean these RULES and such alterations hereof as may at any time be in force.

"SAVINGS COMPONENT" shall mean a component being a sub-account of the Members' General Account in terms of Rule 4.2A, to which the following are allocated, for each MEMBER:

- A once-off amount of the lesser of R 30 000 or 10% of the MEMBER'S FUND CREDIT immediately prior to the TWO-POTS COMMENCEMENT DATE, and
- One-third of the TOTAL RETIREMENT CONTRIBUTIONS made in respect of any MEMBER after the TWO-POTS COMMENCEMENT DATE , and
- Any amounts transferred from an equivalent component of an APPROVED FUND excluding a retirement annuity fund, on or after the TWO-POTS COMMENCEMENT DATE ;

and in respect of which:

- a MEMBER'S INTEREST IN THE SAVINGS COMPONENT or a portion thereof may at the MEMBER'S election be paid in the form of a SAVINGS WITHDRAWAL BENEFIT in terms of Rule 8A ;
- the MEMBER'S INTEREST IN THE SAVINGS COMPONENT may at the MEMBER'S election be allocated into the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT ;
- on the death of a MEMBER or former MEMBER, the MEMBER'S INTEREST IN THE SAVINGS COMPONENT or portions thereof may be paid out to the dependants or nominees of the deceased MEMBER or former MEMBER, or to the deceased's estate if there are no dependants or nominees, in terms of Rule 7 ;
- when a MEMBER elects to take a retirement benefit from the FUND in terms of Rule 6, such portion of the MEMBER'S INTEREST IN THE SAVINGS COMPONENT as is not allocated by the MEMBER into the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT shall be paid out to the MEMBER.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

"SAVINGS WITHDRAWAL BENEFIT" shall mean such portion of a MEMBER'S INTEREST IN THE SAVINGS COMPONENT that a MEMBER elects to withdraw in cash, provided that:

- the MEMBER may only make one such withdrawal during a year of assessment (tax year), except as provided for below;
- the value of each withdrawal, before any charges or transaction costs, may not be less than R 2 000 or other amount specified in legislation;
- where a MEMBER has made a withdrawal during a year of assessment and the MEMBER then elects to terminate his or her membership of the FUND during the same year of assessment, the MEMBER may elect to make a second withdrawal of the total remaining MEMBER'S INTEREST IN THE SAVINGS COMPONENT provided that such remaining interest is less than R 2 000 or other amount specified in legislation.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

"SERVICE" shall mean the period or periods during which a POLITICAL OFFICE-BEARER serves in that capacity with any of the EMPLOYERS and shall include any period during which a DISABILITY MEMBER is deemed to remain in SERVICE in terms of Rule 17.4. In the case of a DEFERRED BENEFICIARY, SERVICE shall mean the period or periods during which he/she

served as a POLITICAL OFFICE-BEARER in the employment of any of the EMPLOYERS.

“STAKEHOLDER” shall mean a current MEMBER including a DEFERRED BENEFICIARY, a FORMER MEMBER and an EMPLOYER participating in the FUND.

“SURPLUS ACT” shall mean The Pension Funds Second Amendment Act, 2001 and the regulations framed thereunder.

“SURPLUS APPORTIONMENT DATE” shall mean 31 March 2002, the date determined by the BOARD OF TRUSTEES in terms of the SURPLUS ACT.

“TERM OF OFFICE”, in relation to a current or former MEMBER, other than a DIPLOMAT, being each period in SERVICE commencing at or in consequence of the election in 1994 or any election after 1994, and ending at or in consequence of the next election following.

“TERMINAL GRATUITY” shall have the meaning given to it in paragraph 1 of Schedule 1.

“TOTAL RETIREMENT CONTRIBUTIONS” shall mean contributions receivable in respect of a MEMBER after the TWO-POTS COMMENCEMENT DATE, in terms of Rules 4.1.1, 4.1.2, 4.2.1 and 4.2.6.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

“TRUSTEES” shall mean the TRUSTEES as appointed and elected in accordance with these RULES and their alternates when empowered to act as TRUSTEES in terms of these RULES.

“TWO-POTS COMMENCEMENT DATE” shall mean 01 September 2024 or such other date on which the relevant provisions of the Revenue Laws Amendment Bill, 2023, come into operation.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

“VESTED COMPONENT” shall mean a component being a sub-account of the Members’ General Account in terms of Rule 4.2A, to which the following are allocated, for each MEMBER:

- The amount of the MEMBER’S FUND CREDIT immediately prior to the TWO-POTS COMMENCEMENT DATE, inclusive of any PROTECTED BENEFITS held in respect of the MEMBER at that date, but reduced by a once-off amount of the lesser of R 30 000 or 10% thereof, transferred to the SAVINGS COMPONENT, drawn proportionally from the MEMBER’S PROTECTED BENEFITS and the balance of the MEMBER’S FUND CREDIT;
- Any amounts transferred from an equivalent component of an APPROVED FUND excluding a retirement annuity fund, on or after the TWO-POTS COMMENCEMENT DATE ;

and in respect of which:

- a MEMBER’S INTEREST IN THE VESTED COMPONENT is subject to and must be paid in accordance with the RULES that existed immediately prior to the TWO-POTS

COMMENCEMENT DATE;

- no contributions may be made to this component after the TWO-POTS COMMENCEMENT DATE;
- the MEMBER may, in accordance with the RULES that existed immediately prior to the TWO-POTS COMMENCEMENT DATE, elect to transfer the MEMBER'S INTEREST IN THE VESTED COMPONENT into an equivalent component of another APPROVED FUND;
- the MEMBER may similarly elect to transfer the MEMBER'S INTEREST IN THE VESTED COMPONENT (excluding his or her PROTECTED BENEFITS) into the RETIREMENT COMPONENT.

(Definition added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

3. MEMBERSHIP

- 3.1 Each POLITICAL OFFICE-BEARER in SERVICE on the COMMENCEMENT DATE was required to become a MEMBER of the FUND on that date.
- 3.2 Each POLITICAL OFFICE-BEARER who enters SERVICE after the COMMENCEMENT DATE must become a MEMBER of the FUND on the day on which he/she becomes a POLITICAL OFFICE-BEARER.
- 3.3 A MEMBER shall not be permitted to withdraw from MEMBERSHIP while he/she remains in SERVICE.
- 3.4 A MEMBER who has left SERVICE for any reason and has received all the benefits which may be due to him or her in terms of these RULES shall immediately cease to be a MEMBER.

4. CONTRIBUTIONS AND FUND ACCOUNTS

4.1 Contributions by the MEMBER

- 4.1.1 Each MEMBER shall contribute to the FUND at the rate of one twelfth of 7,5 per cent of his/her PENSIONABLE SALARY per month.

After a MEMBER has been in SERVICE for 15 (fifteen) years he or she may, by notice in writing to the FUND, apply to exercise a once off option to cease contributing in terms of this Rule 4.1.1. Such an application will be accepted by the FUND provided that, and shall have effect for such time as, the payroll system through which the MEMBER's contributions are paid to the Fund can accommodate this while ensuring that the contributions by the EMPLOYER continue to be paid. If this is not the case, such application shall not be accepted by the FUND.

If a MEMBER who has made such application which has been accepted by the FUND subsequently takes up service with a different EMPLOYER whose payroll system cannot accommodate the arrangement set out above, the MEMBER will be required to resume contributing to the FUND in terms of this Rule 4.1.1. However, if such a MEMBER subsequently moves again to take up service with a new EMPLOYER whose payroll system can accommodate the arrangement set out above, a new application to cease contributing may be made.

- 4.1.2 Each MEMBER may apply, by notice in writing to the FUND, to make additional contributions at such regular rate and frequency of payment as may be agreed by the FUND without any obligation on the part of the EMPLOYER to match such contributions. Such application shall be accepted by the FUND provided that, and shall have effect for such time as, the payroll system through which the MEMBER's contributions are paid to the Fund can accommodate these additional voluntary contributions.

If a MEMBER who has made such application which has been accepted by the FUND subsequently takes up service with a different EMPLOYER whose payroll system cannot accommodate the arrangement set out above, the additional voluntary contributions shall cease. However, if such a MEMBER subsequently moves again to take up service with a

new EMPLOYER whose payroll system can accommodate the arrangement set out above, a new application to make additional voluntary contributions may be made.

4.1.3 Each MEMBER'S contributions in terms of Rule 4.1.1 and Rule 4.1.2 shall be deducted monthly by his/her EMPLOYER from his/her salary or wages and paid to the FUND; provided that in the case of a DISABILITY MEMBER, his/her contributions to the FUND shall be paid from the benefit paid from the DISABILITY ARRANGEMENT for such time as he or she remains a DISABILITY MEMBER.

4.1.4 Contributions shall be paid to the FUND within seven days after the end of the month in respect of which the contributions were made. Any MEMBER contributions not paid timeously will attract interest from the date on which they fall due at a rate determined in accordance with the provisions of the ACT.

4.2 Contributions by the EMPLOYER

4.2.1 The EMPLOYER shall make contributions towards the retirement benefit of each MEMBER in its SERVICE at the rate of:

(a) in the case of a CATEGORY A MEMBER with effect from 27 April 1994, one twelfth of 4,75 per cent of his/her PENSIONABLE SALARY in respect of the MEMBER'S SERVICE, PLUS one twelfth of 12,25 per cent of his/her PENSIONABLE SALARY in respect of his/her PAST SERVICE;

(b) in the case of a CATEGORY B MEMBER

(i) for the period 27 April 1994 to 30 April 1999, one twelfth of 6,25 per cent of his/her PENSIONABLE SALARY in respect of the MEMBER'S SERVICE, PLUS one twelfth of 13,75 per cent of his/her PENSIONABLE SALARY in respect of his/her PAST SERVICE;

(ii) with effect from 01 May 1999, one twelfth of 4,75 per cent of his/her PENSIONABLE SALARY in respect of the MEMBER'S SERVICE, PLUS one twelfth of 12,25 per cent of his/her PENSIONABLE SALARY in respect of his/her PAST SERVICE;

(c) in the case of a CATEGORY C MEMBER

- (i) for the period 27 April 1994 to 30 April 1999, one twelfth of 1,25 per cent of his/her PENSIONABLE SALARY in respect of the MEMBER'S SERVICE, PLUS one twelfth of 8,75 per cent of his/her PENSIONABLE SALARY in respect of his/her PAST SERVICE;
- (ii) with effect from 01 May 1999, one twelfth of 4,75 per cent of his/her PENSIONABLE SALARY in respect of the MEMBER'S SERVICE, PLUS one twelfth of 12,25 per cent of his/her PENSIONABLE SALARY in respect of his/her PAST SERVICE.

4.2.2 With effect from 1 April 2011, the EMPLOYER shall contribute at the rate of 1/12th (one-twelfth) of 4,8% (four comma eight per cent) of the PENSIONABLE SALARY of a MEMBER, to be credited to the Risk Reserve Account, less the cost of the DISABILITY ARRANGEMENT, funeral benefits and spouse's life insurance cover, for the month concerned. This is subject to the FUND agreeing with the PRINCIPAL EMPLOYER that, at the PRINCIPAL EMPLOYER's risk, the FUND receives from the EMPLOYER the premiums for the DISABILITY ARRANGEMENT, funeral benefits and spouse's life insurance cover, and pays these premiums on behalf of the PRINCIPAL EMPLOYER to the relevant INSURER.

4.2.3 With effect from 1 April 2011, the EMPLOYER shall contribute to the Administration Reserve Account at the rate of 1/12th (one-twelfth) of 0,7% (zero comma seven per cent) of the PENSIONABLE SALARY of a MEMBER. Such contribution may be reduced by amounts utilised from the Administration Reserve Account as agreed to by the TRUSTEES from time to time.

4.2.4 In the case of a DISABILITY MEMBER, contributions shall continue to be paid from the DISABILITY ARRANGEMENT to the FUND in respect of him or her for such time as he or she remains a DISABILITY MEMBER.

4.2.5 *(Deleted)*

4.2.6 In the case of a greater benefit being granted to MEMBERS in terms of

Rule 18, the EMPLOYER shall contribute such additional amount as agreed to between the FUND and the EMPLOYER from time to time when such greater benefit has been agreed to.

4.2.7 *(Deleted)*

4.2.8 *(Deleted)*

4.2.9 Contributions by the EMPLOYER must be paid to the FUND within seven days after the end of the month to which they relate. Any EMPLOYER contributions not paid timeously will attract interest from the date on which they fall due at a rate determined in accordance with the provisions of the ACT. The EMPLOYER shall further ensure that the reconciliation of these contributions plus MEMBER contributions is delivered to the ADMINISTRATOR at the same time that the contributions are paid to the FUND.

