

## **CONSOLIDATED RULES AMENDED TO INCLUDE:**

<b>Amendment</b>	<b>Case number</b>	<b>Effective date(s)</b>	<b>Approved</b>
Rules	299822	1 April 2012	23 October 2013
Amendment 1	417605	1 July 2016	26 April 2017
Amendment 2	451112	1 October 2017	12 March 2018
Amendment 3	479113	1 January 2019 1 March 2019	13 January 2020
Amendment 4	511296	1 April 2020 1 June 2020	30 July 2020
Amendment 5	535756	1 March 2021	16 July 2021
Amendment 6	564707	1 April 2022	12 May 2023

Where there is any difference between these consolidated rules and the original approved rules and approved rule amendments, the original approved rules and approved rule amendments shall apply

# **ENGINEERING INDUSTRIES PENSION FUND**

## **RULES**

**Effective Date: 1 April 2012**

**(Reference number 12/8/5040)**

# ENGINEERING INDUSTRIES PENSION FUND

PASSED AT JOHANNESBURG ON THE 18<sup>TH</sup> DAY OF MARCH 2013.

RESOLVED THAT the attached RULES be adopted as the official RULES of the ENGINEERING INDUSTRIES PENSION FUND.

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

The COMMENCEMENT DATE of the FUND was 29 July 1957. The date on which these revised RULES shall become effective is 1 April 2012.

*These revised Rules have been adopted by the Trustees of the Fund to, inter alia:*

- a) provide for the conversion of active member accrued benefits from a defined benefit basis to a defined contribution basis;*
- b) provide for future benefits of active members to accrue on a defined contribution basis;*
- c) separate the pensioner assets and liabilities into a portfolio separate from the other assets and liabilities of the Fund;*
- d) facilitate the Contribution Increase Program for the systematic increase of the member and employer contributions, with the difference to the required rates funded from the Contribution Increase Program Reserve Account;*
- e) provide for the appointment of an independent trustee; and*
- f) bring the Rules into line with the requirements of the Pension Funds Act.*

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

..... Chairman Date:.....

..... Principal Officer Date:.....

..... Member Trustee Date:.....

..... Employer Trustee Date:.....

I hereby certify that these consolidated and updated Rules will not render the Fund financially unsound.

.....  
W Kritzing, B.Sc., F.A.S.S.A.  
Valuator

.....  
DATE

In my capacity as an employee of  
Simeka Actuaries & Consultants

## INDEX

<b>1.</b>	<b>DEFINITIONS</b> .....	<b>1</b>
<b>2.</b>	<b>ESTABLISHMENT OF THE FUND</b> .....	<b>10</b>
<b>3.</b>	<b>MEMBERSHIP</b> .....	<b>12</b>
3.1.	MEMBERSHIP OF THE FUND.....	12
3.2.	CESSATION OF MEMBERSHIP .....	12
<b>4.</b>	<b>GENERAL PROVISIONS</b> .....	<b>14</b>
4.1.	TEMPORARY ABSENCE .....	14
4.2.	PROOF OF AGE AND OTHER PARTICULARS .....	15
4.3.	PRIOR RIGHT TO BENEFITS.....	15
4.4.	MONIES NOT TO REVERT TO EMPLOYER.....	17
4.5.	CURRENCY .....	17
4.6.	ALIENATION OF BENEFITS .....	17
4.7.	UNPAID AND UNCLAIMED BENEFITS .....	17
4.8.	PAYMENT OF BENEFITS.....	18
4.9.	PURCHASE OF PENSIONS .....	18
4.10.	DISPOSITION OF BENEFITS IN RESPECT OF A DIVORCED MEMBER.....	19
4.11.	CONFIDENTIALITY OF INFORMATION .....	19
4.12.	CONDITIONS OF SERVICE.....	20
4.13.	LATE PAYMENT INTEREST.....	20
4.14.	INSPECTION OF DOCUMENTS.....	20
4.15	SPECIAL PROVISIONS DURING THE COVID-19 PANDEMIC .....	20
<b>5.</b>	<b>MANAGEMENT OF THE FUND</b> .....	<b>23</b>
5.1.	GENERAL.....	23
5.2.	EMPLOYER TRUSTEES.....	23
5.3.	MEMBER TRUSTEES.....	23

5.4.	INDEPENDENT TRUSTEES .....	24
5.5.	ABILITY TO ACT AS TRUSTEE .....	25
5.6.	MEETINGS OF THE TRUSTEES .....	25
5.7.	DISPUTES .....	27
5.8.	DISPUTE RESOLUTION PROCEDURE AND DEADLOCK BREAKING MECHANISM .....	28
5.9.	DECISION OF TRUSTEES .....	28
5.10.	DISCRETION OF THE TRUSTEES .....	28
5.11.	POWERS OF THE BOARD OF TRUSTEES .....	29
5.12.	APPOINTMENT OF PRINCIPAL OFFICER .....	32
5.13.	APPOINTMENT OF ADMINISTRATOR .....	32
5.14.	AUDITOR AND BOOKS OF ACCOUNT .....	32
5.15.	ACTUARY .....	33
5.16.	APPOINTMENT OF OTHER SERVICE PROVIDERS .....	33
5.17.	BANK ACCOUNT .....	34
5.18.	RECORDS AND SAFE CUSTODY OF SECURITIES .....	34
5.19.	SIGNING OF DOCUMENTS .....	34
5.20.	INDEMNIFICATION AND FIDELITY INSURANCE .....	34
5.21.	EXPENSES .....	35
<b>6.</b>	<b>AMENDMENT TO THE RULES OF THE FUND OR DISCONTINUANCE OF THE FUND .....</b>	<b>36</b>
6.1.	AMENDMENT .....	36
6.2.	DISCONTINUANCE .....	37
6.3.	WITHDRAWAL OF AN EMPLOYER .....	39
<b>7.</b>	<b>FINANCIAL STRUCTURE OF THE FUND .....</b>	<b>40</b>
7.1.	FUND ACCOUNTS .....	40
7.2.	COMPOSITION OF ACCOUNTS .....	41
7.2.1.	FUND CREDIT ACCOUNT .....	41

7.2.2.	EXPENSE ACCOUNT.....	42
7.2.3.	RISK RESERVE ACCOUNT .....	44
7.2.4.	INVESTMENT RESERVE .....	45
7.2.5.	PENSIONER ACCOUNT.....	46
7.2.6.	INSTALMENT BENEFITS ACCOUNT.....	47
7.2.7.	UNCLAIMED BENEFITS RESERVE.....	48
7.2.8.	DATA ERROR RESERVE .....	49
7.2.9.	FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE .....	50
7.2.10.	FORMER MEMBER RESIDUAL SURPLUS RESERVE .....	51
7.2.11.	CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT.....	53
7.2.12.	EMPLOYER SURPLUS ACCOUNT .....	54
7.2.13.	SURPLUS COST RESERVE .....	55
7.2.14.	CONVERSION ENHANCEMENT RESERVE .....	56
7.2.15.	ACTIVE MEMBER RESIDUAL SURPLUS RESERVE .....	57
7.2.16.	DEFERRED PENSIONER SOLVENCY RESERVE .....	58
<b>8.</b>	<b>CONTRIBUTIONS.....</b>	<b>60</b>
8.1.	MEMBER CONTRIBUTIONS .....	60
8.2.	EMPLOYER CONTRIBUTIONS .....	61
8.3.	ALLOCATION OF MEMBER AND EMPLOYER CONTRIBUTIONS.....	63
8.4.	PAYMENT OF CONTRIBUTIONS.....	64
<b>9.</b>	<b>RETIREMENT BENEFITS .....</b>	<b>66</b>
9.1.	PENSION BENEFIT.....	66
9.2.	LUMP SUM AND TRANSFER OPTIONS .....	68
9.3.	PAYMENT OF PENSIONS FROM THE PENSIONER ACCOUNT.....	69
9.4.	DEATH AFTER ACCRUAL.....	69

9.5.	LIMITATION OF LIABILITY .....	69
9.6.	DEDUCTION FROM BENEFITS .....	70
<b>10.</b>	<b>DEATH BENEFITS .....</b>	<b>72</b>
10.1.	DEATH IN SERVICE BENEFITS.....	72
10.2.	DEATH OF A FUND PENSIONER .....	74
10.3.	DEATH OF A DEFERRED RETIREE OR A PAID-UP MEMBER .....	77
<b>11.</b>	<b>TRANSFERS.....</b>	<b>78</b>
11.1.	TRANSFERS INTO THE FUND .....	78
11.2.	TRANSFERS OUT OF THE FUND.....	78
11.3.	DEDUCTION FROM BENEFITS .....	78
<b>12.</b>	<b>RESIGNATION, DISMISSAL, RETRENCHMENT AND REDUNDANCY BENEFITS .....</b>	<b>79</b>
<b>13.</b>	<b>DEFINED CONTRIBUTION CONVERSION .....</b>	<b>82</b>

# 1. DEFINITIONS

- 1.1. The headings of the RULES are for ease of reference and shall not be taken into account in the interpretation of the RULES.
- 1.2. To avoid any doubt as to the meaning of certain terms used in these RULES, such terms will have the meaning assigned thereto in the definitions. Where the context so provides, words and expressions signifying:
- (a) the singular, will include the plural and vice versa, and
  - (b) the masculine, will include the feminine.
- 1.3. Unless the contrary appears from the context, the following terms will have the meanings assigned to them below and cognate expressions will have corresponding meanings:

**ACT:** The Pension Funds Act, 1956, as amended and the regulations framed thereunder.

**ACTUARY:** The actuary of the FUND, appointed by the TRUSTEES in terms of RULE 5.15.1 who shall be a person admitted as a fellow member of the Actuarial Society of South Africa or any other institution approved by the Minister by notice in the Gazette.

**ADJUDICATOR:** The Pension Funds Adjudicator whose office has been established in accordance with the ACT.

**ADMINISTRATOR:** The administrator appointed in terms of RULE 5.13.1.

**APPROVED FUND:** A fund registered in terms of the ACT and approved as a PENSION FUND, PROVIDENT FUND, PENSION PRESERVATION FUND, PROVIDENT PRESERVATION FUND or RETIREMENT ANNUITY FUND by the REVENUE AUTHORITIES. <sup>1</sup>

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<sup>1</sup> Amended via rule amendment 5 effective 1 March 2021



**AUDITOR:** The auditor to the FUND appointed in terms of RULE 5.14.1 and who shall be registered as an auditor in terms of Section 15 of the Public Accountants and Auditors Act, 1991 and approved of by the REGISTRAR.

**BENEFICIARY:** Any person who is eligible to receive benefits in terms of these RULES.

**COMMENCEMENT DATE:** 29 July 1957.

**CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT:** The account referred to in RULE 7.2.11.

**CONVERSION DATE:** 1 April 2012.

**CONVERSION VALUE:** The defined contribution conversion value calculated in terms of RULE 13.1.2.

**DATA ERROR RESERVE:** The account referred to in RULE 7.2.8.

**DEATH COVER:** The death benefits payable by the FUND in terms of these RULES, excluding any portion of such benefits that represents a refund of the MEMBER'S FUND CREDIT.<sup>2</sup>

**DEFERRED PENSIONER:** A MEMBER who has left the service of an EMPLOYER prior to 1 April 2012 and who has elected or who has been required to leave his benefit in the FUND.

**DEFERRED RETIREE** means a MEMBER who has retired from his employment with an EMPLOYER and elected to defer his retirement benefit in terms of RULE 9.7.<sup>3</sup>

**DEPENDANT:** In relation to a MEMBER means:

- (a) a person in respect of whom the MEMBER is legally liable for maintenance;
- (b) a person in respect of whom the MEMBER is not legally liable for maintenance, if such person:

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<sup>2</sup> Amended via rule amendment 1 effective 1 July 2016

<sup>3</sup> Inserted via rule amendment 1 effective 1 July 2016

- (i) was, in the opinion of the TRUSTEES, upon the death of the MEMBER, in fact dependent on the MEMBER for maintenance;
  - (ii) is the SPOUSE of the MEMBER; or
  - (iii) is a child of the MEMBER, including a posthumous child, an adopted child and a child born out of wedlock;
- (c) a person in respect of whom the MEMBER would have become legally liable for maintenance, had the MEMBER not died.

**DISABILITY ARRANGEMENT:** The separate Metal and Engineering Industries Permanent Disability Scheme and related services set up by the EMPLOYERS to provide benefits for employees who are MEMBERS in the event of their disablement.

**ELIGIBLE EMPLOYEE:** An employee of an EMPLOYER who:

- (a) is permitted or required in terms of the INDUSTRIAL AGREEMENT to join the FUND;
- (b) has not yet reached the NORMAL RETIREMENT DATE; and
- (c) does not belong to any other retirement funding arrangement provided by an EMPLOYER or in which the EMPLOYER participates.

**EMPLOYEE ORGANISATIONS:** The following organisations shall comprise the EMPLOYEE ORGANISATIONS:

- (a) Metal and Electrical Workers' Union of South Africa (MEWUSA);
- (b) National Union of Metal Workers of South Africa (NUMSA);
- (c) Solidarity;
- (d) South African Equity Workers Association (SAEWA); and
- (e) UASA The Union (UASA).

**EMPLOYER:** An employer who is permitted or required in terms of the INDUSTRIAL AGREEMENT to join the FUND for such periods and on such terms as the TRUSTEES may determine.

In relation to a particular ELIGIBLE EMPLOYEE or MEMBER, the term "EMPLOYER" means the EMPLOYER in whose service the ELIGIBLE EMPLOYEE or MEMBER is or was last employed.

**EMPLOYER ORGANISATIONS:** The following organisations shall comprise the EMPLOYER ORGANISATIONS:

- (a) The registered employer organisations affiliated to the Steel and Engineering Industries Federation of South Africa (SEIFSA).

**EMPLOYER SURPLUS ACCOUNT:** The account referred to in RULE 7.2.12.

**EMPLOYER TRUSTEE:** A TRUSTEE appointed in accordance with RULE 5.2.1.

**EXPENSE ACCOUNT:** The account referred to in RULE 7.2.2.

**FINANCIAL YEAR END:** The twelve month period ending on 31 March each year.

**FORMER MEMBER:** A MEMBER, other than a DEFERRED PENSIONER, who left the SERVICE of an EMPLOYER prior to 1 April 2008 and who was entitled to a benefit in terms of the FUND'S surplus apportionment scheme in terms of Section 15B of the ACT, including a MEMBER whose benefit was paid on exit and a MEMBER whose benefits are unpaid or unclaimed in the FUND.

**FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE:** The account referred to in RULE 7.2.9.

**FORMER MEMBER RESIDUAL SURPLUS RESERVE:** The account referred to in RULE 7.2.10.

**FUND:** Engineering Industries Pension Fund, with reference number 12/8/5040.

**FUND CREDIT:** Each MEMBER'S share of the FUND CREDIT ACCOUNT.

**FUND CREDIT ACCOUNT:** The account referred to in RULE 7.2.1.

**FUND PENSIONER:** A MEMBER who has retired and who has been required or who has elected to receive a pension from the FUND or the eligible SPOUSE or child of such a person after the death of the retired MEMBER or the SPOUSE of a MEMBER who has died in service and elected to purchase a pension from the FUND.

**HOUSING GUARANTEE:** A guarantee furnished by the FUND to a person or body approved by the TRUSTEES in respect of a loan granted by that person or

body to a MEMBER for any purpose contemplated in section 19(5) of the ACT.

**INDEPENDENT TRUSTEE:** A TRUSTEE appointed in terms of Rule 5.4.1

**INDUSTRIAL AGREEMENT:** Any current gazetted agreement relating to the FUND published under the authority of the Metal and Engineering Industries Bargaining.

**INSTALMENT BENEFITS ACCOUNT:** The account referred to in RULE 7.2.6.

**INSURER:** An insurer or insurers registered in terms of the Long-Term Insurance Act, 1998, as amended.

**INVESTMENT RESERVE:** The account referred to in RULE 7.2.4.

**INVESTMENT RETURN:** The return, whether positive or negative, net of accrued or paid investment manager fees, investment related expenses and investment charges and taxes on investment earnings, on the FUND'S investments of the assets attributed to each account or share of that account set out in RULE 7.1, having regard to the investment portfolio or portfolios in which such assets are invested. It is specifically provided that late payment interest received in terms of RULE 8.4.6 in respect of retirement funding contributions shall be included in INVESTMENT RETURN.

**MEMBER:** An ELIGIBLE EMPLOYEE, a DEFERRED RETIREE or a PAID-UP MEMBER who is a MEMBER of the FUND and who has not ceased to be a MEMBER of the FUND in terms of RULE 3.2. <sup>4</sup> <sup>5</sup>

**MEMBER TRUSTEE:** A TRUSTEE appointed in terms of RULE 5.3.1

**MIPF:** Metal Industries Provident Fund, with reference number 12/8/25718.

**MONTHLY PENSIONABLE SALARY:** The portion of the MEMBER'S PENSIONABLE SALARY paid in any particular month.

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<sup>4</sup> Amended via rule amendment 1 effective 1 July 2016

<sup>5</sup> Amended via rule amendment 3 effective 1 March 2019

**NOMINEE:** A person other than a DEPENDANT of a MEMBER nominated in writing (in a format determined by the TRUSTEES) by the MEMBER to receive benefits on his death.

**NORMAL RETIREMENT AGE:** Age 65 years.

**NORMAL RETIREMENT DATE:** The last day of the month in which the MEMBER reaches the NORMAL RETIREMENT AGE.

**PAID-UP MEMBER** means: <sup>6</sup>

- (a) a MEMBER who has left his employment with an EMPLOYER after 28 February 2019 other than through retirement, death or disability, and who has elected or been defaulted to defer receipt of his benefit from the FUND in terms of RULE 12.2.4; or
- (b) a MEMBER who has left his employment with an EMPLOYER during the period 1 April 2012 to 28 February 2019 other than through retirement, death or disability, and who has positively elected to defer receipt of his benefit from the FUND.

**PENSION FUND:** A Pension Fund which is an APPROVED FUND. <sup>7</sup>

**PENSION PRESERVATION FUND:** A Pension Preservation Fund which is an APPROVED FUND. <sup>8</sup>

**PENSIONABLE SALARY:** The actual wages payable to an employee by the EMPLOYER each month or week, as appropriate, in respect of the ordinary hours worked by such employee in the shifts of the EMPLOYER concerned during such month or week, including moneys payable in terms of any agreement or under any law but excluding amounts paid in respect of overtime, shift and other allowances and holiday leave bonuses; provided that while an employee is in receipt of a benefit from the DISABILITY ARRANGEMENT his PENSIONABLE SALARY shall be his PENSIONABLE SALARY at the date of ceasing employment due to disablement, plus any increases declared by the DISABILITY ARRANGEMENT in terms of the rules of that arrangement.

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<sup>6</sup> *Inserted via rule amendment 3 effective 1 March 2019*

<sup>7</sup> *Inserted via rule amendment 5 effective 1 March 2021*

<sup>8</sup> *Inserted via rule amendment 5 effective 1 March 2021*

**PENSIONER ACCOUNT:** The account referred to in RULE 7.2.5.

**PRINCIPAL OFFICER:** The officer of the FUND appointed by the TRUSTEES in terms of RULE 5.12.1, as required under Section 8 of the ACT.

**PROVIDENT FUND:** A Provident Fund which is an APPROVED FUND.<sup>9</sup>

**PROVIDENT PRESERVATION FUND:** A Provident Preservation Fund which is an APPROVED FUND.<sup>10</sup>

**REGISTRAR:** The Registrar of Pension Funds appointed in terms of the Financial Services Board Act, 1990, as amended.

**RETIREMENT ANNUITY FUND:** A Retirement Annuity Fund which is an APPROVED FUND.<sup>11</sup>

**REVENUE AUTHORITIES:** The Commissioner for the South Africa Revenue Service.

**RISK RESERVE ACCOUNT:** The account referred to in RULE 7.2.3.

**RULE:** A rule of the FUND, as amended from time to time.

**SERVICE:** Employment with any of the EMPLOYERS and shall include any period during which the MEMBER is deemed to remain in SERVICE in terms of RULE 4.1.4.

**SPOUSE:** Means a person who, at the date of a MEMBER or a FUND PENSIONER'S retirement or death, as the case may be, was the permanent life partner or spouse or civil union partner of a MEMBER in accordance with the Marriage Act, 1961, the Recognition of Customary Marriages Act, 1998, or the Civil Union Act, 2006, or the tenets of a religion.

**SURPLUS COST RESERVE:** The account referred to in RULE 7.2.13.

**TRUSTEE:** A TRUSTEE of the FUND elected or appointed in terms of RULE 5 to govern the FUND.

**UNCLAIMED BENEFITS RESERVE:** The account referred to in RULE 7.2.7.<sup>12</sup>

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<sup>9</sup> *Inserted via rule amendment 5 effective 1 March 2021*

<sup>10</sup> *Inserted via rule amendment 5 effective 1 March 2021*

<sup>11</sup> *Inserted via rule amendment 5 effective 1 March 2021*

<sup>12</sup> *Amended via rule amendment 6 effective 1 April 2022 (all other references amended consistently)*

**UNPAID OR UNCLAIMED MEMBER** means a person who was a MEMBER of the FUND who exited prior to 1 March 2019 whose benefit has not yet been paid, transferred or used to provide a pension, as appropriate, and that person did not positively elect to retain his benefit in the FUND. The benefit due to such a person is an unpaid and unclaimed benefit held in the UNCLAIMED BENEFITS RESERVE. <sup>13</sup>

**VALID NOMINEE** means a NOMINEE notified to the FUND in writing by a DEFERRED RETIREE or a PAID-UP MEMBER within a maximum period prior to the death of the DEFERRED RETIREE or PAID-UP MEMBER, as appropriate, where such period is specified by the TRUSTEE and notified to all DEFERRED RETIREES and PAID-UP MEMBERS. <sup>14</sup>

**VESTED TRANSFER BENEFIT:** For the purposes of determining the maximum amount that may be commuted for a lump sum on retirement, and subject to RULE 4.3.5 and RULE 4.10.3, the VESTED TRANSFER BENEFIT shall be any amount reflected as such by the transferor fund that is transferred into the FUND on behalf of a MEMBER on or after 1 March 2021, plus INVESTMENT RETURN thereon in the FUND, where such amount is: <sup>15</sup>

- (a) in respect of a MEMBER who was 55 years or older on 1 March 2021 and who was a member of a PROVIDENT FUND or a PROVIDENT PRESERVATION FUND on that date, the whole or that part, as applicable, of the MEMBER'S benefit in that fund when the MEMBER first left that fund on or after 1 March 2021, plus investment return earned on that amount in any subsequent fund that is transferred to the FUND, and
- (b) in respect of a MEMBER who was younger than 55 years on 1 March 2021 and who was a member of a PROVIDENT FUND or PROVIDENT PRESERVATION FUND on that date, the whole or that part, as applicable, of the MEMBER'S benefit in that fund as at

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<sup>13</sup> *Inserted via rule amendment 3 effective 1 March 2019*

<sup>14</sup> *Inserted via rule amendment 3 effective 1 March 2019*

<sup>15</sup> *Inserted via rule amendment 5 effective 1 March 2021*

1 March 2021, plus investment return earned on that amount in that fund and in any subsequent fund that is transferred to the FUND.”



## 2. ESTABLISHMENT OF THE FUND

- 2.1. The FUND was established as a provident fund with effect from the COMMENCEMENT DATE.
- 2.2. The FUND was initially known as the Metal Industries Group Life and Provident Fund.
- 2.3. The FUND was converted to a PENSION FUND without change of name as from: <sup>16</sup>
  - 2.3.1. 2 June 1975 in respect of the group of industries known as the Iron, Steel, Engineering and Metallurgical Industries;
  - 2.3.2. 15 September 1975 in respect of the Electrical Contracting and Servicing Industry, Cape; and
  - 2.3.3. 4 April 1977 in respect of the Electrical Industry, KwaZulu Natal.
- 2.4. With effect from 31 March 1990 the name of the FUND was changed to the Engineering Industries Pension Fund.
- 2.5. With effect from 1 January 1995 the Metal Industries Group Pension Fund was merged with the FUND.
- 2.6. With effect from 1 April 2012, the benefits of all in-service MEMBERS were changed from a defined benefit accumulation basis to a defined contribution accumulation basis.
- 2.7. In terms of the RULES governing the FUND:-
  - 2.7.1. the MEMBER'S and the EMPLOYER'S contribution are limited to a defined percentage of the PENSIONABLE SALARY of a MEMBER;
  - 2.7.2. the MEMBER bears the risk regarding the investments of the FUND, but also receives the yields on such investments to the extent provided for in these RULES.

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<sup>16</sup> *Inserted via rule amendment 5 effective 1 March 2021*

- 2.8. The FUND shall have legal personality and as such have perpetual succession and be capable of:-
- 2.8.1. acquiring assets, liabilities, rights and obligations;
  - 2.8.2. suing or being sued in its own name; and
  - 2.8.3. doing all such things as may be necessary for, or incidental to, the exercise of its powers or the performance of its functions in terms of these RULES.
- 2.9. The object of the FUND is to provide benefits in terms of these RULES for MEMBERS upon their retirement on account of age or ill-health, or for BENEFICIARIES of MEMBERS upon the death of such MEMBERS. Benefits shall also be paid to MEMBERS should they leave the service of the EMPLOYER for reasons of resignation, retrenchment, redundancy or dismissal or should the FUND or the EMPLOYER be wound up.
- 2.10. The registered office of the FUND:  
Metal Industries House  
42 Anderson Street  
Johannesburg
- 2.11. These RULES shall be effective with effect from 1 April 2012, notwithstanding that they may be registered thereafter.
- 2.12. If an amendment to the RULES of the FUND is registered after the effective date of the amendment, such amendment shall take effect on the effective date of the amendment as determined by the TRUSTEES.

### **3. MEMBERSHIP**

#### **3.1. MEMBERSHIP OF THE FUND**

3.1.1. All ELIGIBLE EMPLOYEES shall become MEMBERS of the FUND.

3.1.2. Admission to membership of the FUND shall be regarded as an acknowledgement by the MEMBER that he agrees that these RULES, including any alteration to these RULES, shall be binding upon him and upon any person claiming to derive a benefit under the FUND by virtue of his membership.

#### **3.2. CESSATION OF MEMBERSHIP**

3.2.1. Save insofar as the RULES specifically entitle or require a MEMBER to withdraw from his membership of the FUND while he remains in the service of an EMPLOYER, a MEMBER shall not be entitled to withdraw from his membership while he remains in the service of an EMPLOYER.

3.2.2. Subject to RULE 4.1 and RULE 10.1.2 and any provision to the contrary in these RULES and the provisions of any policy of insurance issued to the FUND in respect of the provision of benefits, a MEMBER shall cease to be eligible for DEATH COVER on the day he leaves the SERVICE of the EMPLOYER. <sup>17</sup>

3.2.3. A MEMBER who for any reason leaves the service of the EMPLOYER and has received all benefits from the FUND that he qualifies for, shall cease to be a MEMBER and shall have no further claim against the FUND. If an EMPLOYER seconds a MEMBER to work for the FUND on a fixed term contract, such a MEMBER shall remain a MEMBER of the FUND for the period of such secondment with the proviso that the MEMBER will be paid by the FUND.

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<sup>17</sup> Amended via Rule Amendment 1 effective 1 July 2016

- 3.2.4. If a MEMBER transfers to another APPROVED FUND in any of the circumstances envisaged in these RULES and such transfer is subject to the provisions of Section 14 of the ACT, then it is specifically provided that with effect from the date on which he becomes a member of such fund, contributions in terms of RULE 8 shall cease and in the event of his death, prior to transfer of his benefit in terms of these RULES from the FUND to such other fund, no DEATH COVER shall be payable. <sup>18</sup>
- 3.2.5. If a MEMBER elects to become a DEFERRED RETIREE in terms of RULE 9.7, he shall remain a MEMBER of the FUND until the date he elects to retire from the FUND in terms of RULE 9.1.1.5. <sup>19</sup>
- 3.2.6. If a MEMBER elects or is defaulted to become a PAID-UP MEMBER in terms of RULE 12.2.4, he shall remain a MEMBER of the FUND until the effective date a benefit is paid or transferred in terms of RULE 12.5.6. <sup>20</sup>
- 3.2.7. An UNPAID OR UNCLAIMED MEMBER shall cease to be a MEMBER on the date of exit from service and his claim against the FUND shall be limited to his exit benefit, accumulated with such investment return as is earned on the benefit. <sup>21</sup>

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<sup>18</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>19</sup> Inserted via Rule Amendment 1 effective 1 July 2016

<sup>20</sup> Inserted via Rule Amendment 3 effective 1 March 2019

<sup>21</sup> Inserted via Rule Amendment 3 effective 1 March 2019

## 4. GENERAL PROVISIONS

### 4.1. TEMPORARY ABSENCE <sup>22</sup>

- 4.1.1. If a MEMBER is absent from the service of an EMPLOYER, but MEMBER and EMPLOYER contributions on behalf of the MEMBER continue to be paid to the FUND in respect of the period of absence, the MEMBER shall remain a member of the FUND and all benefits under the FUND in respect of him shall be maintained, subject to such restrictions and limitations as may be imposed by the TRUSTEES with regards to the DEATH COVER payable in terms of RULE 10.
- 4.1.2. If a MEMBER is absent from the service of an EMPLOYER, and MEMBER and EMPLOYER contributions on behalf of the MEMBER are not paid to the FUND in respect of the period of absence, the MEMBER shall remain covered for the DEATH COVER for a maximum period of thirty days after the commencement of such absence and shall be subject to such restrictions and limitations as may be imposed by the TRUSTEES with regards to the DEATH COVER payable in terms of RULE 10.
- 4.1.3. Notwithstanding the provisions of RULE 4.1.2, if a MEMBER is absent from SERVICE due to a "lay off" program formally agreed between a MEMBER and his EMPLOYER, the MEMBER shall remain covered for the DEATH COVER during the period of the "lay off" subject to a maximum period of eight weeks and subject to such restrictions and limitations as may be imposed by the TRUSTEES with regards to the DEATH COVER payable in terms of RULE 10.
- 4.1.4. A Member qualifying for a disablement benefit in terms of the DISABILITY ARRANGEMENT shall, for the purposes of the FUND, be deemed to remain in SERVICE.