4.2A Members' General Account

The FUND shall maintain an account designated the Members' General Account which shall reflect the value of the assets that the FUND holds at any particular date backing the MEMBERS' FUND CREDITS (other than the LIVING ANNUITANTS' FUND CREDITS, which are backed by the Living Annuitants' Account described in Rule 4.2B). The Members' General Account shall include the RETIREMENT COMPONENT, SAVINGS COMPONENT and VESTED COMPONENT, with the following credits and debits in respect of each MEMBER:-

(Paragraph amended by Rule Amendment 7 w.e.f. 1 Sept. 2024)

4.2A.1 Credits :-

- (i) Contributions by the MEMBER in terms of Rules 4.1.1 and 4.1.2;
- (ii) Contributions by the EMPLOYER in terms of Rules 4.2.1 and 4.2.6;
- (iii) Amounts that may be transferred from the Risk Reserve Account in terms of Rule 4.3.1.4;
- (iv) Any amount that may be transferred from the Investment Smoothing Reserve Account as at 31 March 2016 in terms of Rule 4.3.2.5;
- (v) Amounts that may be transferred from the Administration Reserve Account in terms of Rule 4.3.3.4;
- (vi) Amounts from the Employer Surplus Account no.1 or Employer Surplus Account no.2 that are to be credited to the FUND CREDIT of the MEMBER as a 2016 AMOUNT;

- (vii) Amounts that may be transferred from the Employer Surplus Account no.3 in terms of Rule 4.3.6.4.2;
- (viii) Amounts that may be transferred from the Member Surplus Account in terms of Rule 4.3.7.4;
- (ix) Amounts that may be transferred from the Data Reserve Account in terms of Rule 4.3.8.5;
- (x) The proceeds of the INSURED PORTION received in respect of a deceased MEMBER in terms of Rule 7.1.1;
(Rule 4.2A.1(x) amended by Rule Amendment 6 w.e.f. 1 March 2024)
- (xi) Transfer amounts received by the FUND in respect of one or more MEMBERS in terms of Rule 9.1; and
- (xii) FUND INTEREST, if positive.

4.2A.2 Debits :-

- (i) The payment of part or all of a MEMBER'S FUND CREDIT and, if applicable, the INSURED PORTION, as a benefit to the MEMBER or the MEMBER'S BENEFICIARIES and/or to a REGISTERED INSURER(S) for the benefit of the MEMBER or the MEMBER'S BENEFICIARIES, and/or where selected by the retiring MEMBER in terms of Rule 6.4, to the Living Annuitants' Account, as applicable when such a benefit becomes payable in terms of the Rules;
(Rule 4.2A.2(i) amended by Rule Amendment 6 w.e.f. 1 March 2024)
- (ii) Deductions from MEMBER'S FUND CREDIT in terms of Rule 11;
- (iii) Such deduction from the MEMBER'S FUND CREDIT as may be required to settle in full or in part a claim against a housing loan guarantee given by the FUND in respect of that MEMBER in terms of Rule 13.2;
- (iv) Such regular monthly deductions from the FUND CREDIT of a DEFERRED BENEFICIARY as the TRUSTEES may from time to time agree, towards the costs associated with FUND membership by a DEFERRED BENEFICIARY (other than investment-related expenses taken into account in the determination of FUND INTEREST), provided that such deductions are fair, reasonable and commensurate with the cost of providing FUND membership to MEMBERS in SERVICE, and that such amounts are to be transferred to the Administration Reserve Account maintained in terms of Rule 4.3.3;
- (v) The cost for the FUND incurred in the administration of the housing loan guarantee given in respect of the MEMBER in terms of Rule 13.2, such amounts to be transferred to the Administration Reserve Account maintained in terms of Rule 4.3.3;
- (vi) Such portion as the TRUSTEES may from time to time agree, of any

direct cost incurred by the FUND in the provision of benefits counselling to the MEMBER as envisaged in Rules 6.3 and 8.5, with such amounts to be transferred to the Administration Reserve Account maintained in terms of Rule 4.3.3 ;

- (vii) Such portions as the TRUSTEES may from time to time decide of any tracing costs incurred by the FUND if it becomes necessary to trace the MEMBER in order to maintain contact with him/her or to trace possible dependants of a deceased MEMBER, and of any other costs associated with the payment of a benefit to such a MEMBER, with such amounts to be transferred to the Administration Reserve Account maintained in terms of Rule 4.3.3;

(Rule 4.2A.2(vii) amended by Rule Amendment 6 w.e.f. 1 March 2024)

- (viii) Payment of greater benefits in terms of Rule 18;
- (ix) SAVINGS WITHDRAWAL BENEFIT amounts, plus such fee as the TRUSTEES may from time to time agree for the processing of such benefits, with such fee amounts to be transferred to the Administration Reserve Account maintained in terms of Rule 4.3.3;
- (x) Payments in respect of the MEMBER'S FUND CREDIT as may be required on termination or partial termination of the FUND under Rule 10 or Rule 13.1.7; and;
- (xi) FUND INTEREST, if negative.

(Rule 4.2A.2 replaced by Rule Amendment 1 w.e.f. 1 March 2019)

(New 4.2A.2(vii) introduced by Rule Amendment 4 w.e.f. 1 Oct.2021)

(New 4.2A.2(ix) introduced by Rule Amendment 7 w.e.f. 1 Sept. 2024)

4.2B Living Annuitants' Account

The FUND shall maintain an account designated the Living Annuitants' Account which shall reflect the value of the assets that the FUND holds backing the LIVING ANNUITANTS' FUND CREDITS at any particular date, with the following credits and debits in respect of each LIVING ANNUITANT:-

4.2B.1 Credits :-

- (i) The amount invested by the LIVING ANNUITANT in terms of Rule 6.4;
- (ii) Amounts that may be transferred from the Administration Reserve Account in terms of Rule 4.3.3.4;
- (iii) Amounts that may be transferred from the Employer Surplus Account no.3 in terms of Rule 4.3.6.4.2;
- (iv) Amounts that may be transferred from the Member Surplus Account in terms of Rule 4.3.7.4;

- (v) Amounts that may be transferred from the Data Reserve Account in terms of Rule 4.3.8.5;
- (vi) FUND INTEREST, if positive.

4.2B.2 Debits :-

- (i) The pension instalments payable to the LIVING ANNUITANT in terms of Rule 6.4;
- (ii) The payment of a LIVING ANNUITANT'S FUND CREDIT as a benefit to the LIVING ANNUITANT'S beneficiaries when such a benefit becomes payable in terms of the Rules;
- (iii) The amount transferred to a REGISTERED INSURER if the LIVING ANNUITANT so chooses in terms of Rule 6.4;
- (iv) Deductions from a LIVING ANNUITANT'S FUND CREDIT or pension in terms of Rule 11;
- (v) Such initial deduction and/or regular monthly deductions from the LIVING ANNUITANT'S FUND CREDIT as the TRUSTEES may from time to time agree, towards the costs associated with FUND membership by a LIVING ANNUITANT (other than investment-related expenses taken into account in the determination of FUND INTEREST), provided that such amounts are to be transferred to the Administration Reserve Account maintained in terms of Rule 4.3.3;
- (vi) Such portions as the TRUSTEES may from time to time decide of any tracing costs incurred by the FUND if it becomes necessary to trace the LIVING ANNUITANT in order to maintain contact with him/her, or to trace possible dependants of a deceased LIVING ANNUITANT, with such amounts to be transferred to the Administration Reserve Account maintained in terms of Rule 4.3.3;
- (vii) Payments in respect of the LIVING ANNUITANT'S FUND CREDIT as may be required on termination or partial termination of the FUND under Rule 10 or Rule 13.1.7; and
- (viii) FUND INTEREST, if negative.

(Rule 4.2B added by Rule Amendment 6 w.e.f. 1 March 2024)

4.3 Reserve Accounts

Eight Reserve Accounts, to be known as the Risk Reserve Account, the Investment Smoothing Reserve Account, the Administration Reserve Account, the Employer Surplus Account No. 1, the Employer Surplus Account No. 2, the Employer Surplus Account No.3, the Member Surplus Account and the Data Reserve Account, shall be maintained under the FUND and shall operate in accordance with Rules 4.3.1, 4.3.2,

4.3.3, 4.3.4, 4.3.5, 4.3.6, 4.3.7 and 4.3.8 respectively.

4.3.1 Risk Reserve Account

- 4.3.1.1 To the Risk Reserve Account shall be credited any amount required to be credited in terms of Rule 4.2.4.
- 4.3.1.2 The amount standing to the credit of the Risk Reserve Account shall be increased by FUND INTEREST.
- 4.3.1.3 The amount standing to the credit of the Risk Reserve Account shall be used to pay any premium required by a REGISTERED INSURER to meet the cost of the INSURED PORTION.
- 4.3.1.4 Amounts may be withdrawn from the Risk Reserve Account and utilised for the enhancement of MEMBERS' FUND CREDITS, subject to the requirements of the REVENUE AUTHORITIES.
- 4.3.1.5 Amounts may be transferred from the Risk Reserve Account to the Member Surplus Account or the Employer Surplus Account No.3, as decided by the TRUSTEES after consultation with the VALUATOR in terms of Rule 19.3. Amounts may also be transferred from the Risk Reserve Account to the Data Reserve Account as decided by the TRUSTEES after consultation with the VALUATOR.

4.3.2 Investment Smoothing Reserve Account

- 4.3.2.1 To the Investment Smoothing Reserve Account shall be credited the amount (if applicable) by which the investment earnings of the FUND exceed FUND INTEREST.
- 4.3.2.2 The amount standing to the credit of the Investment Smoothing Reserve Account shall be increased by FUND INTEREST.
- 4.3.2.3 The amount standing to the credit of the Investment Smoothing Reserve Account shall be used to stabilise the investment returns of the FUND.

4.3.2.4 Amounts may be transferred from the Investment Smoothing Reserve Account to the Member Surplus Account or the Employer Surplus Account No.3, as decided by the TRUSTEES after consultation with the VALUATOR in terms of Rule 19.3. Amounts may also be transferred from the Investment Smoothing Reserve Account to the Data Reserve Account as decided by the TRUSTEES after consultation with the VALUATOR.

4.3.2.5 Notwithstanding the above, with effect from 1 March 2016 the Investment Smoothing Account shall be closed and any balance remaining in the account shall be allocated proportionately to the FUND CREDITS of the MEMBERS of the FUND on that date.

4.3.3 Administration Reserve Account

4.3.3.1 To the Administration Reserve Account shall be credited the EMPLOYER contributions made in terms of Rule 4.2.3, and any deductions from MEMBERS' FUND CREDITS and LIVING ANNUITANTS' FUND CREDITS in respect of expenses of the FUND as permitted by Rule 4.2A.2 and Rule 4.2B.2 respectively.

(Rule 4.3.3.1 amended by Rule Amendment 6 w.e.f. 1 March 2024)

4.3.3.2 The amount standing to the credit of the Administration Reserve Account shall be increased by FUND INTEREST.

4.3.3.3 The amount standing to the credit of the Administration Reserve Account shall be applied to meet the cost of the expenses of the FUND.

4.3.3.4 Amounts may be withdrawn from the Administration Reserve Account and utilised for the enhancement of MEMBERS' FUND CREDITS and LIVING ANNUITANTS' FUND CREDITS, subject to the requirements of the REVENUE AUTHORITIES.

(Rule 4.3.3.4 amended by Rule Amendment 6 w.e.f. 1 March 2024)

4.3.3.5 Amounts may be transferred from the Administration Reserve Account to the Member Surplus Account or the Employer Surplus Account No.3, as decided by the

TRUSTEES after consultation with the VALUATOR in terms of Rule 19.3. Amounts may also be transferred from the Administration Reserve Account to the Data Reserve Account as decided by the TRUSTEES after consultation with the VALUATOR.

4.3.4 Employer Surplus Account No. 1

4.3.4.1 The Employer Surplus Account No.1 shall, as at 1 March 2016:

4.3.4.1.1 have its balance determined by the ACTUARY; and

4.3.4.1.2 be debited with an amount equal to the part of the 2016 AMOUNT of each 2016 MEMBER which relates to the EQUALISATION AMOUNT or TERMINAL GRATUITY, or the PROJECTED EQUALISATION AMOUNT or PROJECTED TERMINAL GRATUITY, if any, as applicable.