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<sup>22</sup> Amended via Rule Amendment 1 effective 1 July 2016

## **4.2. PROOF OF AGE AND OTHER PARTICULARS**

4.2.1. Unless the TRUSTEES decide otherwise, no benefit shall be payable to a MEMBER or BENEFICIARY unless he has supplied the FUND with evidence of his age to the satisfaction of the FUND. A MEMBER or other BENEFICIARY shall provide such information as is required by the TRUSTEES for the purposes of the FUND. If any information so provided is incorrect (inadvertently or otherwise) the TRUSTEES shall not be liable for any losses suffered by the MEMBER, BENEFICIARY or other person in respect of whom the information was given as a consequence of the FUND'S reliance thereon.

4.2.2. The FUND shall not be liable for any loss sustained by a MEMBER, BENEFICIARY or an EMPLOYER arising from any misstatements or errors or omissions in the information supplied by a MEMBER or an EMPLOYER to the FUND.

## **4.3. PRIOR RIGHT TO BENEFITS**

4.3.1. The TRUSTEES shall have the right to make such deductions from the benefit to which a MEMBER or BENEFICIARY is entitled in terms of the RULES or which is to be transferred to an APPROVED FUND for his benefit, as permitted in terms of Section 37D of the ACT. Such claims may include:

4.3.1.1. any amount for which the FUND is liable in terms of a HOUSING GUARANTEE; or

4.3.1.2. compensation (including legal costs recoverable from the MEMBER) in respect of any loss suffered by the EMPLOYER as a result of any theft, misconduct, fraud or dishonesty on the MEMBER'S part for which the MEMBER has admitted liability in writing or in respect of which judgement has been obtained against the MEMBER in court and, where appropriate, an order has been made in terms of section 300 of the Criminal Procedure Act 51 of 1977.

4.3.2. The TRUSTEES may, where an EMPLOYER has instituted legal proceedings in a court of law against the MEMBER concerned for

compensation in respect of damage caused to the EMPLOYER as contemplated in section 37D of the Act, withhold payment of any benefit until such time as the matter has been finally determined by a competent court of law or has been settled or formally withdrawn, provided that:

- 4.3.2.1. the TRUSTEES are satisfied that the EMPLOYER has made out a prima facie case against the MEMBER concerned and there is reason to believe that the EMPLOYER has a reasonable chance of success in the proceedings that have been instituted; and
  - 4.3.2.2. the TRUSTEES are satisfied that the EMPLOYER is not at any stage of the proceedings responsible for any undue delay in the prosecution of the proceedings;
  - 4.3.2.3. once the proceedings have been determined, settled or withdrawn, any benefit to which the MEMBER is entitled, is paid forthwith, or, if any amount is lawfully deducted from the benefit in terms of section 37D, the balance thereof is paid forthwith; and
  - 4.3.2.4. the TRUSTEES, at the express written request of the MEMBER whose benefit is withheld, may, if applicable and practical, permit the value of the MEMBER'S benefit as at the time of such request to be isolated, in whatever manner the TRUSTEES believe appropriate, from the possibility of a decrease therein as a result of poor investment performance.
- 4.3.3. If the MEMBER is retiring on pension, the TRUSTEES shall have the right to commute for a lump sum an amount of the pension up to the maximum amount which may be commuted in terms of RULE 9.2 and to make the deduction from such lump sum.
- 4.3.4. Subject to any applicable legislation, any amount due by a DEFERRED RETIREE or a PAID-UP MEMBER in terms of RULE 4.3.1 shall be deducted from that person's FUND CREDIT at the earlier of the date of retirement from

employment or the date the FUND becomes aware of the amount due and not at the subsequent date of exit from the FUND. <sup>23 24</sup>

4.3.5. Any amount deducted, including any tax thereon, from a MEMBER'S FUND CREDIT in the FUND in terms of this RULE 4.3 shall be deducted pro rata from the MEMBER'S VESTED TRANSFER BENEFIT and the balance of the MEMBER'S FUND CREDIT over his VESTED TRANSFER BENEFIT. <sup>25</sup>

#### **4.4. MONIES NOT TO REVERT TO EMPLOYER**

4.4.1. Except as otherwise provided in RULE 4.3 or as otherwise allowed by the ACT, no monies of the FUND shall revert to or become the property of the EMPLOYER.

#### **4.5. CURRENCY**

4.5.1. Contributions and benefits are payable in the South African currency.

#### **4.6. ALIENATION OF BENEFITS**

4.6.1. All benefits and rights to benefits in terms of these RULES will be subject to the provisions of Sections 37A and 37B of the ACT.

#### **4.7. UNPAID AND UNCLAIMED BENEFITS**

4.7.1. Unpaid and unclaimed benefits shall be held for the credit of the MEMBER in the UNCLAIMED BENEFITS RESERVE in accordance with RULE 7.2.7.

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4.7.2. The TRUSTEES shall have the right to deduct any costs incurred by the FUND in relation to an unpaid and unclaimed benefit, including any ongoing administration costs and any costs incurred in trying to trace the exited MEMBER, from the value of the unpaid or unclaimed benefit for that MEMBER.

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<sup>23</sup> Inserted via Rule Amendment 1 effective 1 July 2016

<sup>24</sup> Amended via Rule Amendment 3 effective 1 March 2019

<sup>25</sup> Inserted via Rule Amendment 5 effective 1 March 2021

<sup>26</sup> Amended via Rule Amendment 1 effective 1 July 2016



#### **4.8. PAYMENT OF BENEFITS**

4.8.1. Whenever a benefit becomes payable to any BENEFICIARY, the benefit will be paid by means of an electronic fund transfer to the BENEFICIARY'S account in a deposit taking institution, the details of which have been furnished by the EMPLOYER or the BENEFICIARY to the ADMINISTRATOR.

Payment other than by means of electronic fund transfer may be made at the request of the BENEFICIARY in a manner agreed upon by the BENEFICIARY and the TRUSTEES, including postage by registered mail of a cheque or cheques; provided that should a BENEFICIARY request postage by registered mail of a cheque or cheques, the BENEFICIARY will carry the risk of a cheque being lost in the post or being stolen.

4.8.2. If any costs are incurred as a consequence of the TRUSTEES tracing any BENEFICIARIES who are due a benefit under the FUND, such reasonable costs may be recovered from the benefits payable to such BENEFICIARIES.

#### **4.9. PURCHASE OF PENSIONS**

4.9.1. For any pension purchased in respect of a MEMBER or BENEFICIARY in terms of RULE 9.1.2.2 or RULE 10.1.3.2, the pensions shall be purchased from an INSURER or INSURERS selected by the MEMBER or BENEFICIARY, as applicable.

4.9.2. The pension shall be purchased in the name of the MEMBER or BENEFICIARY, as applicable. Any commissions payable in respect of the pension so purchased shall be deducted from the purchase amount once it is received by the INSURER or paid directly by the MEMBER or BENEFICIARY, as applicable.

4.9.3. On purchase of the pension, the MEMBER will cease to be a MEMBER of the FUND and the MEMBER and BENEFICIARY will have no further claim against the FUND.

4.9.4. Should a MEMBER or other BENEFICIARY elect to purchase his pension from more than one INSURER, this will be subject to any requirements laid down by the REVENUE AUTHORITIES.

#### **4.10. DISPOSITION OF BENEFITS IN RESPECT OF A DIVORCED MEMBER**

4.10.1. In the event that the FUND is provided with a valid and proper court order issued in terms of the Divorce Act 1979 (as amended) and provided that it contains the information required to give effect to it in terms of the ACT, the FUND shall give effect to such order. Should any such amount be paid to, or transferred to an APPROVED FUND in respect of, the MEMBER'S former SPOUSE, either at the date of divorce, the date the MEMBER exits the FUND or at any other date permissible or required in terms of the ACT, the benefits due to the MEMBER in terms of these RULES shall be reduced:

4.10.1.1. by such amount paid to or transferred on behalf of the SPOUSE, gross of any tax paid on behalf of the SPOUSE where the SPOUSE is liable for the tax; and

4.10.1.2. by any tax paid from the MEMBER'S benefit where the member is liable for the tax.

4.10.2. Any costs incurred by the FUND as a result of processing the divorce payment may, at the discretion of the TRUSTEES, be deducted from the MEMBER'S residual portion of the FUND CREDIT.

4.10.3. Any amount deducted, including any tax thereon, from a MEMBER'S FUND CREDIT in the FUND in terms of this RULE 4.10 shall be deducted pro rata from the MEMBER'S VESTED RETIREMENT BENEFIT and the balance of the MEMBER'S FUND CREDIT over his VESTED RETIREMENT BENEFIT. <sup>27</sup>

#### **4.11. CONFIDENTIALITY OF INFORMATION**

4.11.1. The TRUSTEES, the PRINCIPAL OFFICER, the ADMINISTRATOR and any other service providers shall be entitled to only such information from an EMPLOYER as they may reasonably require for the exercise of their duties in terms of the RULES. Such information shall be used only for the purpose of performing their duties in terms of the RULES, and shall only

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<sup>27</sup> *Inserted via Rule Amendment 5 effective 1 March 2021*

be disclosed to any person or body whose province it is to have such information in order to conduct the business of the FUND.

#### **4.12. CONDITIONS OF SERVICE**

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

#### **4.13. LATE PAYMENT INTEREST**

4.13.1. Subject to the provisions of the Act or the requirements of the REVENUE AUTHORITIES, late payment interest may be payable on any benefit due to a MEMBER or BENEFICIARY on or after such MEMBER'S retirement, leaving SERVICE in terms of RULE 12 or death or on any amount transferred for his benefit to another APPROVED FUND. Any such interest shall form part of the MEMBER'S benefit and shall be paid in accordance with the practice of the FUND.

#### **4.14. INSPECTION OF DOCUMENTS**

4.14.1. 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.

4.14.2. 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.

#### **4.15 SPECIAL PROVISIONS DURING THE COVID-19 PANDEMIC <sup>28</sup>**

4.15.1 Notwithstanding any other provisions in these RULES, the following shall apply during any period EMPLOYERS are in financial distress as a direct consequence of the COVID-19 pandemic:

4.15.1.1 Where a MEMBER receives a full or partial salary and the MEMBER and EMPLOYER contributions in terms of RULE 8 based on these full or partial

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<sup>28</sup> *Inserted via Rule Amendment 04 effective 1 June 2020*

salaries are paid to the FUND, the MEMBER and EMPLOYER contributions and the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT allocations will be based on these full or partial salaries.

4.15.1.2 Where an EMPLOYER requests such relief and meets such criteria as may be determined by the TRUSTEES, irrespective of whether the MEMBERS are absent from SERVICE or not, the TRUSTEES may permit the EMPLOYER to utilise the “eight week lay off” provisions in RULE 4.1.3 for a deemed equivalent period of up to two months during which period MEMBER and EMPLOYER contributions need not be paid to the FUND, but the MEMBERS shall remain eligible for the DEATH COVER in terms of RULE 10.

4.15.1.3 Where an EMPLOYER, who requests such relief, meets such criteria as may be required by the TRUSTEES and who has utilised the relief period in terms of RULE 4.15.1.2, the TRUSTEES may permit the EMPLOYER to utilise a further period of up to three months during which period MEMBER and EMPLOYER retirement funding contributions need not be paid to the FUND, but the EMPLOYER must continue to pay the contributions in respect of the DEATH COVER and the contributions in respect of FUND expenses (and the contributions in respect of the separate DISABILITY ARRANGEMENT) at a rate determined by the ACTUARY of the FUND and the MEMBERS shall remain eligible for DEATH COVER in terms of RULE 10.

4.15.2 Rule 4.1.3 and Rule 4.15.1 shall be subject to the following provisos:

4.15.2.1 An EMPLOYER may elect to pay the contributions in respect of the DEATH COVER and the contributions in respect of FUND expenses (and the contributions in respect of the separate DISABILITY ARRANGEMENT) at a rate determined by the ACTUARY of the FUND during the relief period in terms of RULE 4.1.3. <sup>29</sup>

4.15.2.2 Where no MEMBER and EMPLOYER retirement funding contributions are received in respect of a MEMBER in terms of RULE 4.15.1.2 and/or RULE 4.15.1.3 for a particular month, no amounts shall be allocated from the

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<sup>29</sup> *Inserted via Rule Amendment 04 effective 1 April 2020*

CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT in respect of that MEMBER for that month.

4.15.2.3 Each EMPLOYER, who is permitted by the FUND to do so, may only utilise the provisions of RULE 4.15.1.2 and RULE 4.15.1.3 for a maximum of two months and three months, respectively, although each period need not be for consecutive months and the two periods need not be contiguous.

4.15.2.4 Where the effects of the COVID-19 pandemic warrant such a decision, and subject to such further information and criteria as may be determined by the TRUSTEES, the TRUSTEES after consultation with the ACTUARY of the FUND may at their sole discretion extend the three month period in terms of RULE 4.15.1.3 and RULE 4.15.2.3 for such further period as they determine appropriate, but not further than 31 December 2020.”

## **5. MANAGEMENT OF THE FUND**

### **5.1. GENERAL**

5.1.1. The management of the FUND shall vest in TRUSTEES, five of whom will be appointed in terms of RULE 5.2.1, five of whom will be appointed in terms of RULE 5.3.1 and one INDEPENDENT TRUSTEE whom will be appointed in terms of RULE 5.4.

### **5.2. EMPLOYER TRUSTEES**

5.2.1. The EMPLOYER ORGANISATIONS shall appoint five EMPLOYER TRUSTEES and up to five alternates to the EMPLOYER TRUSTEES. The EMPLOYER TRUSTEES and the alternates will hold office for a period of five years. They may be reappointed at the end of the five year period. EMPLOYER TRUSTEES and the alternates need not be MEMBERS of the FUND.<sup>30 31</sup>

5.2.2. An EMPLOYER TRUSTEE and/or an alternate will cease to hold office:

5.2.2.1. at the expiry of his term of office; or

5.2.2.2. if he resigns as an EMPLOYER TRUSTEE or as an alternate by giving the other TRUSTEES one month's written notice; or

5.2.2.3. if he ceases to hold office in terms of RULE 5.5.