4.3.4.2 To the Employer Surplus Account No. 1 shall be credited such FUND INTEREST as the ACTUARY may calculate is appropriate to be credited to the amount standing to the credit of this Account from time to time.

4.3.4.3 On the request in writing of the PRINCIPAL EMPLOYER, all or any balance standing to the credit of the Employer Surplus Account No.1 as at the date of any request, shall be used to fund any contribution payable by the EMPLOYER in terms of Rules 4.2.1, 4.2.2, 4.2.3 and 4.2.6..

4.3.5 Employer Surplus Account No. 2

4.3.5.1 The Employer Surplus Account No.2 shall, as at 1 March 2016:

4.3.5.1.1 have its balance determined by the ACTUARY; and

4.3.5.1.2 be debited with an amount equal to the part of the 2016 AMOUNT of each 2016 MEMBER which relates to the ADDITIONAL SERVICE BENEFIT, or the PROJECTED

ADDITIONAL SERVICE BENEFIT, as applicable.

4.3.5.2 To the Employer Surplus Account No. 2 shall be credited such FUND INTEREST as the ACTUARY may calculate is appropriate to be credited to the amount standing to the credit of this Account from time to time.

4.3.5.3 On the request in writing of the PRINCIPAL EMPLOYER, all or any balance standing to the credit of the Employer Surplus Account No.2 as at the date of any request, shall be used to fund any contribution payable by the EMPLOYER in terms of Rules 4.2.1, 4.2.2, 4.2.3 and 4.2.6.

4.3.6 Employer Surplus Account No. 3

4.3.6.1 An Employer Surplus Account No.3 is established in the FUND. This account comprises any actuarial surplus apportioned for the benefit of the EMPLOYERS in terms of Rule 19.3 and section 15C of the ACT.

4.3.6.2 Any amount allocated by the TRUSTEES after consultation with the VALUATOR in terms of Rule 19.3 for the benefit of the EMPLOYERS shall be credited to this account.

4.3.6.3 The amount standing to the credit of this account will be increased by FUND INTEREST.

4.3.6.4 This account will be debited with any amounts as follows:

4.3.6.4.1 any amount utilised for the benefit of the EMPLOYERS, at the PRINCIPAL EMPLOYER'S request in terms of sections 15E and 15J of the ACT;

4.3.6.4.2 any amount transferred to any other account of the FUND at the request of the PRINCIPAL EMPLOYER to the TRUSTEES;

4.3.6.4.3 any amount required to meet a deficit in the FUND as disclosed by an actuarial valuation of the FUND in terms of Rule 13.5;

4.3.6.4.4 amounts applied on the liquidation of the FUND as provided for in section 15I of the ACT.

4.3.7 Member Surplus Account

- 4.3.7.1 A Member Surplus Account is established in the FUND. This account comprises any actuarial surplus apportioned for the benefit of MEMBERS in terms of Rule 19.3 and section 15C of the ACT.
- 4.3.7.2 Any amount allocated by the TRUSTEES after consultation with the VALUATOR in terms of Rule 19.3 for the benefit of MEMBERS shall be credited to this account.
- 4.3.7.3 The amount standing to the credit of this account will be increased by FUND INTEREST.
- 4.3.7.4 This account will be debited with any amounts as follows:
 - 4.3.7.4.1 so much as the MEMBER-elected TRUSTEES allocate to improve benefits for such of the MEMBERS as they determine, in accordance with section 15D of the ACT;
 - 4.3.7.4.2 so much as the MEMBER-elected TRUSTEES determine, in accordance with section 15D of the ACT, is appropriate to improve the benefits previously paid to, or amounts previously transferred in respect of those FORMER MEMBERS who exited the FUND after 31 March 2002;
 - 4.3.7.4.3 so much as the MEMBER-elected TRUSTEES allocate to reduce current contributions due from MEMBERS;
 - 4.3.7.4.4 so much as the MEMBER-elected TRUSTEES allocate to meet, in full, or in part, expenses which would otherwise reduce the interests of MEMBERS in the FUND.

4.3.8 Data Reserve Account

- 4.3.8.1 A Data Reserve Account is established in the FUND. The Data Reserve Account will be used to absorb strains caused by erroneous data in respect of the FUND.
- 4.3.8.2 An amount deemed appropriate by the TRUSTEES, after consultation with the ACTUARY will be credited to this

account following the valuation of the FUND by the ACTUARY from time to time provided that the amount will comply with any guidelines issued by the AUTHORITY.

4.3.8.3 The amount standing to the credit of the Data Reserve Account will be increased by FUND INTEREST.

4.3.8.4 The Data Reserve Account will be debited with any amounts required to be paid from the account in respect of data errors.

4.3.8.5 Amounts may be transferred from the Data Reserve Account to the Member Surplus Account or the Employer Surplus Account No.3, as decided by the TRUSTEES after consultation with the VALUATOR in terms of Rule 19.3. Amounts may also be transferred from the Data Reserve Account to the Members' General Account to enhance MEMBERS' FUND CREDITS, the Living Annuitants' Account to enhance LIVING ANNUITANTS' FUND CREDITS, the Risk Reserve Account, the Administration Reserve Account or (up to 31 March 2016) the Investment Smoothing Reserve Account, as decided by the TRUSTEES after consultation with the VALUATOR.

(Rule 4.3.8.5 amended by Rule Amendment 6 w.e.f. 1 March 2024)

5. PENSION BENEFITS

5.1 Amount of Pension

5.1.1 On retirement in terms of RULE 5.2 a MEMBER shall receive a PENSION of such amount as can be purchased by his/her FUND CREDIT at the date of his/her retirement; provided that:-

- (a) The MEMBER may choose to receive a lump sum up to the amount permitted under RULE 6.2; and
- (b) The PENSION payable to a MEMBER on his/her retirement shall be of such amount as can be provided by his/her FUND CREDIT at the date of his/her retirement, after the exercise of any option in terms of Rule 6.2.

(Rule 5.1.1(a) amended by Rule Amendment 3 w.e.f. 1 March 2021)

5.1.2 A DEFERRED BENEFICIARY who retires shall become entitled to a PENSION of such amount as can be provided by his/her PAID-UP BENEFIT at the date of his/her retirement after the exercise of any option in terms of Rule 6.2.

5.1.3 Except as provided for in Rule 6.4, any annuity that becomes payable in terms of RULE 5.1.1 shall be purchased in accordance with Rule 6.1, and thereafter the FUND shall have no further liability in respect of the MEMBER, such liability resting with the REGISTERED INSURER from whom the annuity is purchased.

(Rule 5.1.3 amended by Rule Amendment 6 w.e.f. 1 March 2024)

5.2 Retirement

5.2.1 A MEMBER may retire on reaching his or her MINIMUM RETIREMENT DATE or on the last day of any month thereafter, provided that:-

- (a) a DISABILITY MEMBER must retire by no later than the retirement date specified in the DISABILITY ARRANGEMENT, or the date on which his or her disability income benefit ceases, if this is before the specified retirement date but on or after his or her MINIMUM RETIREMENT DATE; and
- (b) a MEMBER who is not a DISABILITY MEMBER or a DEFERRED BENEFICIARY must also retire from SERVICE as at the date of retirement from the FUND.

5.2.2 If the TRUSTEES, after considering medical evidence acceptable to them,

are satisfied that a MEMBER who does not qualify for a benefit in terms of the provisions of the DISABILITY ARRANGEMENT, has become totally and permanently incapable of efficiently carrying out his/her duties, they may agree to his/her retirement at any time before he/she reaches his/her MINIMUM RETIREMENT DATE.

6. PURCHASE AND COMMUTATION OF PENSION

6.1 Purchase of Pension

Except as provided for in Rule 6.4, the PENSION of each MEMBER who becomes entitled to a PENSION in terms of Rule 5 shall be purchased in his/her name from a REGISTERED INSURER of his/her choice. The MEMBER may choose to purchase multiple PENSIONS if he/she so wishes. The terms and conditions applicable to any and each such PENSION, including options elected by the MEMBER and the determination of any benefits arising on his/her death, shall be that it is a compulsory, non-commutable, non-assignable annuity payable for life, and shall be subject to the provisions of the ACT, any requirements of the REVENUE AUTHORITIES, and where applicable shall be set out in writing by the REGISTERED INSURER; provided that:

(Paragraph amended by Rule Amendment 6 w.e.f. 1 March 2024)

- (a) the PENSION so purchased shall be compulsory, non-commutable, non-assignable and payable for life; and
- (b) on purchase of a PENSION in terms of this Rule, the FUND shall have no further liability in respect of such MEMBER, such liability resting with the REGISTERED INSURER from whom the PENSION is purchased.

6.2. Commutation of Pension

On retirement in terms of Rule 5, a member may choose (by written notification to the FUND) to receive as a lump sum the following:

- from the MEMBER'S INTEREST IN THE VESTED COMPONENT, an amount not exceeding the total of (a) the MEMBER'S PROTECTED BENEFITS amount, if any, and (b) one-third of the remainder of the MEMBER'S INTEREST IN THE VESTED COMPONENT at the date of retirement; and
- the MEMBER'S INTEREST IN THE SAVINGS COMPONENT, in full,

Provided that, where the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT plus two-thirds of the MEMBER'S INTEREST IN THE VESTED COMPONENT excluding any PROTECTED BENEFITS amount does not exceed R 165 000 or other amount specified in legislation, the MEMBER'S full FUND CREDIT

may be paid as a lump sum.

Where a MEMBER has a housing loan in respect of which the guarantee in terms of Rule 13.2 is still in force at the time of his/her retirement, he/she shall be obliged to commute a portion of his/her PENSION. The value of such commuted portion of his/her PENSION shall, after making allowance for the deduction of any income tax, be equal to the amount outstanding in respect of his/her housing loan but shall not exceed the maximum amount allowed by legislation.

(Rule 6.2 replaced by Rule Amendment 7 w.e.f. 1 Sept. 2024)

6.3 Retirement Benefits Counselling

A MEMBER who becomes entitled to a retirement benefit in terms of Rules 6.1 or 6.2 shall be given access to retirement benefits counselling before such benefit is paid or purchased, which shall include the disclosure and explanation of the options available to him/her, including the terms of the FUND's annuity strategy.

(Rule 6.3 added by Rule Amendment 1 w.e.f. 1 March 2019)

6.4 In-fund Living Annuity option

On retirement in terms of Rule 5, a MEMBER may choose (by written notification to the FUND) to invest any or all of such portion of his/her FUND CREDIT as he/she does not take as a lump sum as permitted by Rule 6.2, to purchase a living annuity to be provided by the FUND, on the terms set out in this Rule 6.4:

- 6.4.1 The amount to be invested must exceed any minimum set by the TRUSTEES from time to time.
- 6.4.2 The living annuity shall be a compulsory, non-commutable, non-assignable annuity payable for life. The LIVING ANNUITANT'S interest in the living annuity at any time shall be limited to the balance in his/her LIVING ANNUITANT'S FUND CREDIT and he/she shall not have any further claim against the FUND, or against any of the EMPLOYERS including the PRINCIPAL EMPLOYER, in respect of the living annuity.
- 6.4.3 Where a retiring MEMBER chooses a living annuity to be provided by the FUND, he/she must sign a declaration specifying that he/she has received retirement information from the FUND, understands the financial and longevity risks attaching to a living annuity (including the effects of future inflation and the need to make provision for his/her spouse, "spouse" for the purposes of this Rule 6.4 having the same meaning as this term in the ACT) and that he/she and his/her spouse and any dependent(s) will have no claim on the Fund, other than the balance in the relevant LIVING

ANNUITANT'S FUND CREDIT.