5.2.3. Should an EMPLOYER TRUSTEE or an alternate cease to hold office for any reason, the EMPLOYER ORGANISATIONS shall appoint a replacement who will take his place as an EMPLOYER TRUSTEE or an alternate, as appropriate, for the balance of the five year term of office.

### **5.3. MEMBER TRUSTEES**

5.3.1. The EMPLOYEE ORGANISATIONS shall each appoint a MEMBER TRUSTEE and an alternate to that MEMBER TRUSTEE. The MEMBER TRUSTEES and the alternates will hold office for a period of five years. They

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<sup>30</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>31</sup> Amended via Rule Amendment 5 effective 1 March 2021

may be reappointed at the end of the five year period. MEMBER TRUSTEES and the alternates need not be MEMBERS of the FUND. <sup>32</sup>

5.3.2. A MEMBER TRUSTEE and his alternate will hold office for a period of five years and will cease to hold office:

5.3.2.1. at the expiry of his term of office; or

5.3.2.2. if he resigns as a MEMBER TRUSTEE or as an alternate by giving the other TRUSTEES one month's written notice; or

5.3.2.3. if he ceases to hold office in terms of RULE 5.5.

5.3.3. Should a MEMBER TRUSTEE or an alternate cease to hold office for any reason, the appropriate EMPLOYEE ORGANISATION shall appoint a replacement who will take his place as a MEMBER TRUSTEE or an alternate, as appropriate, for the balance of the five year term of office. <sup>33</sup>

#### **5.4. INDEPENDENT TRUSTEES**

5.4.1. The TRUSTEES shall appoint one INDEPENDENT TRUSTEE and one alternate who shall not be MEMBERS of the FUND or in SERVICE with any of the EMPLOYERS, EMPLOYER ORGANISATIONS or EMPLOYEE ORGANISATIONS and free from any conflicts of interest.

5.4.2. The term of office of an INDEPENDENT TRUSTEE shall be one year. At the end of this period, the TRUSTEES shall review the appointment of the INDEPENDENT TRUSTEE and may decide to renew the appointment, in writing. The INDEPENDENT TRUSTEE shall also cease to hold office in any of the following circumstances:

5.4.2.1. If he gives written notice of resignation of his appointment as TRUSTEE to the other TRUSTEES;

5.4.2.2. If he has failed to attend two consecutive TRUSTEES' meetings without leave from the other TRUSTEES;

5.4.2.3. If the other TRUSTEES resolve that he be removed from office;

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<sup>32</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>33</sup> Amended via Rule Amendment 1 effective 1 July 2016

5.4.2.4. if he ceases to hold office in terms of RULE 5.5.

## **5.5. ABILITY TO ACT AS TRUSTEE**

5.5.1. No person in any of the categories listed below may act as a TRUSTEE or an alternate. If a TRUSTEE or an alternate at any time falls in any such category, he shall immediately cease to be a TRUSTEE or an alternate. This shall apply if:

5.5.1.1. he is mentally or physically incapable of acting as a TRUSTEE; or

5.5.1.2. his estate is sequestrated or surrendered or assigned in favour of his creditors and he has not been rehabilitated; or

5.5.1.3. he is convicted by a competent court of theft, fraud, forgery or any similar offence; or

5.5.1.4. he is discharged by a competent court from any office of trust on account of misconduct; or

5.5.1.5. he is convicted by a competent court on any charge and sentenced to a prison term without the option of a fine; or

5.5.1.6. he is a minor or any other person without full legal capacity; or

5.5.1.7. the other TRUSTEES, after conducting an investigation into the matter, have resolved to remove him from office on the grounds that he is not a fit and proper person to occupy the position of TRUSTEE.

## **5.6. MEETINGS OF THE TRUSTEES**

5.6.1. The TRUSTEES shall meet at least twice in each financial year of the FUND and from time to time as necessary to conduct the business of the FUND. Meetings shall be arranged by the PRINCIPAL OFFICER and notified to the TRUSTEES in writing. At least 15 days' notice must be given of each ordinary meeting. An extraordinary meeting must be held within 10 working days, if requested by five or more TRUSTEES who have provided written confirmation to the PRINCIPAL OFFICER of the issue(s) to be covered at the meeting, and the reasons why these issue(s) cannot be left until the next ordinary meeting.



- 5.6.2. A quorum will constitute at least six TRUSTEES provided at least three are EMPLOYER TRUSTEES and at least three are MEMBER TRUSTEES and the INDEPENDENT TRUSTEE. Should the requirements for a quorum not be met at that meeting, the meeting shall be rescheduled for a date that is no less than 7 days and no more than 21 days after the date of the meeting. If there is no quorum at that meeting, the TRUSTEES present at the meeting shall represent a quorum.
- 5.6.3. The TRUSTEES shall elect one of their number to act as the Chairman at all meetings of the TRUSTEES. Each successive Chairman's tenure of office will terminate after two years, when the TRUSTEES shall elect a new Chairman from their number; provided that the Chairman shall alternate between a MEMBER TRUSTEE and an EMPLOYER TRUSTEE. In the absence of the Chairman from any meeting, the TRUSTEES present shall elect one of their number to act as Chairman.
- 5.6.4. At any meeting of the Board of TRUSTEES where a vote is required:
- 5.6.4.1. the INDEPENDENT TRUSTEES shall not have the right to vote.
  - 5.6.4.2. provided that there is a quorum, the number of votes allocated to the EMPLOYER TRUSTEES and the MEMBER TRUSTEES shall be limited to the smaller of the number of EMPLOYER TRUSTEES and MEMBER TRUSTEES present at the meeting; and
  - 5.6.4.3. the decision decided by a simple majority of the votes cast shall be binding; provided that
  - 5.6.4.4. where the number of votes available to a TRUSTEE group is reduced in terms of RULE 5.6.4.2 to less than the number of those TRUSTEES present, those TRUSTEES present in the TRUSTEE group shall determine the TRUSTEES to be excluded from the vote by means of a majority vote within that TRUSTEE group; provided that the MEMBER TRUSTEE group ensures proportional representation of all EMPLOYEE ORGANISATIONS, based on the total number of fund members represented, and that at least one vote will be allocated to each EMPLOYEE ORGANISATION.

- 5.6.5. A resolution in writing signed by all the TRUSTEES (for which purpose an alternate may sign in the absence of a TRUSTEE) shall be effective as if it had been passed at a meeting of the TRUSTEES duly convened and held. Any resolution passed in terms of this RULE shall be minuted at the first meeting of TRUSTEES held after the passing of such resolution.
- 5.6.6. Minutes will be taken of each meeting of the TRUSTEES. The approved minutes will be maintained in a minute book.

## **5.7. DISPUTES**

- 5.7.1. Any disputes which may arise between the TRUSTEES and a BENEFIICIARY or an EMPLOYER with regard to claims and interpretations under these RULES will be decided by the TRUSTEES.
- 5.7.2. Notwithstanding RULE 5.7.1, a complainant, as defined in the ACT, shall have the right to lodge a written complaint with the PRINCIPAL OFFICER relating to the administration of the FUND, the investment of its funds or the interpretation and application of the RULES of the FUND, and alleging:
- 5.7.2.1. that a decision of the FUND or a decision by any person purportedly taken in terms of the RULES was in excess of the powers of the FUND or such person, or an improper exercise of its powers;
- 5.7.2.2. that the complainant has sustained or may sustain prejudice in consequence of the maladministration of the FUND or any person, whether by act or omission;
- 5.7.2.3. that a dispute of fact or law has arisen in relation to the FUND between the FUND or any person and the complainant; or
- 5.7.2.4. that an EMPLOYER who participates in the FUND has not fulfilled its duties in terms of the RULES of the FUND.

A complaint so lodged shall be properly considered and replied to in writing by the PRINCIPAL OFFICER within 30 days after receipt thereof. If the complainant is not satisfied with the reply or if the FUND fails to reply within 30 days after the receipt of the complaint the complainant may lodge the complaint with the ADJUDICATOR. The complaint must be received by the ADJUDICATOR within three years of the occurrence of the act or omission

to which the complaint relates, or if the complainant was originally unaware of the occurrence of such act or omission, then within three years of the date upon which the complainant became aware of such act or omission.

## **5.8. DISPUTE RESOLUTION PROCEDURE AND DEADLOCK BREAKING MECHANISM**

5.8.1. In the event of a dispute or a deadlock between the TRUSTEES on a material issue which requires an urgent decision, and which cannot be resolved by voting, the TRUSTEES shall reconvene within ten working days and reconsider the issue.

5.8.2. In the event of a continued dispute or a deadlock between the TRUSTEES on the issue at the second meeting, the TRUSTEES shall reconvene again within a further period of ten working days. An expert shall submit a report on the issue to this meeting, which expert shall be agreed by the TRUSTEES (a lawyer in the case of a legal issue, an actuary in the case of an actuarial issue or a chartered accountant in the case of an accounting issue), failing which agreement a person identified by the president for the time being of the professional organisation governing the profession of the expert required.

5.8.3. If the dispute cannot be resolved or the deadlock broken at the third meeting, the issue shall be referred to a panel of three experts, which experts shall be appointed by the TRUSTEES on the basis set out in RULE 5.8.2, for a written determination. The majority determination shall be binding on the TRUSTEES.

## **5.9. DECISION OF TRUSTEES**

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

## **5.10. DISCRETION OF THE TRUSTEES**

5.10.1.

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

## **5.11. POWERS OF THE BOARD OF TRUSTEES**

5.11.1. Subject to the provisions of the ACT, the TRUSTEES shall be empowered to carry out the objects and purposes of the FUND in accordance with the RULES and, without prejudice to the general purport of this provision, shall have the following powers:

- 5.11.1.1. To administer and apply the monies received by the FUND.
- 5.11.1.2. In accordance with RULE 5.19, to contract on behalf of the FUND and to sign such contract or other document on behalf of the FUND; to institute, conduct, settle or abandon any legal action for the FUND; to conduct, defend, settle or abandon any such action against the FUND.
- 5.11.1.3. To raise, borrow or lend monies, at interest or otherwise, for the purposes of the FUND; provided that borrowing shall be limited to temporary loans for bridging unforeseen cash shortages or for taking advantage of attractive investment opportunities.
- 5.11.1.4. To acquire, hold, alienate or otherwise deal with any movable or immovable property of the FUND subject to the provisions of Section 19 of the ACT as amended; provided that any immovable property acquired in excess of the FUND'S own requirements at any stage may be let.
- 5.11.1.5. To invest, lend, put out at interest, place on deposit, make advances of, or otherwise deal with all monies of the FUND upon such securities and in such manner as they may determine from time to time; and, in particular, to invest the whole or part of the monies of the FUND, for such period and on such terms as they may determine, in an investment policy issued by an INSURER. The TRUSTEES may delegate their powers to make investments of any nature to:
  - (a) A committee of such of their number as they nominate; or
  - (b) A financial institution as defined in the Financial Institutions (Protection of Funds) Act, 2001 as amended; or

- (c) a person approved in terms of Section 4(1)(f) of the Stock Exchanges Control Act, 1985 as amended or in terms of any other legislation that may be passed that regulates such persons,
- (d) provided that:
  - (i) the TRUSTEES may defray any and all expenses incurred as a result of such delegation out of the assets of the FUND, and
  - (ii) The TRUSTEES shall not be liable for the negligence, dishonesty or fraud of an institution referred to in (b) or a person referred to in (c); provided that the TRUSTEES have received written confirmation that the institution referred to in (b) or the person referred to in (c) have arranged insurance cover of an amount satisfactory to the TRUSTEES in respect of any liability which may be incurred by such person or institution in respect of the FUND'S investments

5.11.1.6. To effect policies of insurance with one or more INSURERS for the purpose of investing the FUND'S moneys and/or to insure, in whole or in part, the DEATH COVER. <sup>34</sup>

5.11.1.7. To provide HOUSING GUARANTEES to MEMBERS for a purpose referred to in Section 19(5)(a) of the ACT. Such HOUSING GUARANTEES shall be:

5.11.1.7.1. subject to such limits, terms and conditions as the TRUSTEES may decide; and

5.11.1.7.2. subject to the requirements of the ACT.

5.11.1.8. To delegate any power, function or decision on any matter that is vested in them, on such terms and conditions as they may

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<sup>34</sup> Amended via Rule Amendment 1 effective 1 July 2016

specify, to a committee or committees of such of their number as they may nominate. Material decisions of a committee to which a power is so delegated shall be recorded in the minutes at the next meeting of the TRUSTEES, and shall be regarded as a decision of the TRUSTEES. It is specifically provided that the TRUSTEES shall retain responsibility for any such material decisions which are delegated to a committee.

5.11.1.9. To make, amend and rescind practice notes and regulations in respect of any matter concerning the FUND, provided that such practice notes and regulations do not conflict with the RULES or the ACT.

5.11.1.10. Subject to the provisions of the ACT, to transfer the assets and liabilities of the FUND or part thereof to another APPROVED FUND or to take transfer of the assets and liabilities or part thereof of another APPROVED FUND in accordance with relevant legislation.

In respect of any transfer from the FUND, the transfer value payable in respect of each MEMBER shall be equal to the amount standing to the credit of the MEMBER'S share of the FUND CREDIT ACCOUNT as at the date of transfer.

Any assets transferred to the FUND not governed elsewhere under these RULES shall be dealt with on a basis determined by the TRUSTEES in consultation with the ACTUARY.

5.11.1.11. To receive and approve actuarial valuation reports and any recommendations arising from these.

5.11.1.12. To consider and approve the FINANCIAL YEAR END accounts and annual statutory returns.

5.11.1.13. To consider, and in their sole and absolute discretion, approve recommendations for: RULE amendments; benefit changes; ill-health retirements; manner of distribution of death benefits; management, investment and administration fees; general

matters affecting the management, administration and running of the FUND.

5.11.1.14. To ensure that the day to day routine operations and functioning of the FUND are being competently and efficiently handled by the ADMINISTRATOR and by the internal management of the FUND.

5.11.1.15. Generally, to take such steps as are, in their sole discretion, conducive to the attainment of the objects of the FUND.

## **5.12. APPOINTMENT OF PRINCIPAL OFFICER**

5.12.1. The TRUSTEES shall appoint a PRINCIPAL OFFICER and, if deemed necessary, any other staff subject to such terms and conditions as they may determine. Any such appointment may be changed by the TRUSTEES. The TRUSTEES shall inform the REGISTRAR of the name of the PRINCIPAL OFFICER.

5.12.2. If the PRINCIPAL OFFICER is absent from the Republic of South Africa for a period exceeding 30 days or is otherwise unable to perform his duties, the TRUSTEES shall appoint another person to act as PRINCIPAL OFFICER during the period of his absence or disability and shall advise the REGISTRAR accordingly.

5.12.3. The PRINCIPAL OFFICER shall undertake such duties as are required under these RULES and by the ACT.

## **5.13. APPOINTMENT OF ADMINISTRATOR**

5.13.1. The TRUSTEES shall appoint an ADMINISTRATOR, provided that any ADMINISTRATOR appointed has been approved in terms of the ACT. The appointment shall remain in force until withdrawn by the TRUSTEES or the ADMINISTRATOR (in accordance with the contractual terms as agreed between the FUND and the ADMINISTRATOR).

## **5.14. AUDITOR AND BOOKS OF ACCOUNT**

5.14.1. The TRUSTEES shall appoint an AUDITOR.

5.14.2. The TRUSTEES shall ensure that such accounts, entries, registers and records as are necessary for the proper management of the FUND are kept. The books of account must be closed off as at each FINANCIAL YEAR END, audited by the AUDITOR of the FUND, and submitted to the REGISTRAR in accordance with the requirements of the ACT.

## **5.15. ACTUARY**

5.15.1. The TRUSTEES shall appoint an ACTUARY who shall be the valuator of the FUND in terms of the ACT. The appointment shall remain in force until withdrawn by the TRUSTEES or the ACTUARY (in accordance with the contractual terms as agreed between the FUND and the ACTUARY).

5.15.2. The financial condition of the FUND shall be investigated and reported on by the ACTUARY at intervals not exceeding three years. The FUND shall forward a copy of such report to the REGISTRAR and notify all EMPLOYERS and all the EMPLOYEE ORGANISATIONS that a copy of the report is available on request.

5.15.3. If the valuation discloses that there is a substantial actuarial surplus or that there is a deficit that requires to be funded, the manner of dealing with the surplus or funding the deficit shall be considered by the TRUSTEES. The decision of the TRUSTEES, subject to the approval of the EMPLOYERS in the case of a deficit, shall be final. Where necessary, the TRUSTEES shall alter the RULES to give effect to such decision.

5.15.4. If, as a result of the report by the ACTUARY, the TRUSTEES decide that the FUND cannot continue to provide the benefits specified in the RULES, the RULES shall be amended so that the benefits are reduced as the TRUSTEES, on the advice of the ACTUARY, decide.

## **5.16. APPOINTMENT OF OTHER SERVICE PROVIDERS**

5.16.1. The TRUSTEES may appoint such other service providers as they deem necessary, subject to such terms and conditions as they may determine.



## **5.17. BANK ACCOUNT**

5.17.1. The TRUSTEES shall open and maintain an account in the name of the FUND with a bank registered in terms of the Banks Act, 1990 as amended. All monies received by or on behalf of the FUND shall be paid into the FUND'S bank account. The TRUSTEES may authorise the ADMINISTRATOR to sign any transactions pertaining to the bank account.

## **5.18. RECORDS AND SAFE CUSTODY OF SECURITIES**

5.18.1. The TRUSTEES shall ensure that complete records of all the necessary particulars of the MEMBERS and, where possible, practical and necessary, the BENEFICIARIES and of all other matters essential to the efficient administration of the FUND are kept. The TRUSTEES may delegate this responsibility to the ADMINISTRATOR.

5.18.2. All mortgage bonds, title deeds and other securities belonging to or held by the FUND shall, unless temporarily held in custody by others for the purposes of the FUND, be stored in safe custody in the safe or strong room at the registered office of the FUND or with any registered financial institution approved by the REGISTRAR.

## **5.19. SIGNING OF DOCUMENTS**

5.19.1. The TRUSTEES shall authorise such of the Chairman of the TRUSTEES, the PRINCIPAL OFFICER, and one or more other TRUSTEES, as appropriate, to sign or to jointly sign any agreement which is binding on the FUND, or which authorises action on behalf of the FUND; provided further that any documents to be deposited with the REGISTRAR shall be signed as prescribed in the ACT.

## **5.20. INDEMNIFICATION AND FIDELITY INSURANCE**

5.20.1. The TRUSTEES and all other officers of the FUND (excluding the ADMINISTRATOR and other external service providers) will be indemnified by the FUND against all proceedings, costs and expenses incurred by reason of any claim in connection with the FUND not arising from their gross negligence, dishonesty or fraud.

5.20.2. The TRUSTEES will ensure that the FUND is sufficiently protected against losses owing to the gross negligence, dishonesty, errors or fraud of any of its officials either by means of a policy of insurance or such other indemnification as the REGISTRAR may allow.

## **5.21. EXPENSES**

5.21.1. The expenses related to the management and administration of the FUND, including, but not limited to, TRUSTEE expenses, the PRINCIPAL OFFICER expenses, administration expenses, the cost of MEMBER communication, audits, actuarial investigations, investment expenses, indemnity and fidelity insurance and the cost of consultancy services to the FUND, shall be borne by the FUND.

5.21.2. All such expenses shall be paid either, in the case of amounts arising directly in respect of the FUND'S investments, from the investment return or, in all other cases, from the EXPENSE ACCOUNT.

5.21.3. The TRUSTEES, including the alternates and the INDEPENDENT TRUSTEE, may receive a stipend from the FUND for their services on a basis and at a rate determined by the TRUSTEES. The FUND may pay any reasonable costs not covered by a stipend incurred by the TRUSTEES in the course of their duties. <sup>35</sup>

5.21.4. The payment of any expenses by the FUND shall be subject to authorisation by:

5.21.4.1. the PRINCIPAL OFFICER;

5.21.4.2. the Chairman in respect of any expenses payable to or on behalf of the PRINCIPAL OFFICER; or

5.21.4.3. such signatories at the ADMINISTRATOR approved by formal TRUSTEE resolution.

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<sup>35</sup> Amended via Rule Amendment 5 effective 1 March 2021

## **6. AMENDMENT TO THE RULES OF THE FUND OR DISCONTINUANCE OF THE FUND**

### **6.1. AMENDMENT**

6.1.1. The TRUSTEES may at any time amend the RULES; provided that:

6.1.1.1. the amendment is not inconsistent with the provisions of the ACT, the Income Tax Act, 1962, or any other applicable legislation;

6.1.1.2. the amendment is approved by the EMPLOYERS if it results in the discontinuance of the FUND, a change in the contribution rate payable by an EMPLOYER or in any other obligation or financial risk being imposed on an EMPLOYER;

6.1.1.3. any amendment to the RULES affecting the financial soundness of the FUND shall be certified by the ACTUARY before being adopted;

6.1.1.4. within such period, as is prescribed in the ACT, of the date of the resolution amending the RULES, the PRINCIPAL OFFICER shall submit the amendment to the RULES to the REGISTRAR in writing, for his approval and the approval of the REVENUE AUTHORITIES;

6.1.1.5. where the amendment to the RULES affects the rights or benefits of MEMBERS, the TRUSTEES shall give the MEMBERS prior written notice of the amendment and of the potential consequences of the amendment; and

6.1.1.6. once any amendment to the RULES has been registered by the REGISTRAR, or at least once every year and within six months after the FUND'S FINANCIAL YEAR END, the PRINCIPAL OFFICER shall notify the MEMBERS of all amendments to the RULES.

6.1.2. No amendment to the RULES will be allowed that has the effect of reducing the amount standing to the credit of a MEMBER'S share of the FUND CREDIT ACCOUNT prior to such amendment, except where the FUND has received a certificate issued by the ACTUARY certifying that such amendment is required to ensure that the FUND will be able to meet its obligations. It is specifically recorded that the determination of a negative

INVESTMENT RETURN for any period does not represent an amendment to the RULES or a reduction in FUND CREDITS, and is not covered by this RULE 6.1.

## **6.2. DISCONTINUANCE**

If all the EMPLOYERS are wound up (whether voluntarily or not), or cease to carry on business, the FUND will be discontinued. The FUND may also be discontinued by resolution of the TRUSTEES. <sup>36</sup>

6.2.1. If the FUND is to be discontinued in terms of RULE 6.2, then the TRUSTEES shall appoint a liquidator subject to the approval of the REGISTRAR. The appointed liquidator will discontinue the FUND in the manner prescribed in RULES 6.2.2 and 6.2.3.

6.2.2. The total monies available under the FUND after payment of all expenses incurred in the discontinuance thereof will be applied by the liquidator in the following manner:

6.2.2.1. to purchase an annuity from an INSURER for all FUND PENSIONERS with the full balance in the PENSIONER ACCOUNT and for all DEFERRED PENSIONERS with their benefits held in the FUND; <sup>37</sup>

6.2.2.2. to provide for all beneficiaries with a benefit in the INSTALMENT BENEFITS ACCOUNT, in a manner recommended by the ACTUARY and approved by the liquidator;

6.2.2.3. to provide, subject to any minimum benefits required in terms of the ACT, the benefits accrued in terms of these RULES up to the date of liquidation for all the MEMBERS of the FUND who on the date of discontinuance were prospectively entitled to retirement benefits, in a manner recommended by the ACTUARY and approved by the liquidator, or, if there are insufficient monies available for this purpose, to provide reduced benefits for each of the above persons

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<sup>36</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>37</sup> Amended via Rule Amendment 1 effective 1 July 2016

prospectively entitled to retirement benefits on an equitable basis determined by the liquidator after taking the advice of the ACTUARY; and

6.2.2.4. if there are surplus monies available after providing for the benefits prescribed in RULE 6.2.2.1, RULE 6.2.2.2 and RULE 6.2.2.3, then such surplus monies shall be distributed on an equitable basis determined by the liquidator after taking the advice of the ACTUARY.

6.2.3. The discontinuance proceeds in terms of RULE 6.2.2 shall be utilised as follows:

6.2.3.1. if an EMPLOYER participates in another existing APPROVED FUND, or establishes and registers a new APPROVED FUND, for the employees employed by it and if the EMPLOYER so directs, the amount available for each such MEMBER in terms of RULE 6.2.2 will be transferred to such new APPROVED FUND, subject to the provisions of Section 14 of the ACT for the benefit of the MEMBERS concerned; or

6.2.3.2. the amount available for a person (other than for a person referred to in RULE 6.2.3.1) prospectively entitled to a retirement benefit will be transferred to another APPROVED FUND for his benefit, unless the liquidator determines that the amount available be paid to the MEMBER in cash; or

6.2.3.3. if a person to whom an amount is payable cannot be traced, such amount will be paid to a fund established with the support of the REGISTRAR for the purpose of holding unclaimed benefits, unless the ACT requires otherwise.

6.2.4. For the purposes of RULE 6.2.2 and RULE 6.2.3, every MEMBER who left the service of the EMPLOYER, either voluntarily or due to a reduction or re-organisation of staff or otherwise, during the twelve-month period immediately before the date of discontinuance, will be regarded as being a MEMBER on the date of termination of the FUND, but the value of any

benefit already paid to him will be taken into consideration in determining the additional benefit due to him.

6.2.5. When all payments have been made by the FUND in terms of Rule 6.2.3, the FUND shall have no further liability to any person and the FUND'S registration in terms of the ACT shall be cancelled.

### **6.3. WITHDRAWAL OF AN EMPLOYER**

6.3.1. Where any EMPLOYER ceases participation as an EMPLOYER in the FUND, this shall be deemed a transfer in terms of RULE 5.11.1.10 and not a partial termination in terms of RULE 6.2.

## 7. FINANCIAL STRUCTURE OF THE FUND

### 7.1. FUND ACCOUNTS <sup>38</sup>

7.1.1. All monies received by or on behalf of the FUND shall be credited to the FUND'S bank account established in terms of RULE 5.17.1. Thereafter the monies of the FUND shall be allocated among sixteen other FUND accounts, to be known as: <sup>39</sup>

- 7.1.1.1. the FUND CREDIT ACCOUNT (RULE 7.2.1);
- 7.1.1.2. the EXPENSE ACCOUNT (RULE 7.2.2);
- 7.1.1.3. the RISK RESERVE ACCOUNT (RULE 7.2.3);
- 7.1.1.4. the INVESTMENT RESERVE (RULE 7.2.4)
- 7.1.1.5. the PENSIONER ACCOUNT (RULE 7.2.5);
- 7.1.1.6. the INSTALMENT BENEFITS ACCOUNT (RULE 7.2.6)
- 7.1.1.7. the UNCLAIMED BENEFITS RESERVE (RULE 7.2.7);
- 7.1.1.8. the DATA ERROR RESERVE (RULE 7.2.8);
- 7.1.1.9. the FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE (RULE 7.2.9);
- 7.1.1.10. the FORMER MEMBER RESIDUAL SURPLUS RESERVE (RULE 7.2.10);
- 7.1.1.11. the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT (RULE 7.2.11);
- 7.1.1.12. the EMPLOYER SURPLUS ACCOUNT (RULE 7.2.12);
- 7.1.1.13. the SURPLUS COST RESERVE (RULE 7.2.13); and
- 7.1.1.14. the CONVERSION ENHANCEMENT RESERVE (RULE 7.2.14);
- 7.1.1.15. the ACTIVE MEMBER RESIDUAL SURPLUS RESERVE (RULE 7.2.15); and

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<sup>38</sup> Replaced via Rule Amendment 3 effective 1 January 2019

<sup>39</sup> Amended via Rule Amendment 1 effective 1 July 2016

7.1.1.16. the DEFERRED PENSIONER SOLVENCY RESERVE (RULE 7.2.16).

7.1.2. Each account will be maintained separately from the others and transfers between accounts will take place only as specified in RULE 7.2. Notwithstanding the provisions of Rule 7.2, any transfer in terms of RULE 7.2 from one of these accounts to another account must not include any contractual or statutory liability in respect of an identified MEMBER, FUND PENSIONER, PAID-UP MEMBER, DEFERRED PENSIONER, DEFERRED RETIREE, FORMER MEMBER, UNPAID OR UNCLAIMED MEMBER or other beneficiary, unless the identical liability will be held in the account to which it is transferred.

## **7.2. COMPOSITION OF ACCOUNTS**

### **7.2.1. FUND CREDIT ACCOUNT <sup>40</sup>**

7.2.1.1. The FUND CREDIT ACCOUNT will comprise the aggregate of the MEMBERS' FUND CREDITS. For each MEMBER his FUND CREDIT will comprise:

#### **7.2.1.2. Credits**

7.2.1.2.1. Contributions made by the MEMBER in terms of RULE 8.1;

7.2.1.2.2. Retirement funding contributions made by the EMPLOYER in terms of RULE 8.2;

7.2.1.2.3. Transfers in respect of retirement funding contributions from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT in terms of RULE 8.3.1.3;

7.2.1.2.4. Transfers from another APPROVED FUND in terms of RULE 8.1.4;

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<sup>40</sup> Amended via Rule Amendment 6 effective 1 April 2022



- 7.2.1.2.5. For a MEMBER who was a MEMBER of the FUND on the CONVERSION DATE, his CONVERSION VALUE in terms of RULE 13.1.2;
- 7.2.1.2.6. Any further transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES; and
- 7.2.1.2.7. Bonuses declared by the TRUSTEES from the INVESTMENT RESERVE in terms of RULE 7.2.4.4.1 and RULE 7.2.4.4.2.