- 6.4.4 A living annuity payable from the FUND is subject to such limitations on payment, annual review of the draw down percentage, and any other conditions, as may be stipulated by legislation, by the REVENUE AUTHORITIES or by the TRUSTEES from time to time. In particular the TRUSTEES may stipulate a maximum draw down percentage if in their view this is necessary to better enable the living annuity capital to last for the rest of the LIVING ANNUITANT'S life.
- 6.4.5 Subject to Rule 6.4.4, a LIVING ANNUITANT must at the commencement of his/her living annuity choose a draw down rate equal to a percentage of the balance in his/her LIVING ANNUITANT'S FUND CREDIT. The gross monthly pension payable (in arrears) to the LIVING ANNUITANT will be calculated as one-twelfth of the chosen percentage, multiplied by the balance in the LIVING ANNUITANT'S FUND CREDIT on the commencement of the living annuity.
- 6.4.6 The LIVING ANNUITANT may choose a new draw down rate annually thereafter, subject to Rule 6.4.4, and the gross monthly pension will be recalculated on each anniversary of the commencement of the living annuity, as one-twelfth of the applicable percentage, multiplied by the balance in the LIVING ANNUITANT'S FUND CREDIT on the relevant anniversary date. This means that the gross monthly pension will be fixed for each twelve-month period.
- 6.4.7 If the TRUSTEES at any time offer investment choice to MEMBERS, the LIVING ANNUITANT shall be required to make an investment choice for his/her LIVING ANNUITANT'S FUND CREDIT at the inception of the account, and shall have investment choices similarly to that of active MEMBERS with regard to different investment risk profiles.
- 6.4.8 Subject to 1 (one) calendar month's notice, a LIVING ANNUITANT may at any time instruct the FUND to apply his/her LIVING ANNUITANT'S FUND CREDIT balance, or a portion thereof, to purchase one or more annuities in his/her name from a REGISTERED INSURER(S); provided that such annuities so purchased are subject to compliance with Rule 6.1; provided also that, if the LIVING ANNUITANT chooses only to apply a portion of his/her LIVING ANNUITANT'S FUND CREDIT balance to such purchase(s), the portion remaining in his/her LIVING ANNUITANT'S FUND CREDIT shall not be less than the minimum set by the TRUSTEES in terms of Rule 6.4.1. The purchase of such annuities and the transfer of assets to facilitate this are subject to the requirements of the ACT. If the full LIVING ANNUITANT'S FUND CREDIT is applied for the purchase of external annuities in this way, the FUND has no further liability to that LIVING ANNUITANT or his/her spouse or dependents.

- 6.4.9 Should the balance in the LIVING ANNUITANT'S FUND CREDIT fall below the de minimis amount prescribed by the REVENUE AUTHORITIES, the LIVING ANNUITANT must either commute the full balance for a lump sum payment, or if possible apply it for the purchase of an external annuity as provided for in Rule 6.4.8, after which the FUND has no further liability to that LIVING ANNUITANT or his/her spouse or dependents.
- 6.4.10 A LIVING ANNUITANT must at the commencement of his/her living annuity and may at any time thereafter, nominate in writing the spouse(s) and/or children that shall receive his or her living annuity should he or she predecease such spouse(s) and/or children, together with the proportion of his or her LIVING ANNUITANT'S FUND CREDIT that should be allocated to each such spouse and/or child if he or she has nominated more than one such person. If such a LIVING ANNUITANT is not survived by any nominated persons then the provisions of RULE 6.4.12 apply.
- 6.4.11 The living annuity paid to a spouse or child of a deceased LIVING ANNUITANT will be subject to such conditions as set out in or made in terms of this Rule 6.4 and any requirements and restrictions imposed by applicable law, provided that the spouse or child may, subject to the requirements of the REVENUE AUTHORITIES, choose to commute for a lump sum payment his/her share of the LIVING ANNUITANT'S FUND CREDIT in full within such period after the LIVING ANNUITANT'S death as the TRUSTEES determine from time to time.
- 6.4.12 In the event that a LIVING ANNUITANT has not nominated a spouse(s) and/or children or the LIVING ANNUITANT has no surviving nominated spouse or child, the balance in the LIVING ANNUITANT'S FUND CREDIT will be allocated and paid by the TRUSTEES in terms of section 37C of the ACT.
- 6.4.13 A spouse or child of a deceased LIVING ANNUITANT who is in receipt of a living annuity from the FUND must nominate in writing the persons(s) who shall receive the balance in the applicable LIVING ANNUITANT'S FUND CREDIT upon the death of such spouse or child, together with the proportion that shall be allocated to each such person, and the FUND shall, subject to applicable law, pay such balance to the person(s) so nominated upon the death of such spouse. In the event that no such nomination has been made or there are no surviving nominees on the death of the spouse or child, the balance in the LIVING ANNUITANT'S FUND CREDIT will be allocated and paid to the estate of such spouse or child.

(Rule 6.4 added by Rule Amendment 6 w.e.f. 1 April 2024)

7. DEATH BENEFITS

7.1 Benefit

7.1.1 Death in Service on or before the age agreed upon by the REGISTERED INSURER

If a MEMBER other than a DEFERRED BENEFICIARY dies in SERVICE the following benefit shall become payable:

An annuity of such amount as can be purchased with an amount equal to the MEMBER'S FUND CREDIT plus his/her INSURED PORTION. An annuity purchased for a BENEFICIARY entitled to the benefit shall be purchased in his/her name from a REGISTERED INSURER of his/her choice. The terms and conditions applicable to such annuity, including any options elected by the BENEFICIARY shall be subject to the provisions of the ACT and shall be set out in writing by the REGISTERED INSURER; provided that, on purchase of an annuity in terms of this Rule, the FUND shall have no further liability in respect of such BENEFICIARY, such liability resting with the REGISTERED INSURER from whom the annuity is purchased.

Provided that the BENEFICIARIES entitled to the benefit may elect to commute part or the whole of such benefit for a lump sum.

7.1.2 Death in Service after the age agreed upon by the REGISTERED INSURER

If a MEMBER other than a DEFERRED BENEFICIARY dies while in SERVICE after the age agreed upon by the REGISTERED INSURER, his/her FUND CREDIT at the date of death shall be payable from the FUND as a lump sum benefit.

7.1.3 Death of a DEFERRED BENEFICIARY

If a DEFERRED BENEFICIARY dies before payment of his/her benefit in accordance with Rule 5.1.2 his/her PAID-UP BENEFIT at the date of his/her death shall be payable from the FUND as an annuity. The annuity that becomes payable shall be purchased by the FUND in the name of the BENEFICIARY from a REGISTERED INSURER of the BENEFICIARY'S choice and thereafter the FUND shall have no further liability in respect of the BENEFICIARY, such liability resting with the

REGISTERED INSURER from whom the annuity is purchased. Provided that the BENEFICIARIES entitled to the benefit may elect to commute part or the whole of such benefit for a lump sum.

7.2 Restrictions

- 7.2.1 The TRUSTEES have power, where so required by the REGISTERED INSURER, to require a MEMBER to be examined at the REGISTERED INSURER'S expense by a medical practitioner appointed by the REGISTERED INSURER.
- 7.2.2 Acting on the results of this examination, the TRUSTEES in consultation with the ACTUARY may decide that the INSURED PORTION shall be restricted in such manner as imposed by the REGISTERED INSURER.
- 7.2.3 The TRUSTEES must inform the MEMBER in writing of the terms of any restriction imposed in terms of this Rule.
- 7.2.4 The INSURED PORTION shall be insured with a REGISTERED INSURER and no such benefit shall be provided by the FUND unless the claim for the benefit has been admitted by and recovered from the REGISTERED INSURER.
- 7.2.5 No increase in the PENSIONABLE SALARY of a DISABILITY MEMBER shall apply for the purposes of the INSURED PORTION without the prior agreement of the REGISTERED INSURER.

7.3 Payment of Death Benefits

Payment of a death benefit shall be made in terms of Section 37C of the ACT. (The contents of Section 37C of the ACT are contained in the Annexure to these RULES).

7.4 Beneficiary Nomination

A MEMBER may nominate a BENEFICIARY to receive any benefit

or part thereof payable from the FUND on the death of the MEMBER. Such nomination shall be filed with the FUND but no right, title or interest to any benefit shall vest in the nominated BENEFICIARY during the lifetime of the MEMBER, who may at any time amend such nomination by giving written notice thereof to the FUND. Any nomination shall automatically lapse if the beneficiary predeceases the MEMBER, and entitlement to receive any benefit will be subject to the provisions of Section 37C of the ACT.

7.5 Expenses incurred in respect of death benefit allocation investigations

Any expenses incurred in conducting the investigations required to settle a death benefit, shall be paid by the FUND. Such expenses must be submitted in writing to the FUND before settlement.

8. TERMINATION OF SERVICE

8.1 Benefit

If a MEMBER who is not already a DEFERRED BENEFICIARY leaves SERVICE before his/her retirement for any reason not specifically provided for in these RULES, he/she will become a DEFERRED BENEFICIARY with a benefit equal to his/her FUND CREDIT at the date of leaving SERVICE, except for any amount that the FUND is required to pay in cash at the time of the MEMBER'S leaving SERVICE to honour a guarantee furnished in terms of Rule 13.2, inclusive of the amount of tax payable in respect of such a guarantee payment.

8.2 Options available to a Deferred Beneficiary

A DEFERRED BENEFICIARY may at any time after the TWO-POTS COMMENCEMENT DATE choose to receive as a cash lump sum an amount not exceeding:

- his or her MEMBER'S INTEREST IN THE VESTED COMPONENT, and
- his or her MEMBER'S INTEREST IN THE SAVINGS COMPONENT to the extent permitted by the definition of SAVINGS WITHDRAWAL BENEFIT,

subject to the provisions of the Income Tax Act and the requirements of the REVENUE AUTHORITIES and to such tax and other amounts as may be lawfully deducted therefrom.

The DEFERRED BENEFICIARY may also elect to transfer the remaining balance of his or her FUND CREDIT, comprising the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT, MEMBER'S INTEREST IN THE SAVINGS COMPONENT and MEMBER'S INTEREST IN THE VESTED COMPONENT, to a PRESERVATION FUND or to another APPROVED FUND or to a pension fund established by law (but is not obliged to do so).

Alternatively, a DEFERRED BENEFICIARY may at any time choose to transfer the full FUND CREDIT to a PRESERVATION FUND or to another APPROVED FUND or to a pension fund established by law.

Any transfer in terms of this Rule 8.2 shall be subject to the provisions of the Income Tax Act and the requirements of the REVENUE AUTHORITIES and after the deduction of such tax and other amounts as may be lawfully deducted therefrom, on the condition that such transfer, when made to a PRESERVATION FUND, shall be in terms of any requirements of the REVENUE AUTHORITIES in this regard.

When the full benefit has been paid to the DEFERRED BENEFICIARY as a cash lump sum and/or transferred to another fund, the DEFERRED BENEFICIARY shall have no further claim on the FUND.

(Rule 8.2 replaced by Rule Amendment 7 w.e.f. 1 Sept. 2024)

8.3 Provisions applicable to DEFERRED BENEFICIARIES

- 8.3.1 There shall be no contributions to the FUND by or on behalf of a DEFERRED BENEFICIARY.
- 8.3.2 A DEFERRED BENEFICIARY is not entitled to any insured benefits, and no deductions may be made from his/her FUND CREDIT in respect of insured benefits.
- 8.3.3 A DEFERRED BENEFICIARY may retire from the FUND at any time after reaching his/her MINIMUM RETIREMENT DATE.
- 8.3.4 If a DEFERRED BENEFICIARY returns to SERVICE with any of the EMPLOYERS, he/she will retain his/her status as a DEFERRED BENEFICIARY in respect of the paid-up benefit existing immediately prior to the return to SERVICE, while also having the status of a contributory MEMBER in respect of his/her SERVICE and the amounts credited to the FUND by and in respect of him/her thereafter. This means that his/her FUND CREDIT will comprise two records, one in respect of his/her status as a DEFERRED BENEFICIARY and one in respect of his/her status as a contributory MEMBER.

(Rule 8.3.4 replaced by Rule Amendment 5 w.e.f. 1 March 2019)

8.4 Options available to a Disability Member

At any time up to, but no later than, the retirement date specified in the DISABILITY ARRANGEMENT or the date on which his or her disability income benefit ceases if earlier than the specified retirement date, a DISABILITY MEMBER may exercise the options available under Rule 8.2.

When the full benefit has been paid to the DISABILITY MEMBER as a cash lump sum and/or transferred to another fund, the DISABILITY MEMBER shall have no further claim on the FUND.

(Rule 8.4 replaced by Rule Amendment 7 w.e.f. 1 Sept. 2024)

8.5 Benefits counselling

A MEMBER who chooses to receive a cash benefit from the FUND or to transfer part or all of his/her benefit to another fund shall be given access to benefits counselling before such benefit is paid or transferred, which shall include the disclosure and explanation of the options available to him/her.

Similarly, a MEMBER who becomes a DEFERRED BENEFICIARY shall be given an explanation of the terms and process by which the FUND handles preserved benefits, including the costs and charges, and the options available to him/her.

8.6 Options available to a Non-Resident

In addition to any other options permitted under the RULES, a NON-RESIDENT who is a DEFERRED BENEFICIARY may, at any time prior to his or her retirement date, elect to receive a lump sum benefit comprising his or her MEMBER'S INTEREST IN THE RETIREMENT COMPONENT and MEMBER'S INTEREST IN THE VESTED COMPONENT.

(Rule 8.6 added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

8A. SAVINGS WITHDRAWAL BENEFIT

A MEMBER, including a DEFERRED BENEFICIARY, may elect to receive a SAVINGS WITHDRAWAL BENEFIT from his or her MEMBER'S INTEREST IN THE SAVINGS COMPONENT, subject to the proviso to the definition of SAVINGS WITHDRAWAL BENEFIT, unless such election is prevented or suspended as a result of the provisions of Section 37D of the ACT.

Should the MEMBER elect to receive a SAVINGS WITHDRAWAL BENEFIT, then notwithstanding anything else contained in these RULES, a fee or charge as determined by the TRUSTEES may be deducted from his or her MEMBER'S INTEREST IN THE SAVINGS COMPONENT at the time that that the SAVINGS WITHDRAWAL BENEFIT is paid.

The payment of the SAVINGS WITHDRAWAL BENEFIT shall be subject to the deduction of tax and any other amounts that may be lawfully deducted therefrom.

(Rule 8A added by Rule Amendment 7 w.e.f. 1 Sept. 2024)

9. TRANSFERS INTO THE FUND

- 9.1 If a MEMBER chooses to transfer into the FUND a benefit from an APPROVED FUND or a pension fund established by law, the amount so transferred shall be applied towards his/her FUND CREDIT.

(Rule 9 replaced by Rule Amendment 3 w.e.f. 1 March 2021)

10. TERMINATION OF CONTRIBUTIONS

- 10.1 If the MINISTER gives notice in writing to the TRUSTEES that the EMPLOYER'S contributions are to be terminated, the TRUSTEES shall appoint a suitable person (who shall not himself be a Trustee and whose appointment shall be subject to the AUTHORITY'S approval) to act as liquidator of the FUND.

- 10.2 As from the date of the AUTHORITY'S approval of his/her appointment, the liquidator shall consider the realisation of the assets of the FUND and, after payment of all expenses incurred in liquidating the FUND, apportion the proceeds amongst the MEMBERS, DEFERRED BENEFICIARIES and other beneficiaries on an equitable basis recommended by the ACTUARY and approved by the liquidator.

In making such apportionment, the liquidator shall include each former MEMBER who left SERVICE during the period of twelve months ending on the date of commencement of liquidation, but shall reduce the amount of the former MEMBER'S apportionment by the amount of any benefit previously paid to him or her by the FUND.

- 10.3 The amounts apportioned in terms of Rule 10.2 shall, as the liquidator in consultation with the ACTUARY may decide, be dealt with as follows:

- (a) be transferred for such person's benefit to an APPROVED FUND; or
- (b) be applied to purchase an annuity for such person from a REGISTERED INSURER; or
- (c) only if that person so elects in writing, pay to him or her in cash such portion of the amount in rule 10.2 as comprises his or her SAVINGS COMPONENT and VESTED COMPONENT (including, if applicable, PROTECTED BENEFITS).

(Rule 10.3(c) replaced by Rule Amendment 7 w.e.f. 1 Sept. 2024)

If a person to whom a benefit is payable cannot be traced, the benefit shall be paid into the Guardian's Fund.

- 10.4 If the EMPLOYER'S contributions are terminated in terms of Rule 10.1 as the result of a decision to establish, or participate in, another APPROVED FUND and the RULES of such fund so allow, then the FUND shall not be liquidated in terms of the foregoing provisions of this Rule but the TRUSTEES shall cause the assets and liabilities of the FUND to be transferred to the other APPROVED FUND.
- 10.5 When all payments have been made by the FUND in terms of Rule 10.3 or Rule 10.4, the FUND shall have no further liability to any person and its registration in terms of the ACT shall be cancelled.

11. DEDUCTION FROM BENEFITS

Notwithstanding anything to the contrary contained in these RULES, the TRUSTEES shall have the right to make such deductions from the benefit to which a MEMBER or other beneficiary is entitled in terms of the RULES as are permitted or required in terms of Section 37D of the ACT.

(Rule 11 replaced by Rule Amendment 7 w.e.f. 1 Sept. 2024)

12. MANAGEMENT OF THE FUND

12.1 TRUSTEES

- 12.1.1 Subject to the provisions of the ACT and of these RULES, the sole responsibility for the management of the FUND shall be vested in the TRUSTEES.
- 12.1.2 The TRUSTEES and their alternates appointed or elected in terms of these RULES shall be entitled to be paid by the FUND any amounts reasonably incurred in the performance of their duties; provided that such amounts shall be agreed to by the MINISTER.
- 12.1.3 The TRUSTEES shall have the power in the name of the FUND to enter into and sign any contracts or documents and to institute, conduct, defend, compound or abandon any legal proceedings by or against the FUND and to the manner in which claims are to be lodged and dealt with by the FUND.
- 12.1.4 The TRUSTEES are properly constituted as a board as referred to in section 7A of the ACT when there are at least 8 TRUSTEES in office, of whom at least one shall be an EMPLOYER appointed TRUSTEE; provided that an alternate TRUSTEE may take the place of a TRUSTEE temporarily when a TRUSTEE is not available to attend a TRUSTEE meeting or to take a decision. The full complement of alternate TRUSTEES is not required for the TRUSTEES to be properly constituted.

12.2 Appointed TRUSTEES

- 12.2.1 At the time that the MEMBERS' TRUSTEES are elected in terms of Rule 12.3, the MINISTER shall appoint 2 TRUSTEES (hereinafter referred to as "Appointed TRUSTEES") and shall also appoint 2 alternate TRUSTEES (hereinafter referred to as "Alternate Appointed TRUSTEES"). Unless the term of an Appointed TRUSTEE or Alternate Appointed TRUSTEE ends as provided for under Rule 12.2.2, it shall end at the time that the MINISTER appoints new Appointed TRUSTEES and Alternate Appointed TRUSTEES in terms of this Rule. It is expressly provided that the MINISTER may reappoint as TRUSTEES or alternate TRUSTEES persons who have previously served in either of these roles, unless they have been removed from office in terms of Rule 12.4 or 12.11.

12.2.2 An Appointed TRUSTEE or Alternate Appointed TRUSTEE may at any time be removed from office by the MINISTER or may resign at any time on giving written notice to the MINISTER and the other TRUSTEES, or may be removed from office in terms of Rule 12.4 or 12.11 or by the AUTHORITY in terms of section 26(4) of the ACT. An Appointed TRUSTEE shall also cease to hold office if he/she has failed to attend three consecutive TRUSTEES' meetings without leave from the other TRUSTEES. On any such event, the MINISTER shall be required to appoint a replacement Appointed TRUSTEE, or Alternate Appointed TRUSTEE as the case may be.

12.2.3 An EMPLOYER appointed TRUSTEE may be replaced by an Alternate Appointed TRUSTEE when he or she is temporarily unable to act in that capacity or is unable to attend a meeting of the FUND. If required in order to constitute a quorum at a meeting of TRUSTEES in terms of RULE 12.5.2, such Alternate Appointed TRUSTEE shall be counted as an Appointed TRUSTEE..

12.3 MEMBERS' TRUSTEES

12.3.1 Within six months of every general election, or otherwise when necessary, the MEMBERS shall elect 14 TRUSTEES (hereinafter referred to as "MEMBERS' TRUSTEES") and 14 alternate TRUSTEES from among their number. The PRINCIPAL OFFICER shall be responsible for the determination of the election procedures in accordance with the AUTHORITY'S practice and the following procedures shall apply:

- (a) The office of MEMBER TRUSTEE and an alternate TRUSTEE shall be held by the following persons:
 - (i) Two TRUSTEES and an alternate for each of these, who are members of the majority party in the National Assembly, and two TRUSTEES and an alternate for each of these, who are members from the minority parties in the National Assembly, and are elected by members of the National Assembly. For the purposes of this Rule, "majority party" means the party with the highest number of seats in the National Assembly, even if not more than fifty per cent of the seats, and "minority parties"

means the remaining parties represented in the National Assembly;

- (ii) One TRUSTEE and one alternate who are permanent delegates to the National Council of Provinces and elected by permanent delegates to the National Council of Provinces;
- (iii) For each of the nine Provincial Legislatures, one TRUSTEE and one alternate who are members of the Provincial Legislature and elected by the members of the Provincial Legislature;

(Rule 12.3.1(a) replaced by Rule Amendment 8 w.e.f.1 June 2024)

- (b) The elections shall be carried out as follows:
 - (i) For the purpose of this sub-rule a "HOUSE" shall designate the National Assembly, the National Council of Provinces, or a Provincial Legislature, as the case may be;
 - (ii) Where a motion is validly passed in a HOUSE that proposes the appointment of the TRUSTEE(S) and alternate(s) who are to represent members of the HOUSE, then those TRUSTEE(s) and alternate(s) are elected for purposes of (a);
 - (iii) Any vacancy in the office of a TRUSTEE or an alternate must be filled in the same way.
 - (v) The record of the election shall be kept in the minutes of the HOUSE, and such minutes shall constitute confirmation of the election;
- (c) Any MEMBER-elected or EMPLOYER appointed TRUSTEE may be replaced by his/her alternate when such TRUSTEE is temporarily unable to act in that capacity or is unable to attend a meeting of the FUND. If required in order to constitute a quorum at a meeting of TRUSTEES in terms of RULE 12.5.2, such alternate shall be counted as a MEMBER TRUSTEE.

12.3.2 The persons elected as MEMBERS' TRUSTEES and alternate MEMBERS' TRUSTEES at such an election shall take office at the first meeting of the TRUSTEES duly constituted in terms of Rule 12.5

following the holding of the election. Each such person shall leave office on the occurrence, in relation to him or her, of any of the events in Rule 12.3.3 or, following the next general election, on the date on which the persons newly elected thereafter as MEMBERS' TRUSTEES and alternate MEMBERS' TRUSTEES take office at a duly constituted TRUSTEE meeting as provided for in this Rule 12.3.2.

In the event of a MEMBER TRUSTEE ceasing to represent his/her constituency, he/she will continue to represent the constituency as a TRUSTEE until replaced.

12.3.3 A TRUSTEE or alternate TRUSTEE elected by the MEMBERS shall, subject to the provisions of Rule 12.4, cease to hold office:

- (a) if the constituency of MEMBERS of each legislature that elected him/her resolves that he/she is to be removed from office; provided that such resolution shall be by secret ballot;
- (b) if he/she has failed to attend three consecutive TRUSTEES' meetings without leave from the other MEMBERS' TRUSTEES; or
- (c) in the case of a MEMBER TRUSTEE, if he/she ceases to be a MEMBER of the constituency that elected him/her; provided that a MEMBER TRUSTEE shall continue to hold office until replaced by a TRUSTEE or alternate TRUSTEE;
- (d) if he/she resigns at any time on giving written notice to the MEMBERS and the other TRUSTEES;
- (e) if he/she ceases to be a MEMBER of the FUND; provided that a MEMBER TRUSTEE shall continue to hold office until replaced by a TRUSTEE or alternate TRUSTEE;
- (f) if he/she is removed from office by the AUTHORITY in terms of section 26(4) of the ACT; or
- (g) if he/she is removed from office in terms of Rule 12.11.

12.3.4 The PRINCIPAL OFFICER shall inform the relevant constituency of any vacancy of a MEMBER TRUSTEE or his/her alternate to be filled within 3 months of the first sitting of the relevant constituency as set out in Rule 12.3. A person elected as a MEMBER TRUSTEE in terms of this Rule shall take

office at the first meeting of the TRUSTEES duly constituted in terms of Rule 12.5 following the holding of such election.

12.4 Disqualification from holding office as Trustee

No person in any of the following categories shall be eligible for election or appointment as a TRUSTEE and if a TRUSTEE at any time falls into any such category he/she shall cease to hold office:

- (a) a minor or any person who is insane or otherwise incapable of acting as a Trustee;
- (b) any person who is disqualified from being a director in terms of an order under the Companies Act, 1973;
- (c) an unrehabilitated insolvent;
- (d) any person removed from an office of trust on account of misconduct;
- (e) any person who, after the COMMENCEMENT DATE, has been convicted and sentenced either to imprisonment without the option of a fine or to a fine exceeding R100 for one of the following:- theft, fraud, forgery or uttering a forged document, perjury, an offence under the Corruption Act, 1992, any offence involving dishonesty or any offence in connection with the promotion, formation or management of a company.