7.2.1.3. *Debits* <sup>41</sup>

- 7.2.1.3.1. Payments deducted in terms of Section 37D of the ACT and these RULES;
- 7.2.1.3.2. Transfers to the EXPENSE ACCOUNT in respect of DEFERRED RETIREES in terms of RULE 9.7.10 and in respect of PAID-UP MEMBERS in terms of RULE 12.5.8; and
- 7.2.1.3.3. Benefit payments in terms of these RULES, including transfers to the PENSIONER ACCOUNT and transfers to the UNCLAIMED BENEFITS RESERVE.

7.2.2. EXPENSE ACCOUNT

- 7.2.2.1. The EXPENSE ACCOUNT consists of all the assets of the FUND not held in the other accounts of the FUND as set out in RULE 7.1.1.
- 7.2.2.2. The following transactions will be recorded in this account:
- 7.2.2.3. *Credits*
  - 7.2.2.3.1. Contributions made by the EMPLOYER in terms of RULE 8.3.4.2;

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<sup>41</sup> Replaced via Rule Amendment 3 effective 1 March 2019

- 7.2.2.3.2. Deductions from MEMBER FUND CREDITS as permitted in terms of RULE 4.7.2, DEFERRED RETIREE FUND CREDITS as permitted in terms of RULE 9.7.10 and PAID-UP MEMBER FUND CREDITS as permitted in terms of RULE 12.5.8;<sup>42</sup>
- 7.2.2.3.3. Transfers from the RISK RESERVE ACCOUNT in terms of RULE **ERROR! REFERENCE SOURCE NOT FOUND.**;
- 7.2.2.3.4. Transfers to cover expenses from the PENSIONER ACCOUNT in terms of RULE 7.2.5.3.1, the INSTALMENT BENEFITS ACCOUNT in terms of RULE 7.2.6.3.1 and the UNCLAIMED BENEFITS RESERVE in terms of RULE 7.2.7.3.1;
- 7.2.2.3.5. Transfers from any other account within the FUND as specified by the TRUSTEES;
- 7.2.2.3.6. Any other income to the FUND, such as payments made to the FUND in terms of an order or award granted by a court, an arbitrator or an adjudicator or a settlement reached by the FUND; and
- 7.2.2.3.7. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the EXPENSE ACCOUNT.

#### 7.2.2.4. *Debits*

- 7.2.2.4.1. Administration and other expenses (but excluding any expenses related to investments which are offset against the investment returns earned by the FUND) payable by the FUND;

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<sup>42</sup> Replaced via Rule Amendment 3 effective 1 March 2019

7.2.2.4.2. Transfers to any other account within the FUND as specified by the TRUSTEES;

7.2.2.4.3. Any other payments made by the FUND, such as amounts paid by the FUND in terms of an order or award granted by a court, an arbitrator or an adjudicator or a settlement reached by the FUND; and

7.2.2.4.4. Any other payments made by the FUND not specified elsewhere in the RULES.

7.2.2.5. If the EXPENSE ACCOUNT has a negative balance, then the TRUSTEES, on the advice of the ACTUARY, must implement a plan to reverse this position.

### 7.2.3. RISK RESERVE ACCOUNT <sup>43</sup>

7.2.3.1. The RISK RESERVE ACCOUNT is established to provide for death in service benefits payable under the FUND and shall be maintained at the level determined by the TRUSTEES based on the advice of the ACTUARY of the FUND.

7.2.3.2. The following transactions will be recorded in this account:

#### 7.2.3.3. Credits

7.2.3.3.1. Contributions made by the EMPLOYERS in terms of RULE 8.3.4.3;

7.2.3.3.2. Any transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, should the funding level in the RISK RESERVE ACCOUNT be less than the level determined by the TRUSTEES in terms of RULE 7.2.3.1;

7.2.3.3.3. Transfers from any other account as specified by the TRUSTEES; and

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<sup>43</sup> Amended via Rule Amendment 6 effective 1 April 2022

7.2.3.3.4. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the RISK RESERVE ACCOUNT.

*7.2.3.4. Debits*

7.2.3.4.1. Death in service benefits payable in accordance with RULE 10.1.1.2; and

7.2.3.4.2. Any transfer to the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, should the funding level in the RISK RESERVE ACCOUNT be greater than the level determined by the TRUSTEES in terms of RULE 7.2.3.1.

7.2.4. INVESTMENT RESERVE

7.2.4.1. The INVESTMENT RESERVE is established to allocate the INVESTMENT RETURN earned on the assets backing the various MEMBER liabilities.

7.2.4.2. The following transactions will be recorded in this account:

*7.2.4.3. Credits*

7.2.4.3.1. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the MEMBERS' FUND CREDIT ACCOUNT, the UNCLAIMED BENEFITS RESERVE and the INVESTMENT RESERVE.

*7.2.4.4. Debits*

7.2.4.4.1. Interim and annual bonuses, as determined by the TRUSTEES on the advice of the ACTUARY, transferred to the FUND CREDIT ACCOUNT and the UNCLAIMED BENEFITS RESERVE; and

7.2.4.4.2. Exit bonuses, as determined by the TRUSTEES on the advice of the ACTUARY, paid to the FUND CREDIT

ACCOUNT or the UNCLAIMED BENEFITS RESERVE on the exit of a MEMBER for any reason.

7.2.4.5. If the INVESTMENT RESERVE has a negative balance, then the TRUSTEES, on the advice of the ACTUARY, must implement a plan to reverse this position.

#### 7.2.5. PENSIONER ACCOUNT <sup>44</sup>

7.2.5.1. The following transactions will be recorded in this account:

7.2.5.2. *Credits* <sup>45</sup>

7.2.5.2.1. Any allocation by the TRUSTEES, on the advice of the ACTUARY, to the PENSIONER ACCOUNT on the establishment of the PENSIONER ACCOUNT.

7.2.5.2.2. Any transfer from the FUND CREDIT ACCOUNT in respect of a MEMBER who retires and elects to use a portion or all of his retirement benefit to purchase a pension from the PENSIONER ACCOUNT in terms of RULE 9.1.2.1;

7.2.5.2.3. Any transfer from the DEFERRED PENSIONER SOLVENCY RESERVE in respect of a DEFERRED PENSIONER who retires and elects to use a portion or all of his retirement benefit to purchase a pension from the PENSIONER ACCOUNT in terms of RULE 9.1.2.1;

7.2.5.2.4. Any transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES; and

7.2.5.2.5. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the PENSIONER ACCOUNT.

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<sup>44</sup> Amended via Rule Amendment 6 effective 1 April 2022

<sup>45</sup> Replaced via Rule Amendment 3 effective 1 January 2019

7.2.5.3. *Debits*

7.2.5.3.1. Transfers to the EXPENSE ACCOUNT in respect of pensioner related expenses; and

7.2.5.3.2. Pension payments to FUND PENSIONERS.

7.2.5.4. The reserve held in respect of suspended pensioners and the contingent SPOUSES of deceased pensioners shall be determined by the TRUSTEES based on the advice of ACTUARY of the FUND given the probability that the pensioner or SPOUSE, as appropriate, is alive and the probability of tracing the pensioner or SPOUSE.

7.2.6. INSTALMENT BENEFITS ACCOUNT

7.2.6.1. The following transactions will be recorded in this account:

7.2.6.2. *Credits*

7.2.6.2.1. Amounts allocated on the death of a MEMBER to be paid in instalments to a minor beneficiary in terms of RULE 10.1.6; and

7.2.6.2.2. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the INSTALMENT BENEFITS ACCOUNT.

7.2.6.3. *Debits*

7.2.6.3.1. Transfers to the EXPENSE ACCOUNT in respect of expenses in relation to instalment benefit payments;

7.2.6.3.2. Transfers to the UNCLAIMED BENEFITS RESERVE; and

7.2.6.3.3. Payments in terms of RULE 10.1.6.2 and RULE 10.1.7.2.

## 7.2.7. UNCLAIMED BENEFITS RESERVE <sup>46</sup>

7.2.7.1. The UNCLAIMED BENEFITS RESERVE shall be maintained at the level determined by the TRUSTEES based on the advice of the ACTUARY of the FUND given the quality of the data held by the FUND and the probability of tracing the BENEFICIARIES and the following transactions will be recorded in this account:

### 7.2.7.2. Credits

7.2.7.2.1. Transfers from the MEMBER'S FUND CREDIT ACCOUNT in terms of RULE 7.2.1.3.3 and the INSTALMENT BENEFITS ACCOUNT in terms of RULE 7.2.6.3.2;<sup>47</sup>

7.2.7.2.2. Any transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, should the funding level in the UNCLAIMED BENEFITS RESERVE be less than the level determined by the TRUSTEES in terms of RULE 7.2.7.1; and

7.2.7.2.3. Bonuses declared by the TRUSTEES from the INVESTMENT RESERVE in terms of RULE 7.2.4.4.1 and RULE 7.2.4.4.2.

### 7.2.7.3. Debits

7.2.7.3.1. Transfers to the EXPENSE ACCOUNT in respect of expenses related to unclaimed benefits;

7.2.7.3.2. Payments deducted in terms of Section 37D of the ACT and these RULES;

7.2.7.3.3. Benefit payments to UNPAID OR UNCLAIMED MEMBERS in terms of these RULES, including transfers to the PENSIONER ACCOUNT; and

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<sup>46</sup> Amended via Rule Amendment 6 effective 1 April 2022

<sup>47</sup> Amended via Rule Amendment 1 effective 1 July 2016

7.2.7.3.4. Any transfer to the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, should the funding level in the UNCLAIMED BENEFITS RESERVE be greater than the level determined by the TRUSTEES in terms of RULE 7.2.7.1.

## 7.2.8. DATA ERROR RESERVE

7.2.8.1. The following transactions will be recorded in this account:

### 7.2.8.2. *Credits*

7.2.8.2.1. Any allocation by the TRUSTEES in terms of Section 15B or Section 15C of the ACT to the DATA ERROR RESERVE;

7.2.8.2.2. Any release in the FUND as a result of the correction of the data held by the FUND;

7.2.8.2.3. Any transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, after consultation with the FUND'S ACTUARY; and

7.2.8.2.4. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the DATA ERROR RESERVE.

### 7.2.8.3. *Debits*

7.2.8.3.1. Any strain in the FUND as a result of the correction of the data held by the FUND; and

7.2.8.3.2. Any transfer to the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, after consultation with the FUND'S ACTUARY.



## 7.2.9. FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE

7.2.9.1. The FORMER MEMBER MINIMUM BENEFIT TOPUP RESERVE shall be maintained at the level determined by the TRUSTEES based on the advice of the ACTUARY of the FUND given the quality of the data held by the FUND and the probability of tracing the BENEFICIARIES and the following transactions will be recorded in this account: <sup>48</sup>

### 7.2.9.2. Credits

7.2.9.2.1. Any allocation by the TRUSTEES in terms of Section 15B of the ACT to the FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE;

7.2.9.2.2. Any transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT, as decided by the TRUSTEES after consultation with the ACTUARY, to fund any shortfall in the FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE; and

7.2.9.2.3. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE.

### 7.2.9.3. Debits

7.2.9.3.1. Transfer of an allowance for the expenses related to the FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE to the EXPENSE ACCOUNT;

7.2.9.3.2. Payment of minimum benefit top up values, calculated in accordance with section 15B of the ACT and accumulated with INVESTMENT RETURN, to such FORMER MEMBERS who can be traced or come forward at any time and whose top-up entitlements can be calculated by the FUND'S ACTUARY with accuracy

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<sup>48</sup> Amended via Rule Amendment 6 effective 1 April 2022

to a level determined as sufficient by the TRUSTEES;  
and

7.2.9.3.3. Any transfer to the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, should the funding level in the FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE be greater than the level determined appropriate by the ACTUARY of the FUND.

#### 7.2.10. FORMER MEMBER RESIDUAL SURPLUS RESERVE

7.2.10.1. The FORMER MEMBER RESIDUAL SURPLUS RESERVE shall be maintained at the level determined by the TRUSTEES based on the advice of the ACTUARY of the FUND given the quality of the data held by the FUND and the probability of tracing the BENEFICIARIES and the following transactions will be recorded in this account: <sup>49</sup>

##### 7.2.10.2. Credits

7.2.10.2.1. Any allocation by the TRUSTEES in terms of Section 15B of the ACT to the FORMER MEMBER RESIDUAL SURPLUS RESERVE;

7.2.10.2.2. Any transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT, as decided by the TRUSTEES after consultation with the ACTUARY, to fund any shortfall in the FORMER MEMBER RESIDUAL SURPLUS RESERVE; and

7.2.10.2.3. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the FORMER MEMBER RESIDUAL SURPLUS RESERVE.

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<sup>49</sup> Amended via Rule Amendment 6 effective 1 April 2022

### 7.2.10.3. *Debits*

7.2.10.3.1. Transfer of an allowance for the expenses related to the FORMER MEMBER RESIDUAL SURPLUS RESERVE to the EXPENSE ACCOUNT;

7.2.10.3.2. Payment of residual surplus allocations, calculated in accordance with FUND'S surplus apportionment scheme approved in terms of section 15B of the Act and accumulated with INVESTMENT RETURN, to such FORMER MEMBERS and DEFERRED PENSIONERS who can be traced or come forward within 5 years, or such longer period determined by the BOARD, of the date on which the REGISTRAR approves the surplus apportionment scheme and whose residual surplus allocations can be calculated by the FUND'S ACTUARY with accuracy to a level determined as sufficient by the TRUSTEES;<sup>50</sup>

7.2.10.3.3. Payment of residual surplus allocations, calculated in accordance with FUND'S surplus apportionment scheme approved in terms of section 15B of the Act and accumulated with INVESTMENT RETURN, at the discretion of the TRUSTEES, to FORMER MEMBERS and DEFERRED PENSIONERS who can be traced or come forward after the expiry of the period referred to in RULE 7.2.10.3.2; and<sup>51 52</sup>

7.2.10.3.4. Any transfer to the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, should the funding level in the FORMER MEMBER RESIDUAL SURPLUS

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<sup>50</sup> Amended via Rule Amendment 3 effective 1 January 2019

<sup>51</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>52</sup> Amended via Rule Amendment 3 effective 1 January 2019

RESERVE be greater than the level determined appropriate by the ACTUARY of the FUND.