12.5 Meetings of TRUSTEES

- 12.5.1 (a) The TRUSTEES shall meet from time to time but at least twice in every twelve months to conduct the business of the FUND. At the first meeting of the TRUSTEES following an election of MEMBERS' TRUSTEES held in terms of Rule 12.3.1, the TRUSTEES shall elect a chairperson and a deputy from among their number who shall hold office until the next election of MEMBERS' TRUSTEES unless a majority vote of the TRUSTEES decides on their removal; provided that if the chairperson and his/her deputy are absent from any meeting, the TRUSTEES shall elect a chairperson for that meeting from their number.

A meeting of TRUSTEES may be held by teleconference or by videoconference if the chairperson so decides. If the chairperson so decides, a TRUSTEE who participates in that meeting by telephone or by video link is deemed to be in attendance at that meeting.

- (b) A general meeting of the FUND shall be held at intervals not

exceeding eighteen months. MEMBERS of the FUND shall be invited to attend the general meeting, at which the TRUSTEES shall make a report to MEMBERS on the activities of the FUND since the date of the last such general meeting. At the discretion of the TRUSTEES, however, such general meeting may be substituted by the publication and distribution to MEMBERS of a report in the form of a newsletter, unless the MEMBERS of the FUND petition the TRUSTEES for a general meeting to be called, such petition to be signed by no fewer than thirty (30) MEMBERS of the FUND in order to be valid.

- 12.5.2 Eight TRUSTEES shall constitute a quorum; provided that at least one of the TRUSTEES present is an Appointed TRUSTEE and at least three of the TRUSTEES present are MEMBER TRUSTEES.
- 12.5.3 The vote of each Appointed TRUSTEE shall be deemed to be equal to 7 votes, or such other number of votes as may be required to maintain equal representation between the Appointed TRUSTEES and the MEMBER TRUSTEES.
- 12.5.4 Minutes of all meetings must be kept and at least 15 days' notice of each ordinary meeting shall be given to each Trustee; provided that at the discretion of the TRUSTEES this notice period may be waived or reduced.
- 12.5.5 At all meetings of the TRUSTEES the decision of the majority shall be binding. If no majority decision can be reached on any matter, the matter shall be referred to the next meeting of the TRUSTEES. If no majority decision can be reached at that meeting, the matter shall be referred, for a recommendation, to a person agreed to by the TRUSTEES and suitably qualified in the matter in dispute. If no majority decision can be reached on such person's recommendation, the matter shall be referred to an independent mediator agreed to by the TRUSTEES. If still no majority decision can be reached, the matter in dispute shall be referred to an arbitrator agreed to by the TRUSTEES and the arbitrator's decision on the matter shall be final and binding on all the TRUSTEES.

In the event that the TRUSTEES are unable to agree to which person, mediator or arbitrator the matter should be referred, as the case may be, then the matter shall be referred by the PRINCIPAL OFFICER to the President of the Law Society in order for the latter to determine such appointment. Any costs incurred in resolving disputes shall be met by the

FUND.

- 12.5.6 A resolution in writing signed by at least one Appointed TRUSTEE and at least two-thirds of the MEMBER elected TRUSTEES (for which purpose an alternate may sign on behalf of the TRUSTEE for whom he/she is an alternate, if such TRUSTEE is unable to temporarily act as TRUSTEE), shall be of the same force and effect as a resolution passed at a meeting of TRUSTEES and must be recorded in the FUND'S minute book.
- 12.5.7 Each TRUSTEE and alternate TRUSTEE must provide the Administrator and PRINCIPAL OFFICER with a contact address for receipt of such resolutions.

12.6 Other Appointments

- 12.6.1 The TRUSTEES shall appoint an ACTUARY, an AUDITOR and ADMINISTRATORS and may withdraw any such appointment and make another appointment in its place at any time.
- 12.6.2 The TRUSTEES shall appoint a PRINCIPAL OFFICER in terms of the ACT and may withdraw any such appointment and make another appointment in its place at any time. If the PRINCIPAL OFFICER is absent from the Republic of South Africa or is otherwise unable to perform his/her duties, the TRUSTEES shall within 30 days appoint a new PRINCIPAL OFFICER.
- 12.6.3 The PRINCIPAL OFFICER may be remunerated on such terms as are determined by the TRUSTEES.
- 12.6.4 The TRUSTEES may appoint consultants on such terms as they may determine and may withdraw any such appointment at any time.

12.7 Indemnification of Officers of the Fund

- 12.7.1 The TRUSTEES and all other officers of the FUND shall be indemnified by the FUND against all proceedings, costs and expenses incurred by reason of any claim in connection with the FUND not arising from their negligence, dishonesty or fraud.
- 12.7.2 The TRUSTEES must ensure that the FUND is insured against any loss

resulting from the dishonesty or fraud or negligence of any of its officers.

12.8 Sub-Committees

The TRUSTEES may decide that any power of decision on any matter that is vested in them, over and above a matter referred to in Rule 13.1.6, shall be delegated, on such terms and conditions as they may specify, to a Management sub-committee, or to any other sub-committees for such purpose as they shall determine. Each sub-committee shall consist of such of the TRUSTEES' number as they nominate, provided that the Management sub-committee shall comprise of at least the Chairperson of the TRUSTEES plus a MEMBER elected TRUSTEE and an Appointed TRUSTEE.

12.9 Expenses incurred in respect of TRUSTEE, sub-committee and MEMBER meetings

The following expenses incurred in the arrangement of and attendance of TRUSTEE meetings, Sub-committee meetings and meetings with MEMBERS shall be paid by the FUND –

- 12.9.1 the costs of hiring a suitable venue, accommodation and meals as well travel expenses of TRUSTEES and service providers required to attend such meetings; and
- 12.9.2 a reimbursement allowance to MEMBERS' TRUSTEES when present at arranged meetings of such amount per day as set by the TRUSTEES from time to time, in order to reimburse such TRUSTEES for incidental out-of-pocket expenses incurred in the course of travelling to and attending such meetings; and
- 12.9.4 the travelling, accommodation and cost of meals for any TRUSTEE and service provider required to attend a meeting with MEMBERS.

12.10 Code of Conduct

- 12.10.1 The TRUSTEES must establish a code of conduct, which sets out, as the policy of the FUND, the management by the TRUSTEES of themselves, the management by the TRUSTEES of the FUND and the management by the TRUSTEES of their relationships with service providers and stakeholders of the FUND.
- 12.10.2 If any TRUSTEE is in breach of the code of conduct then the Board of TRUSTEES have the power to reprimand that TRUSTEE and/or to

suspend that TRUSTEE for such period or on such terms as the TRUSTEES decide, or may, in terms of Rule 12.11, remove such TRUSTEE from office.

12.11 Removal of a Trustee from office for misconduct

If an investigation finds that a TRUSTEE is not a fit and proper person to hold office and provided that not less than 2/3 (two thirds) of the TRUSTEES in office agree with this finding, the Board of TRUSTEES may remove a TRUSTEE from office for misconduct.

This is irrespective of whether or not there has been a breach of the FUND's code of conduct established in terms of Rule 12.10. This is subject to the Board of TRUSTEES having heard representations in the matter by the TRUSTEE concerned, or his or her representative, before accepting or rejecting the finding.

12.12 Role of alternate TRUSTEES

12.12.1 The person who is elected as alternate TRUSTEE to a MEMBER TRUSTEE may act in the place of that MEMBER TRUSTEE when he/she is temporarily unable to act as a TRUSTEE or is unable to attend a meeting of the TRUSTEES or of a sub-committee of which he or she is a member.

12.12.2 Either of the Alternate Appointed TRUSTEES to the Appointed TRUSTEES may act in the place of either of the Appointed TRUSTEES when he/she is unable to act as a TRUSTEE or is unable to attend a meeting of the TRUSTEES or of a sub-committee of which he or she is a member, but a person may only act as alternate for one Appointed TRUSTEE at a time.

12.12.3 While acting as such, an alternate TRUSTEE is subject to all the Rules, terms and conditions that apply to the Board of TRUSTEES, and must exercise and discharge with due care and diligence all the duties and functions of the TRUSTEE in whose place he/she is acting.

12.12.4 If a MEMBER TRUSTEE ceases to hold office in terms of Rule 12.3.3, the alternate to such TRUSTEE shall act as TRUSTEE until a replacement TRUSTEE is elected. If an Appointed TRUSTEE ceases to hold office in terms of Rule 12.2.2, the other TRUSTEES shall designate one of the two Alternate Appointed TRUSTEES to act as TRUSTEE until a replacement TRUSTEE is appointed.

12.13 Signing of documents

Any document required to be lodged with the Financial Sector Conduct Authority must be signed in accordance with the requirements of the ACT; and any other document must be signed by the PRINCIPAL OFFICER or such TRUSTEE/S or combination thereof as the TRUSTEES may from time to time decide.

(Rule 12.13 replaced by Rule Amendment 2 w.e.f. 1 January 2021)

13. FINANCIAL PROVISIONS

13.1 Investments

- 13.1.1 All moneys received on account of the FUND shall be paid into a banking account opened in the name of the FUND.
- 13.1.2 The TRUSTEES shall have full power, subject to the provisions of the ACT and the requirements of the AUTHORITY, to receive, administer and apply the moneys of the FUND and in their absolute discretion to lend, invest, put out at interest, place on deposit, make advances or otherwise deal with the moneys of the FUND upon such security and in such manner as they may from time to time determine and to realise, vary, reinvest or otherwise deal with such securities and other investments as they from time to time determine.
- 13.1.3 The TRUSTEES shall have the power to effect policies of insurance with one or more REGISTERED INSURERS for the purposes of investing the FUND'S moneys in order to meet the cost of providing benefits in terms of these RULES and/or to insure, in whole or in part, the death benefits payable in terms of these RULES.
- 13.1.4 The TRUSTEES may, subject to the requirements of the AUTHORITY, authorise the PRINCIPAL OFFICER to obtain an overdraft from a bank on such terms as they think fit, such sums as they approve for the purpose of completing any investment or meeting any temporary unforeseen cash shortage and for this purpose may give such security as they decide.
- 13.1.5 All title deeds and securities shall be registered in the name of the FUND or in the name of such nominee company acceptable to the AUTHORITY as the TRUSTEES may appoint.

The documents of title registered in the name of the FUND in connection with any investment or asset of the FUND shall be kept in safe custody at the registered office of the FUND or in a banking institution, as decided by the TRUSTEES. Any documents of title registered in the name of a nominee company in connection with any investment or asset of the FUND shall be kept in safe custody at the registered office of that company or in a banking institution, as decided by that company.

- 13.1.6 The powers of the TRUSTEES to make investments and to realise, vary, reinvest or otherwise deal with the securities concerned, shall be delegated by the TRUSTEES, on such terms and conditions as they may specify, to a sub-committee of such of their MEMBERS as they may nominate. Such sub-committee may delegate this power to
- (a) a financial institution as defined in the Financial Institutions (Investment of Funds) Act, 1984; or
 - (b) a person approved in terms of Section 4(1)(a) of the Stock Exchanges Control Act, 1985.

The TRUSTEES shall not be liable for the negligence, dishonesty or fraud of an institution referred to in (a) or a person referred to in (b).

- 13.1.7 The TRUSTEES, if they see fit, shall have the power to transfer the assets of the FUND or a part thereof to another APPROVED FUND or to a pension fund established by law, or to take transfer of the assets or a part thereof of another APPROVED FUND or a pension fund established by law.

13.2 Housing Loans and Guarantees

The TRUSTEES shall have the power to furnish a guarantee of up to one third of the MEMBER'S FUND CREDIT in respect of a loan by some other person or institution to a MEMBER for a purpose referred to in Section 19(5)(a) of the ACT.

13.3 Expenses

Except where otherwise provided, any FUND taxes and other expenses incurred in managing the investments of the FUND, such as investment management fees, brokerage and custody fees, shall be paid directly from the investments of the FUND and shall be taken into account by the ACTUARY in determining the rate of FUND INTEREST.

13.4 Accounts

The TRUSTEES shall cause full and true accounts of the FUND to be kept, such accounts to be made up as at the end of each FINANCIAL YEAR, to be audited by the AUDITOR and then to be submitted to the AUTHORITY.

13.5 Actuarial Valuations

The financial condition of the FUND shall be investigated and reported on by the

ACTUARY at intervals not exceeding three years. The TRUSTEES shall forward a copy of such report to the AUTHORITY and shall cause a copy of such report or a summary thereof to be sent to the MINISTER and to every EMPLOYER participating in the FUND.

14. ADMINISTRATION OF THE FUND

- 14.1 The TRUSTEES, with the approval of the MINISTER, shall appoint ADMINISTRATORS of the FUND for such periods and on such terms as shall be agreed between the MINISTER, the TRUSTEES and the ADMINISTRATORS.
- 14.2 The FUND shall be administered by the ADMINISTRATORS acting on the instructions of the TRUSTEES.
- 14.3 The ADMINISTRATORS shall keep a complete record of all necessary particulars of the MEMBERS of the FUND and of all persons entitled to benefits and of all other matters essential to the operation of the FUND.
- 14.4 The ADMINISTRATORS shall keep full and true accounts of the FUND as required in terms of Rule 13.4.
- 14.5 All cheques, contracts and other documents pertaining to the FUND shall be signed by such persons as the TRUSTEES by resolution may appoint; provided that documents to be deposited with the AUTHORITY shall be signed in the manner prescribed by the ACT.
- 14.6 The ADMINISTRATORS shall maintain fidelity cover to indemnify the FUND against any loss resulting from the dishonesty or fraud or negligence of any person employed by them.

15. ALTERATIONS

- 15.1 The TRUSTEES may alter these RULES at any time subject to the following conditions:
 - 15.1.1 No alteration to the RULES which affects the terms on which any EMPLOYER'S contributions are based, or the terms according to which the FUND may be terminated, may be made without the approval of that EMPLOYER.
 - 15.1.2 No alteration to the RULES which affects the financial condition of the FUND may be made until it has been referred by the TRUSTEES to the ACTUARY and approved by the MINISTER.

15.1.3 All alterations to the RULES shall be submitted to the AUTHORITY, the REVENUE AUTHORITIES and any other statutory authority who so requires.

15.1.4 Specifically excluding any alteration made in terms of Rule 15.1.2, if the registration of any alteration to these RULES in terms of the ACT is effected on a date after the effective date of the alteration, the alteration shall nevertheless take effect from the effective date as stated in the alteration.

16. INTERPRETATION OF RULES AND DISPUTES

16.1 The decision of the TRUSTEES regarding the meaning of or interpretation of these RULES or of any particular Rule or part of a Rule shall be final and binding on the EMPLOYERS, MEMBERS and every person claiming to be entitled to a benefit under these RULES, subject to the provisions of Section 30A of the ACT. (The contents of Section 30A of the ACT are contained in the Annexure to the RULES).

16.2 If any person affected by a decision of the TRUSTEES in terms of RULES 16.1 is dissatisfied with the decision, he/she shall:

- (a) have the right to lodge a written complaint as envisaged in Section 30A of the ACT. If such person remains dissatisfied he/she may lodge his/her complaint with the Pension Funds Adjudicator appointed in terms of the ACT which shall be dealt with in accordance with Sections 30D to 30P of the ACT. (The contents of Sections 30D to 30P of the ACT are contained in the Annexure to the RULES); or
- (b) have the right to refer the matter to arbitration in accordance with the provisions of the Arbitration Act, 1965. Notice of intention to exercise such right must be given by the person concerned to the TRUSTEES not later than three months from the date of the TRUSTEES' decision and before the arbitration commences. The person concerned must furnish such security for the costs of the arbitration as the TRUSTEES may reasonably require. The costs of the arbitration shall follow the award of the arbitrator.

16.3 The EMPLOYER, the TRUSTEES (or one or more of their number) or any other person having a complaint or dispute of fact or law shall, notwithstanding anything to the contrary in these RULES, have the right to invoke the complaint procedures in accordance with the ACT.

17. MISCELLANEOUS PROVISIONS

17.1 (a) Subject to payment of such fee as the TRUSTEES may require, a MEMBER shall be entitled on application to a copy of any of the documents referred to in Section 35(1) of the ACT.

(b) A MEMBER shall be entitled on application to inspect without charge a copy of any of the documents referred to in Section 35(2) of the ACT and to make extracts therefrom.

(Section 35 of the ACT is contained in the Annexure to these RULES).

17.2 Each MEMBER must produce evidence of age acceptable to the TRUSTEES and must also give such other information as the TRUSTEES may reasonably require for the purposes of the FUND.

17.3 (a) Payment of each benefit in terms of these RULES shall be made to the person entitled thereto at the registered office of the FUND.

(b) Payment elsewhere than at the registered office of the FUND may be made at the request of the beneficiary in a manner agreed upon by the beneficiary and the TRUSTEES, including postage by ordinary mail of a cheque or cheques; provided that should a beneficiary request postage by ordinary mail of a cheque or cheques, the FUND shall explain in writing to him or her that in so doing he/she shall carry the risk of a cheque's being lost in the post or being stolen.

(c) Payment in terms of (a) or (b) shall constitute full and final settlement of all claims to the benefit against the FUND and neither the FUND, the TRUSTEES nor the ADMINISTRATORS shall have any further liability for the benefit to any person.

(d) Each DEFERRED BENEFICIARY entitled to a PAID-UP BENEFIT shall give notice in writing to the ADMINISTRATORS of any change in postal address.

17.4 A DISABILITY MEMBER shall be deemed to remain in SERVICE. If a DISABILITY MEMBER chooses to take a retirement benefit in terms of Rule 5.1. or a withdrawal benefit in terms of Rule 8.1, he or she shall with effect from the date of retirement or withdrawal be deemed to be no longer in SERVICE and shall from such date cease to be a DISABILITY MEMBER.

- 17.5 All benefits and rights to benefits in terms of these RULES shall be subject to the prohibitions as to reduction, cession, etc. contained in Sections 37A and 37B of the ACT. (The contents of these Sections are contained in the Annexure to these RULES).
- 17.6 No person shall have any claim concerning the FUND either upon the FUND or against the EMPLOYERS, except in accordance with these RULES.
- 17.7 Admission to MEMBERSHIP of the FUND shall be regarded as an acknowledgement by the MEMBER that he/she agrees that these RULES, including any alteration to these RULES, shall be binding upon him or her and upon any person claiming to derive a benefit under the FUND by virtue of his/her MEMBERSHIP.
- 17.8 (a) When a member becomes a DEFERRED BENEFICIARY, the member's benefit shall remain invested in accordance with the FUND's investment strategy.
- (b) Once the member provides the FUND with a complete and valid instruction to pay a benefit (whether in cash, or by transfer to another APPROVED FUND or a pension fund established by law, or to secure an annuity on retirement from the FUND, or as a combination of these), the member's benefit shall be disinvested within seven working days. The benefit shall thereafter be increased by an amount corresponding to interest at the net rate earned on an interest-bearing bank account or to the net return on a money market investment portfolio used for this purpose by the FUND, up to the date on which the ADMINISTRATORS request the tax directive from the REVENUE AUTHORITIES. Such additional amount shall be payable to the MEMBER when the benefit is paid, subject to the requirements of the REVENUE AUTHORITIES.
- (c) If the tax directive is denied or if the ADMINISTRATORS are for any other reason unable to pay the benefit immediately, the benefit shall continue to be increased by an amount corresponding to interest as provided for in the preceding sub-RULE, until it can be paid or transferred elsewhere.
- (d) If an additional benefit, for example an allocation of surplus or a retrospective benefit enhancement, is payable or becomes payable to a DEFERRED BENEFICIARY, the additional benefit shall be added to the deferred benefit and shall be invested accordingly. However, if such an additional benefit becomes payable to a former MEMBER who has already received benefits and who is not a DEFERRED BENEFICIARY, or to a MEMBER who has requested a full benefit but whose benefit has not yet been paid for the reasons envisaged in RULE 17.8(c), such amount shall be dealt with in terms of RULE 17.8(c) from the date on which such additional benefit amount becomes payable.

18. GREATER BENEFITS

- 18.1.1 After the general election held during 2004, the FUND may direct that a benefit be paid which is greater than that otherwise provided under the rules, subject to the payment of an additional contribution by the EMPLOYER. Such greater benefit shall be as set by the EMPLOYER and payment shall be in terms of the requirements of the COMMISSIONER.

19. PROVISIONS IN RESPECT OF THE SURPLUS ACT

- 19.1 *(Deleted)*

- 19.2 *(Deleted)*

- 19.3 Apportionment of future surplus arising after the SURPLUS APPORTIONMENT DATE

The BOARD OF TRUSTEES after consultation with the VALUATOR shall determine the apportionment of any actuarial surplus arising in the FUND after the SURPLUS APPORTIONMENT DATE. Such apportionment must comply with the provisions of the SURPLUS ACT. Any surplus apportioned to any MEMBER shall be credited to the MEMBER'S INTEREST IN THE RETIREMENT COMPONENT.

(Rule 19.3 replaced by Rule Amendment 7 w.e.f. 1 Sept. 2024)

- 19.4 *(Deleted)*

- 19.5 Notwithstanding anything to the contrary in:

19.5.1 Rule 5, Rule 7 or Rule 8; for any benefit payable in terms of these Rules, the portion relating to the MEMBER'S FUND CREDIT shall not be less than the MEMBER'S MINIMUM INDIVIDUAL RESERVE.

19.5.2 Rule 16.2; the ADJUDICATOR'S jurisdiction does not extend to complaints in connection with a surplus apportionment scheme which relate to decisions taken by the BOARD OF TRUSTEES or any specialist tribunal convened in terms of Section 15K of the SURPLUS ACT.

19.5.3 Rule 10; any surplus in the FUND'S accounts as at the date of discontinuance and any procedural requirements in the liquidation of the FUND, shall be subject to the requirements of the SURPLUS ACT.

19.5.4 Rule 13.4; The BOARD OF TRUSTEES shall have the power to amend the structure of existing accounts or set up such accounts as may be necessary to comply with the SURPLUS ACT.

19.5.5 Rule 4.3; the BOARD OF TRUSTEES may set up such explicit CONTINGENCY RESERVE ACCOUNTS as it may decide after consultation with the VALUATOR. Any such CONTINGENCY RESERVE ACCOUNTS will be created in good faith and will be subject to the requirements of the ACT.

Schedule 1

1. For the purposes of this Schedule 1, the following definitions apply:

“ADDITIONAL SERVICE BENEFIT” shall mean an amount equal to the QUALIFYING SERVICE FACTOR times the REVALUED PENSIONABLE SALARY on the retirement, death or withdrawal of a MEMBER.

“EQUALISATION AMOUNT” shall mean the amount credited to the FUND CREDIT of a MEMBER from the Employer Surplus Account No. 1 on his or her retirement, death or withdrawal, if the MEMBER has been in SERVICE for more than one complete TERM OF OFFICE or, if the MEMBER’s SERVICE did not commence at or as a consequence of an election, has been in SERVICE for more than 5 (five) years.

This amount shall equal 20% (twenty per cent) of that MEMBER’s PENSIONABLE SALARY per month during each month of SERVICE together with FUND INTEREST; provided that the amount is limited to the difference, as calculated by the ACTUARY; between:

- (i) the balance of the FUND CREDIT (prior to the addition of the EQUALISATION AMOUNT and excluding any contributions made by that MEMBER in terms of Rule 4.1.2, any contributions made by that MEMBER in terms of Rule 4.1.1 which are made after 15 (fifteen) years of SERVICE, any amount transferred in terms of Rule 9.1, and FUND INTEREST on these amounts); and
- (ii) the MAXIMUM BENEFIT,

with a minimum of zero;

provided that SERVICE as a DIPLOMAT does not constitute SERVICE for the purposes of calculating the EQUALISATION AMOUNT or assessing the MEMBER’s eligibility for such an amount;

provided further that SERVICE already taken into account in the determination of a previous TERMINAL GRATUITY or EQUALISATION AMOUNT paid to or applied for the benefit of the MEMBER does not constitute SERVICE for the purposes of calculating the EQUALISATION AMOUNT or assessing the MEMBER’s eligibility for such an amount.

“MAXIMUM BENEFIT” shall mean an amount as calculated by the ACTUARY to equal the deemed capital value of a pension annuity of 92,5% (ninety-two comma five per cent) of the MEMBER’s REVALUED PENSIONABLE SALARY which could be purchased for that MEMBER before any commutation thereof, on the day before his or her retirement, death or withdrawal, based on the table and methodology annexed hereto as Annexure “A”.

“PROJECTED”, when applied to the terms ADDITIONAL SERVICE BENEFIT, EQUALISATION AMOUNT or TERMINAL GRATUITY, means the relevant amount, calculated on a basis consistent with the last statutory valuation basis by the ACTUARY in terms of the RULES applying immediately prior to 1 March 2016, as if the 2016 MEMBER were to leave SERVICE as at the date of the next election following 1 March 2016, which date is deemed to be 30 June 2019, and discounted back to 1 March 2016.