7.2.11. CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT <sup>53</sup>

7.2.11.1. The following transactions will be recorded in this account:

7.2.11.2. *Credits*

7.2.11.2.1. Any transfer as decided by the TRUSTEES from the EMPLOYER SURPLUS ACCOUNT, the RISK RESERVE ACCOUNT, the UNCLAIMED BENEFITS RESERVE, the DATA ERROR RESERVE, the FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE, the FORMER MEMBER RESIDUAL SURPLUS RESERVE, the CONVERSION ENHANCEMENT RESERVE, the ACTIVE MEMBER RESIDUAL SURPLUS RESERVE and the DEFERRED PENSIONER SOLVENCY RESERVE; and <sup>54</sup>

7.2.11.2.2. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT.

7.2.11.3. *Debits*

7.2.11.3.1. Transfers to the FUND CREDIT ACCOUNT, the RISK RESERVE ACCOUNT and the EXPENSE ACCOUNT to fund any difference between the total CONTRIBUTIONS paid by MEMBERS and EMPLOYERS to the FUND and the CONTRIBUTIONS required in terms of RULE 8.3.1; and

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<sup>53</sup> Amended via Rule Amendment 6 effective 1 April 2022

<sup>54</sup> Amended via Rule Amendment 3 effective 1 January 2019

7.2.11.3.2. Any transfers as decided by the TRUSTEES to the EMPLOYER SURPLUS ACCOUNT, the FUND CREDIT ACCOUNT, the RISK RESERVE ACCOUNT, the PENSIONER ACCOUNT, the UNCLAIMED BENEFITS RESERVE, the DATA ERROR RESERVE, the FORMER MEMBER MINIMUM BENEFIT TOP UP RESERVE, the FORMER MEMBER RESIDUAL SURPLUS RESERVE, the CONVERSION ENHANCEMENT RESERVE, the ACTIVE MEMBER RESIDUAL SURPLUS RESERVE and the DEFERRED PENSIONER SOLVENCY RESERVE.<sup>55</sup>

## 7.2.12. EMPLOYER SURPLUS ACCOUNT

7.2.12.1. The following transactions will be recorded in this account:

### 7.2.12.2. Credits

7.2.12.2.1. Any allocation of surplus in the FUND by the TRUSTEES to the EMPLOYER SURPLUS ACCOUNT in terms of Section 15B and Section 15C of the ACT;

7.2.12.2.2. Any transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES;

7.2.12.2.3. Any transfer from the employer surplus account in the MIPF in terms of section 15E(1)(e) of the ACT; and

7.2.12.2.4. Net INVESTMENT RETURN, either positive or negative, earned on the assets underlying the EMPLOYER SURPLUS ACCOUNT.

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<sup>55</sup> Amended via Rule Amendment 3 effective 1 January 2019

7.2.12.3. *Debits*

7.2.12.3.1. Any transfer to the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES; and

7.2.12.3.2. Any transfer to the employer surplus account in the MIPF in terms of section 15E(1)(e) of the ACT.

7.2.13. SURPLUS COST RESERVE

7.2.13.1. The following transactions will be recorded in this account:

7.2.13.2. *Credits*

7.2.13.2.1. Any allocation by the TRUSTEES in terms of Section 15B of the ACT to the Surplus Cost Reserve; and

7.2.13.2.2. Net investment return, either positive or negative, earned on the assets underlying the SURPLUS COST RESERVE.

7.2.13.3. *Debits*

7.2.13.3.1. Expenses related to the surplus apportionment exercise undertaken by the FUND in terms of Section 15B of the ACT.

7.2.13.4. Once the surplus apportionment exercise is completed, any remaining positive or negative balance in the SURPLUS COST RESERVE shall be dealt with as follows:

7.2.13.4.1. Any negative balance shall be met via a transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT;

7.2.13.4.2. Any positive balance which is less than 0.05% of the value of the overall assets of the FUND, shall be transferred to the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT; or

7.2.13.4.3. Any positive balance which is greater than 0.05% of the value of the overall assets of the FUND, shall be allocated for the benefit of all MEMBERS, PENSIONERS and DEFERRED PENSIONERS proportionately to the value of their liabilities in the FUND on the effective date of the allocation.

#### 7.2.14. CONVERSION ENHANCEMENT RESERVE <sup>56</sup>

7.2.14.1. The CONVERSION ENHANCEMENT RESERVE shall be maintained at the level determined by the TRUSTEES based on the advice of the ACTUARY of the FUND given the quality of the data held by the FUND and the probability of tracing the BENEFICIARIES and the following transactions will be recorded in this account: <sup>57</sup>

##### 7.2.14.2. Credits

7.2.14.2.1. Any allocation, in relation to the conversion enhancements calculated in accordance with the FUND'S surplus apportionment scheme approved in terms of section 15B of the ACT, by the TRUSTEES, after consultation with the ACTUARY, to the CONVERSION ENHANCEMENT Reserve;

7.2.14.2.2. Any transfer from the Contribution Increase Program Reserve Account, as decided by the TRUSTEES after consultation with the ACTUARY, to fund any shortfall in the CONVERSION ENHANCEMENT Reserve; and

7.2.14.2.3. Net investment return, either positive or negative, earned on the assets underlying the CONVERSION ENHANCEMENT Reserve.

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<sup>56</sup> *Inserted via Rule Amendment 3 effective 1 January 2019*

<sup>57</sup> *Amended via Rule Amendment 6 effective 1 April 2022*

### 7.2.14.3. *Debits*

7.2.14.3.1. Payment of any amount due to a MEMBER in terms of RULE 13.1.2 on the conversion of the FUND, where the MEMBER left after the CONVERSION DATE but before the enhancement could be paid, and where the MEMBER has not subsequently been traced or come forward; and

7.2.14.3.2. Any transfer to the Contribution Increase Program Reserve Account as decided by the TRUSTEES, should the funding level in the CONVERSION ENHANCEMENT RESERVE be greater than the level determined appropriate by the ACTUARY of the FUND.

### 7.2.15. ACTIVE MEMBER RESIDUAL SURPLUS RESERVE <sup>58</sup> <sup>59</sup>

7.2.15.1. The ACTIVE MEMBER RESIDUAL SURPLUS RESERVE shall be maintained at the level determined by the TRUSTEES based on the advice of the ACTUARY of the FUND given the quality of the data held by the FUND and the probability of tracing the BENEFICIARIES and the following transactions will be recorded in this account: <sup>60</sup>

### 7.2.15.2. *Credits*

7.2.15.2.1. Any allocation, in relation to the active member residual surplus allocations calculated in accordance with the FUND'S surplus apportionment scheme approved in terms of section 15B of the ACT, by the TRUSTEES, after consultation with the ACTUARY, to the ACTIVE MEMBER RESIDUAL SURPLUS RESERVE;

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<sup>58</sup> *Inserted via Rule Amendment 3 effective 1 January 2019*

<sup>59</sup> *Amended via Rule Amendment 6 effective 1 April 2022*

<sup>60</sup> *Amended via Rule Amendment 6 effective 1 April 2022*



7.2.15.2.2. Any transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT, as decided by the TRUSTEES after consultation with the ACTUARY, to fund any shortfall in the ACTIVE MEMBER RESIDUAL SURPLUS RESERVE; and

7.2.15.2.3. Net investment return, either positive or negative, earned on the assets underlying the ACTIVE MEMBER RESIDUAL SURPLUS RESERVE.

*7.2.15.3. Debits*

7.2.15.3.1. Payment of residual surplus allocations, calculated in accordance with the FUND'S surplus apportionment scheme approved in terms of section 15B of the ACT and accumulated with INVESTMENT RETURN, to such ACTIVE members who were present in the FUND on the FUND'S Surplus Apportionment Date on 1 April 2008 but exited the FUND prior to the CONVERSION DATE, but before the residual surplus allocation could be paid, and where the MEMBER has not subsequently been traced or come forward; and

7.2.15.3.2. Any transfer to the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, should the funding level in the ACTIVE MEMBER RESIDUAL SURPLUS RESERVE be greater than the level determined appropriate by the ACTUARY of the FUND.

7.2.16. DEFERRED PENSIONER SOLVENCY RESERVE <sup>61</sup> <sup>62</sup>

7.2.16.1. The following transactions will be recorded in this account:

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<sup>61</sup> *Inserted via Rule Amendment 3 effective 1 January 2019*

<sup>62</sup> *Amended via Rule Amendment 6 effective 1 April 2022*

### 7.2.16.2. Credits

- 7.2.16.2.1. Any allocation by the TRUSTEES, after consultation with the ACTUARY, to the DEFERRED PENSIONER SOLVENCY RESERVE;
- 7.2.16.2.2. Any transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT, as decided by the TRUSTEES after consultation with the ACTUARY, to fund any shortfall in the DEFERRED PENSIONER SOLVENCY RESERVE; and
- 7.2.16.2.3. Net investment return, either positive or negative, earned on the assets underlying the DEFERRED PENSIONER SOLVENCY RESERVE.

### 7.2.16.3. Debits

- 7.2.16.3.1. Any transfer to the PENSIONER Account on the retirement of a DEFERRED PENSIONER who elects to receive a pension from the FUND in terms of RULE 9.1.2.1; and
- 7.2.16.3.2. Any transfer to the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT as decided by the TRUSTEES, should the funding level in the DEFERRED PENSIONER SOLVENCY RESERVE be greater than the level determined appropriate by the ACTUARY of the FUND.

## 8. CONTRIBUTIONS

### 8.1. MEMBER CONTRIBUTIONS

8.1.1. Subject to RULE 8.1.2, RULE 8.3.2, RULE 9.7.4 and RULE 12.5.1, a MEMBER, including a MEMBER who is temporarily absent in terms of RULE 4.1 or who is in receipt of a benefit from the separate DISABILITY ARRANGEMENT, shall contribute to the FUND and the separate DISABILITY ARRANGEMENT each month at the following rate expressed as a percentage of his MONTHLY PENSIONABLE SALARY: <sup>63</sup> <sup>64</sup>

Up to and including 30 June 2012	6.60%
1 July 2012 to 30 June 2013	6.70%
1 July 2013 to 30 June 2014	6.80%
1 July 2014 to 30 June 2015	6.90%
1 July 2015 to 30 June 2016	7.00%
1 July 2016 to 30 June 2017	7.10%
1 July 2017 to 30 June 2018	7.20%
1 July 2018 to 30 June 2019	7.30%
1 July 2019 to 30 June 2020	7.40%
From 1 July 2020	7.50%

8.1.2. Where a MEMBER'S EMPLOYER joins the FUND on a date after the CONVERSION DATE and the MEMBER was previously contributing to another APPROVED FUND at a rate higher than the applicable rate in terms of the table in RULE 8.1.1, then the MEMBER shall continue to contribute at that higher rate until such time as the applicable rate in the table in RULE 8.1.1 is higher from which date he shall contribute in terms of the table in RULE 8.1.1.

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<sup>63</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>64</sup> Amended via Rule Amendment 3 effective 1 March 2019

8.1.3. A MEMBER, other than a DEFERRED RETIREE or a PAID-UP MEMBER, may at any time make additional contributions to the FUND. The level and frequency of a MEMBER'S additional contributions shall be such amounts and frequency as are approved by the TRUSTEES. <sup>65 66</sup>

8.1.4. A MEMBER, other than a DEFERRED RETIREE or a PAID-UP MEMBER, who was a member of any other APPROVED FUND, including a PREVIOUS FUND, prior to becoming a MEMBER of the FUND may transfer the benefit to which he is entitled on leaving that fund into the FUND. <sup>67</sup>

8.1.5. All contributions and transfer values referred to in this RULE 8.1 will be credited to the MEMBER'S FUND CREDIT.

## 8.2. EMPLOYER CONTRIBUTIONS

8.2.1. Subject to RULE 8.2.2, RULE 8.3.2, RULE 8.3.4.1, RULE 9.7.6, and RULE 12.5.3, the EMPLOYER shall contribute to the FUND and the separate DISABILITY ARRANGEMENT each month in respect of each MEMBER, including a MEMBER who is temporarily absent in terms of RULE 4.1 or who is in receipt of a benefit from the separate DISABILITY ARRANGEMENT, at the following rate expressed as a percentage of the MEMBER's MONTHLY PENSIONABLE SALARY: <sup>68 69</sup>

Up to and including 30 June 2012	6.60%
1 July 2012 to 30 June 2013	6.70%
1 July 2013 to 30 June 2014	6.80%
1 July 2014 to 30 June 2015	6.90%
1 July 2015 to 30 June 2016	7.00%
1 July 2016 to 30 June 2017	7.10%
1 July 2017 to 30 June 2018	7.20%

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<sup>65</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>66</sup> Amended via Rule Amendment 3 effective 1 March 2019

<sup>67</sup> Amended via Rule Amendment 3 effective 1 March 2019

<sup>68</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>69</sup> Amended via Rule Amendment 3 effective 1 March 2019

1 July 2018 to 30 June 2019	7.30%
1 July 2019 to 30 June 2020	7.40%
1 July 2020 to 30 June 2021	7.50%
1 July 2021 to 30 June 2022	7.60%
1 July 2022 to 30 June 2023	7.70%
1 July 2023 to 30 June 2024	7.90%
1 July 2024 to 30 June 2025	8.10%
1 July 2025 to 30 June 2026	8.30%
1 July 2026 to 30 June 2027	8.50%
1 July 2027 to 30 June 2028	8.70%
1 July 2028 to 30 June 2029	8.90%
1 July 2029 to 30 June 2030	9.10%
1 July 2030 to 30 June 2031	9.30%
1 July 2031 to 30 June 2032	9.50%
1 July 2032 to 30 June 2033	9.70%
1 July 2033 to 30 June 2034	9.90%
1 July 2034 to 30 June 2035	10.10%
1 July 2035 to 30 June 2036	10.30%
From 1 July 2036	10.50%

8.2.2. Where an EMPLOYER joins the FUND on a date after the CONVERSION DATE and the EMPLOYER was previously contributing to another APPROVED FUND on behalf of the MEMBER at a rate higher than the applicable rate in terms of the table in RULE 8.2.1, then the EMPLOYER shall continue to contribute at that higher rate until such time as the applicable rate in the table in RULE 8.2.1 is higher from which date the EMPLOYER shall contribute in terms of the table in RULE 8.2.1.