“QUALIFYING SERVICE FACTOR” shall mean the factor to be used in the calculation of the ADDITIONAL SERVICE BENEFIT which may be due to a MEMBER, and calculated as 20% (twenty per cent) for every completed year of SERVICE as well as a pro-rata share of this percentage for every incomplete year of SERVICE; with a maximum of 200% (two hundred per cent) minus any previous QUALIFYING SERVICE FACTOR(s) in respect of any previous ADDITIONAL SERVICE BENEFIT(s) paid to or applied for the benefit of the MEMBER; provided the SERVICE as a DIPLOMAT does not constitute SERVICE for the purpose of calculating the QUALIFYING SERVICE FACTOR; and further provided that SERVICE that was taken into account in the calculation of any previous QUALIFYING SERVICE FACTOR(s) in respect of any previous ADDITIONAL SERVICE BENEFIT(s) paid to or applied for the benefit of the MEMBER shall be excluded from the calculation of the latest QUALIFYING SERVICE FACTOR.

“REVALUED PENSIONABLE SALARY” shall mean a MEMBER’S PENSIONABLE SALARY as actually earned, adjusted to take into account any cost of living increases that may have been granted to MEMBERS during the MEMBER’s period of SERVICE, and shall be determined by applying a factor as set out below to the total PENSIONABLE SALARY earned by the MEMBER in the relevant FINANCIAL YEAR, and then by calculating the REVALUED PENSIONABLE SALARY over all periods of SERVICE that are to be taken into account, as the average of the adjusted PENSIONABLE SALARIES actually earned by the MEMBER in each FINANCIAL

YEAR (and therefore taking account of the exact period of SERVICE, if any, in each FINANCIAL YEAR), expressed as an amount per annum.

The REVALUED PENSIONABLE SALARY determined as specified above shall be subject to a minimum of the PENSIONABLE SALARY per annum actually earned by the MEMBER at the date on which the MEMBER ceased SERVICE.

SERVICE as a DIPLOMAT does not constitute SERVICE for the purpose of this calculation.

SERVICE that was taken into account in any previous calculation of a REVALUED PENSIONABLE SALARY in respect of any previous ADDITIONAL SERVICE BENEFIT or previous EQUALISATION AMOUNT paid to or applied for the benefit of a MEMBER does not constitute SERVICE for the purpose of this calculation.

Period	Factor for members who joined the Fund before 2 June 1999	Factor for members who joined the Fund on or after 2 June 1999
27 April 1994 to 31 March 1999	3.227	
Year ending on 31 March 2000	2.689	2.445
Year ending on 31 March 2001	2.445	2.445
Year ending on 31 March 2002	2.264	2.264
Year ending on 31 March 2003	2.116	2.116
Year ending on 31 March 2004	1.941	1.941
Year ending on 31 March 2005	1.831	1.831
Year ending on 31 March 2006	1.731	1.731
Year ending on 31 March 2007	1.637	1.637
Year ending on 31 March 2008	1.523	1.523
Year ending on 31 March 2009	1.372	1.372
Year ending on 31 March 2010	1.282	1.282
Year ending on 31 March 2011	1.221	1.221
Year ending on 31 March 2012	1.163	1.163
Year ending on 31 March 2013	1.103	1.103
Year ending on 31 March 2014	1.050	1.050
Year ending on 31 March 2015	1.000	1.000
Year ending on 31 March 2016	1.000	1.000

These factors shall be revised each time a cost-of-living adjustment is granted to MEMBERS and a new table of factors shall be prepared by the ACTUARY at that time. The method of revision shall be that each factor in the previous table (for all years prior to the one in which the newly increased PENSIONABLE SALARIES shall apply) shall be increased by the percentage cost-of-living adjustment that is granted.

“TERMINAL GRATUITY” shall mean a benefit credited to the FUND CREDIT of a MEMBER from the Employer Surplus Account No. 1 on his or her retirement, death or withdrawal only if he or she does not have his or her FUND CREDIT credited with the EQUALISATION AMOUNT (even if this amount is zero) in consequence of such retirement, death or withdrawal, and shall be calculated as the difference between:

(a) an amount equal to 45% (forty-five per cent) of the PENSIONABLE SALARY of that MEMBER for every completed year of SERVICE, as well as a pro-rata share of this percentage for every incomplete year of SERVICE; and

(b) the member's FUND CREDIT (prior to the addition of the TERMINAL GRATUITY and excluding any contributions made by that MEMBER in terms of Rule 4.1.2, any contributions made that MEMBER in terms of Rule 4.1.1. which are made after 15 (fifteen) years of SERVICE, any amount transferred in terms of Rule 9.1, and FUND INTEREST on these amounts;

with a minimum of zero;

provided that SERVICE as a DIPLOMAT does not constitute SERVICE for the purposes of calculating the TERMINAL GRATUITY or assessing the MEMBER's eligibility for such an amount;

provided further that SERVICE already taken into account in the determination of a previous TERMINAL GRATUITY or EQUALISATION AMOUNT paid to or applied for the benefit of the MEMBER does not constitute SERVICE for the purposes of calculating the TERMINAL GRATUITY or assessing the MEMBER's eligibility for such an amount.

2. As at 1 March 2016 there must be credited to the FUND CREDIT of each 2016 MEMBER the lesser of the following, which is his or her 2016 AMOUNT:-

- 2.1. The sum of:

- 2.1.1. the ADDITIONAL SERVICE BENEFIT; and

2.1.2. the EQUALISATION AMOUNT or TERMINAL GRATUITY, if any, as applicable,

each calculated as if the 2016 MEMBER left SERVICE on 29 February 2016;

2.2. The sum of:

2.2.1. the PROJECTED ADDITIONAL SERVICE BENEFIT; and

2.2.2. the PROJECTED EQUALISATION AMOUNT or TERMINAL GRATUITY, if any), as applicable,

with a minimum of zero.

3. The part of the 2016 AMOUNT which relates to the EQUALISATION AMOUNT or TERMINAL GRATUITY, or the PROJECTED EQUALISATION AMOUNT or PROJECTED TERMINAL GRATUITY, as applicable, is funded by way of a transfer from EMPLOYER SURPLUS ACCOUNT No. 1.
4. The part of the 2016 AMOUNT which relates to the ADDITIONAL SERVICE BENEFIT, or the PROJECTED ADDITIONAL SERVICE BENEFIT, as applicable, is funded by way of a transfer from EMPLOYER SURPLUS ACCOUNT No. 2.

ANNEXURE A to Schedule 1 – CALCULATION OF “MAXIMUM BENEFIT”

The MAXIMUM BENEFIT shall be calculated as 92.5% multiplied by the MEMBER's REVALUED PENSIONABLE SALARY multiplied by the factor applying at the MEMBER's age last birthday, as follows:

Age last b/d	Factor	Age last b/d	Factor	Age last b/d	Factor
30 or less	22.30	54	17.80	78	10.72
31	22.18	55	17.54	79	10.46
32	22.05	56	17.27	80	10.22
33	21.92	57	17.00	81	9.98
34	21.79	58	16.72	82	9.77
35	21.64	59	16.44	83	9.56
36	21.50	60	16.15	84	9.38
37	21.34	61	15.86	85	9.20
38	21.18	62	15.56	86	9.05
39	21.02	63	15.26	87	8.91
40	20.85	64	14.96	88	8.79
41	20.67	65	14.65	89	8.69
42	20.49	66	14.34	90	8.60
43	20.30	67	14.03	91	8.53
44	20.10	68	13.72	92	8.46
45	19.90	69	13.40	93	8.41
46	19.69	70	13.09	94	8.37
47	19.48	71	12.78	95	8.34
48	19.26	72	12.47	96	8.32
49	19.03	73	12.16	97	8.30
50	18.80	74	11.86	98	8.29
51	18.56	75	11.56	99	8.28
52	18.31	76	11.27	100	8.27
53	18.06	77	10.99		

These factors have been determined in accordance with the following assumptions:

1. Interest and Pension Increases

Investment Return Assumption: 9.00% p.a.

Pension Increase Assumption: 5.00% p.a.

Post Retirement Interest Rate: 4.00% p.a.

The post retirement interest rate of 4.00% p.a. is the difference between the investment return assumption and the pension increase assumption and represents the real rate at which the expected future pension payments are

discounted. The effect of using a real rate of 4.00% p.a. is that if the pensioner assets earn a return of 9.00% p.a. then a pension increase of 5.00% p.a. can be afforded without a higher than expected increase in the liability, all else being equal.

2. Mortality

The PA (90) ultimate mortality table rated down by two years.

3. Dependants

It is assumed that all members will be married at the time the pension is purchased, with males deemed to be 4 years older than females. The pension payable to a surviving spouse is assumed to be 75% of the member's pension prior to the member pensioner's death. There is no guarantee period for pensions and no allowance is made for the impact of dependent children.

4. Guarantee term

It is assumed that pension annuities will be brought with a 10-year guaranteed minimum payment term.

These factors may be revised by the ACTUARY. Any such revision shall be made by means of an amendment to these RULES, and shall be communicated to the MEMBERS.

ANNEXURE B to Schedule 1 – Example to illustrate the calculation of the REVALUED PENSIONABLE SALARY as used in the determination of the ADDITIONAL SERVICE BENEFIT and the MAXIMUM BENEFIT.

1. Assume the member's qualifying SERVICE commenced on 1 October 2012 and ended on 31 March 2015. The member received a PENSIONABLE SALARY of R59,009 per month for the 6 months ending on 31 March 2013, R61,959 per month for the 12 months ending on 31 March 2014, and (following demotion to an ordinary member), R49,494 per month for the 12 months ending on 31 March 2015.

The qualifying SERVICE was therefore 30 months.

The member's REVALUED PENSIONABLE SALARY is calculated as:

$$[(6 \times R59,009 \times 1,103) + (12 \times R61,959 \times 1,050) + (12 \times R49,494 \times 1,000)] / 30$$

= R58,838 (*higher* than actual PENSIONABLE SALARY at date of exit)

This is equivalent to R706,056 per annum (i.e. 12 x R58,838).

2. Assume the member's qualifying SERVICE again commenced on 1 October 2012 and ended on 31 March 2015. However, this member served as an ordinary member throughout. The member therefore received a PENSIONABLE SALARY of R44,469 per month for the 6 months ending on 31 March 2013, R46,693 per month for the 12 months ending on 31 March 2014, and R49,494 per month for the 12 months ending on 31 March 2015.

Total qualifying SERVICE was again 30 months.

The member's REVALUED PENSIONABLE SALARY is calculated as:

- 66 -

$$[(6 \times R44,469 \times 1,103) + (12 \times R46,693 \times 1,050) + (12 \times R49,494 \times 1,000)]$$

/ 30

= R49,218 (*lower* than actual PENSIONABLE SALARY at date of exit)

Therefore in this case the actual PENSIONABLE SALARY of R49,494 per month (R593,930 per annum) becomes the REVALUED PENSIONABLE SALARY.

**ANNEXURE C to Schedule 1 – Example to illustrate the calculation of the
“EQUALISATION AMOUNT”**

Exits after (and not in consequence of) the 2009 Election:

1. Member is sworn in to office at the 2009 Election (April 1999) and leaves office at the next Election – member's SERVICE thereof does NOT exceed one full TERM OF OFFICE (*whether more or less than 5 years*), and member qualifies for the calculation of a TERMINAL GRATUITY (which may be zero) and not an EQUALISATION AMOUNT.
2. Member is sworn into office at the 2009 Elections (April 1999) and returns to office at the next Election, but leaves office very shortly afterwards – member's SERVICE therefore *does* exceed one full TERM OF OFFICE (*whether more or less than 5 years*), and member qualifies for the calculation of an EQUALISATION AMOUNT (which may be zero) and not a TERMINAL GRATUITY.
3. Member commences office on 1 April 2010 and leaves office on 31 March 2016 – member has therefore served more than 5 years (although the SERVICE does not coincide with any one full TERM OF OFFICE), and qualifies for the calculation of an EQUALISATION AMOUNT which may be zero) and not a TERMINAL GRATUITY.
4. Member commences office on 1 April 2010 and leaves office on 31 March 2015 – member has therefore *not* served more than 5 years, and qualifies for the calculation of a TERMINAL GRATUITY (which may be zero) and not an EQUALISATION AMOUNT.

In all these examples, SERVICE would exclude (a) any SERVICE as a DIPLOMAT and (b) any period of SERVICE already used in calculating a previous EQUALISATION AMOUNT or TERMINAL GRATUITY. In other words, SERVICE may never be counted twice towards the determination of either of these two benefits (eg. SERVICE that previously counted for the determination of a TERMINAL GRATUITY may never be used again later on for the determination of an EQUALISATION AMOUNT, and vice versa).