### **8.3. ALLOCATION OF MEMBER AND EMPLOYER CONTRIBUTIONS**

8.3.1. Subject to RULE 8.3.2, with effect from the CONVERSION DATE the contribution rates allocated towards each MEMBER'S benefits, other than in respect of DEFERRED RETIREES and PAID-UP MEMBERS, towards a provision for FUND expenses and to the separate DISABILITY ARRANGEMENT shall be 7.5% in respect of MEMBER CONTRIBUTIONS and 10.5% in respect of EMPLOYER CONTRIBUTIONS. These allocations shall be funded by: <sup>70 71</sup>

8.3.1.1. MEMBER CONTRIBUTIONS in terms of RULE 8.1.1 and RULE 8.1.2;

8.3.1.2. EMPLOYER CONTRIBUTIONS in terms of RULE 8.2; and

8.3.1.3. Any balance from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT. It is specifically provided that the transfer from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT shall only be made if and when the MEMBER and EMPLOYER CONTRIBUTIONS in terms of RULE 8.1.1, RULE 8.1.2 and RULE 8.2 are received by the FUND. <sup>72</sup>

8.3.2. Notwithstanding the provisions of RULE 8.3.1, if the balance in the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT is depleted, the MEMBER and EMPLOYER CONTRIBUTION rates allocated towards the MEMBER'S benefits, towards a provision for FUND expenses and to the separate DISABILITY ARRANGEMENT shall immediately and thereafter be the actual rates at which the MEMBER and the EMPLOYER contribute to the FUND and to the separate DISABILITY ARRANGEMENT in terms of RULE 8.1.1, RULE 8.1.2 and RULE 8.2.

8.3.3. The MEMBER CONTRIBUTIONS in terms of RULE 8.3.1 and RULE 8.3.2 shall be allocated in full to the MEMBER'S FUND CREDIT.

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<sup>70</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>71</sup> Amended via Rule Amendment 3 effective 1 March 2019

<sup>72</sup> Amended via Rule Amendment 1 effective 1 July 2016

8.3.4. The EMPLOYER CONTRIBUTIONS in terms of RULE 8.3.1 and RULE 8.3.2 shall be allocated as follows:

8.3.4.1. An amount expressed as a percentage of MONTHLY PENSIONABLE SALARY determined by the TRUSTEES in consultation with the ACTUARY, required to fund the benefits in the separate DISABILITY ARRANGEMENT, where such amount is paid directly to the DISABILITY ARRANGEMENT and only the balance of the EMPLOYER CONTRIBUTION rate is paid to the FUND;

8.3.4.2. An amount determined by the TRUSTEES in consultation with the ACTUARY, subject to a maximum of 1% of MONTHLY PENSIONABLE SALARY, to the EXPENSE ACCOUNT to fund administration and other FUND expenses;

8.3.4.3. An amount determined by the TRUSTEES in consultation with the ACTUARY, subject to a maximum of 5% of MONTHLY PENSIONABLE SALARY, to the RISK RESERVE ACCOUNT to fund the death benefits provided by the FUND in terms of RULE 10.1.1.2; and

8.3.4.4. The balance to the MEMBER'S FUND CREDIT.

#### **8.4. PAYMENT OF CONTRIBUTIONS**

8.4.1. Contributions in terms of RULE 8.1 and RULE 8.2 are payable to the FUND monthly.

8.4.2. The first contribution payable in respect of a MEMBER shall be paid within seven days of the last day of the calendar month in which the MEMBER commenced membership of the FUND.

8.4.3. The MEMBERS' contributions in terms of RULE 8.1 and the EMPLOYER'S contributions in terms of RULE 8.2 shall be paid by the EMPLOYER to the FUND within a period of seven days from the last working day of the month to which such contributions relate.

- 8.4.4. The PRINCIPAL OFFICER shall notify the REGISTRAR should payment not be made within a period of two months, or such other period as may be prescribed by the REGISTRAR, following the expiry of the seven-day period.
- 8.4.5. Contributions in respect of a MEMBER shall cease on the first day of the month following the date of the MEMBER'S retirement, death or withdrawal in terms of these RULES, or on the date on which he otherwise ceases to be an ELIGIBLE EMPLOYEE, other than in respect of attaining the NORMAL RETIREMENT AGE and provided the MEMBER is permitted to late retire in terms of RULE 9.1.1.3.
- 8.4.6. If contributions are not paid timeously in terms of the requirements of the ACT, interest will be payable by the EMPLOYER to the FUND at the rate prescribed for application to late payments of contributions in terms of the ACT. Any such interest shall be credited to the INVESTMENT RESERVE.



## 9. RETIREMENT BENEFITS

### 9.1. PENSION BENEFIT

9.1.1. A pension shall become payable to a MEMBER or a DEFERRED PENSIONER: <sup>73</sup>

9.1.1.1. on his retirement at the NORMAL RETIREMENT DATE; or

9.1.1.2. on his voluntary early retirement on the last day of any month before the MEMBER or the DEFERRED PENSIONER'S NORMAL RETIREMENT DATE, provided that the MEMBER or DEFERRED PENSIONER, as applicable, is at least age 55; or

9.1.1.3. on his late retirement after the NORMAL RETIREMENT DATE with a maximum of age 69, provided such late retirement is subject to the consent of the EMPLOYER; or

9.1.1.4. on his ill-health early retirement at any date before the MEMBER'S NORMAL RETIREMENT DATE, where the MEMBER does not qualify for a benefit in terms of the separate DISABILITY ARRANGEMENT and the TRUSTEES in their absolute discretion determine that the MEMBER has become totally and permanently incapable of efficiently carrying out his duties; or

9.1.1.5. on the date, which may be at any age permitted by legislation, selected in writing by a MEMBER who has elected to become a DEFERRED RETIREE in terms of RULE 9.7; or <sup>74</sup>

9.1.1.6. in the case of a MEMBER who has elected or defaulted to become a PAID-UP MEMBER in terms of RULE 12.2.4, on the date selected in writing by the PAID-UP MEMBER which may be at any age over age 55 permitted by legislation. <sup>75</sup>

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<sup>73</sup> Amended via Rule Amendment 1 effective 1 July 2016

<sup>74</sup> Amended via Rule Amendment 3 effective 1 March 2019

<sup>75</sup> Inserted via Rule Amendment 3 effective 1 March 2019

- 9.1.2. A MEMBER or DEFERRED PENSIONER who retires in terms of RULE 9.1.1 shall receive a pension of such amount as can be purchased with the MEMBER'S FUND CREDIT or the capital value as determined by the ACTUARY of the DEFERRED PENSIONERS accrued pension, as applicable, less any amount taken as a lump sum in terms of RULE 9.2 at the date of retirement:
- 9.1.2.1. from the PENSIONER ACCOUNT if the MEMBER or DEFERRED PENSIONER elects to become a FUND PENSIONER; or
  - 9.1.2.2. if the MEMBER or DEFERRED PENSIONER so elects from an INSURER or INSURERS (subject to the provisions of RULE 4.9) of the MEMBER'S choice.
- 9.1.3. For a pension purchased in terms of RULE 9.1.2.1: <sup>76</sup>
- 9.1.3.1. The MEMBER or DEFERRED PENSIONER may elect prior to the commencement of the pension whether his eligible SPOUSE is to receive a pension on his death in terms of RULE 10.2.2.2.
  - 9.1.3.2. The MEMBER or DEFERRED PENSIONER may elect prior to the commencement of the pension whether any of his eligible children, subject to a maximum of 5 children, are to receive a pension on his death in terms of RULE 10.2.2.3.
  - 9.1.3.3. For a MEMBER or DEFERRED PENSIONER who retired on or after 1 October 2017, the payment of the pension shall be guaranteed for a period of 20 years, unless the MEMBER or DEFERRED PENSIONER elects prior to the commencement of the pension such other guaranteed period as is permitted by the FUND.
  - 9.1.3.4. The amount of the initial pension shall be determined by the ACTUARY of the FUND, taking into account the funding level of the PENSIONER ACCOUNT, the amount of the MEMBER'S

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<sup>76</sup> Replaced via Rule Amendment 2 effective 1 October 2017

FUND CREDIT or the capital value of the DEFERRED PENSIONER'S accrued pension, as applicable, the age and gender of the MEMBER or DEFERRED PENSIONER and any election by the MEMBER or DEFERRED PENSIONER in terms of RULE 9.1.3.1, RULE 9.1.3.2 and RULE 9.1.3.3.

9.1.4. For a pension purchased in terms of RULE 9.1.2.2, the nature of the pension to be purchased will be determined by the MEMBER or DEFERRED PENSIONER at retirement, subject to the conditions set out in RULE 4.9, provided that the pension so purchased is non-commutable (save as is provided for in RULE 9.2).

## **9.2. LUMP SUM AND TRANSFER OPTIONS <sup>77</sup>**

9.2.1. A MEMBER shall be entitled at the time of his retirement from the FUND to elect to:

9.2.1.1. receive a maximum of his VESTED TRANSFER BENEFIT plus one-third of the balance of his total retirement benefit provided for in RULE 9.1 in the form of a lump sum benefit, provided that if the balance of his total retirement benefit provided for in RULE 9.1 is less than the maximum prescribed by legislation or any practice note or circular issued by the REVENUE AUTHORITIES, then the total retirement benefit may, at the election of the MEMBER, be paid as a lump sum benefit; or <sup>78</sup>

9.2.1.2. transfer his total retirement benefit provided for in RULE 9.1 to an APPROVED FUND selected by the MEMBER, as permitted by legislation.

9.2.2. Following the transfer of any amounts in terms of RULE 9.1.2.2, including the payment of any amounts in terms of RULE **Error! Reference source not found.**, if applicable, or the transfer of any amounts in terms of RULE 9.2.1.2, the FUND shall have no further liability towards or in respect of the MEMBER and his DEPENDANTS.

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<sup>77</sup> Replaced via Rule Amendment 3 effective 1 January 2019

<sup>78</sup> Amended via Rule Amendment 5 effective 1 March 2021

### **9.3. PAYMENT OF PENSIONS FROM THE PENSIONER ACCOUNT**

- 9.3.1. Pensions payable from the PENSIONER ACCOUNT shall be payable monthly in arrears, the first payment being made at the end of the month after which the MEMBER or DEFERRED PENSIONER retires.
- 9.3.2. Payment of pensions from the PENSIONER ACCOUNT shall be subject to such evidence of the FUND PENSIONER'S survival and continued eligibility as the TRUSTEES require. If such evidence is not produced, the TRUSTEES, in their absolute discretion, may defer payment of the pension until the evidence is produced.
- 9.3.3. Pensions payable from the PENSIONER ACCOUNT shall be increased on 1 July each year at a rate determined by the TRUSTEES in consultation with the ACTUARY, subject to the requirements of the ACT and taking into account the pension increase policy communicated to FUND PENSIONERS, the affordability of any increase and the funding level of the PENSIONER ACCOUNT. Any increase granted in the first year of retirement shall be calculated on a proportionate basis, based on the period since retirement.

### **9.4. DEATH AFTER ACCRUAL**

- 9.4.1. In the event that a MEMBER or DEFERRED PENSIONER dies between the date of his retirement and the date on which he makes an election in terms of RULE 9.1.2, the benefit in RULE 9 shall become payable as a lump sum benefit and shall be paid to the MEMBER or DEFERRED PENSIONER'S estate.

### **9.5. LIMITATION OF LIABILITY**

- 9.5.1. Following the payment of any lump sum amounts payable to or in respect of the MEMBER or DEFERRED PENSIONER in terms of this RULE 9 and the purchase of a pension from an INSURER in respect of the MEMBER or DEFERRED PENSIONER in terms of RULE 9.1.2.2, the FUND shall have no further liability towards or in respect of the MEMBER or DEFERRED PENSIONER and their DEPENDANTS.

## **9.6. DEDUCTION FROM BENEFITS**

- 9.6.1. Any benefits payable in terms of RULE 9.2 or RULE 9.3 shall be subject to RULE 4.3.
- 9.7. A MEMBER who retires from employment in terms of RULE 9.1.1.1 to RULE 9.1.1.4, may elect to become a DEFERRED RETIREE, provided that:<sup>79</sup>
- 9.7.1. he has at least two years of membership in the FUND;
- 9.7.2. the election is made in writing to the FUND and is received by the FUND no later than six months after the date of the MEMBER'S retirement from employment;
- 9.7.3. where an election is not received in accordance with RULE 9.7.2, the MEMBER'S benefit will be treated as an unpaid benefit due to the MEMBER;
- 9.7.4. he shall not be permitted to contribute to the FUND during the period of deferment;
- 9.7.5. he shall not be permitted to transfer any amounts into the FUND during the period of deferment;
- 9.7.6. he shall not have EMPLOYER contributions paid to the FUND on his behalf during the period of deferment;
- 9.7.7. he shall not be eligible for DEATH COVER during the period of deferment;
- 9.7.8. subject to RULE 4.3.4, the MEMBER'S full FUND CREDIT must be retained in the FUND during the period of deferred retirement and the DEFERRED RETIREE shall not be permitted to withdraw part or all of the FUND CREDIT prior to the date of retirement from the FUND or the date of death, as applicable. Subject to the discretion of the TRUSTEES, the DEFERRED RETIREE'S FUND CREDIT may not be transferred to another APPROVED FUND;

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<sup>79</sup> Inserted via Rule Amendment 1 effective 1 July 2016

- 9.7.9. a DEFERRED RETIREE who becomes re-employed by an EMPLOYER, whilst the FUND CREDIT of such a re-employed DEFERRED RETIREE is still retained in the FUND, shall be treated in all respects as a new MEMBER of the FUND whose benefits will accrue separately from his or her deferred retirement benefit;
- 9.7.10. an amount, as determined by the TRUSTEES from time to time, to cover any direct or indirect expense incurred by the FUND in respect of the DEFERRED RETIREE shall be deducted by the FUND from each DEFERRED RETIREE'S FUND CREDIT each month. In addition, any costs incurred by the FUND in order to trace the DEFERRED RETIREE or the beneficiaries of a deceased DEFERRED RETIREE or costs ancillary thereto, shall be deducted by the FUND from such DEFERRED RETIREE'S FUND CREDIT as and when such costs are incurred; and
- 9.7.11. note recorded by the TRUSTEES in terms of RULE 5.11.1.9 shall apply to the DEFERRED RETIREE.

## 10. DEATH BENEFITS

### 10.1. DEATH IN SERVICE BENEFITS

10.1.1. On the death of a MEMBER whilst in the SERVICE of an EMPLOYER, including a MEMBER in receipt of a benefit from the separate DISABILITY ARRANGEMENT, there shall be payable in cash to the MEMBER'S DEPENDANTS and/or NOMINEES in such proportions as determined by the TRUSTEES in terms of Section 37C of the ACT, such amount as can be provided by the sum of:

10.1.1.1. the MEMBER'S FUND CREDIT at the date of death; and

10.1.1.2. three times the PENSIONABLE SALARY of the MEMBER over the twelve month period to the month end prior to the date of the MEMBER's death, where the PENSIONABLE SALARY for each month shall be imputed from the DEATH COVER contributions paid to the FUND on behalf of the MEMBER for that month;<sup>80</sup>

provided that if any costs are incurred as a consequence of the TRUSTEES tracing any potential DEPENDANT or NOMINEE whose benefits due under the FUND are unclaimed or in order to give effect to the provisions of Section 37C of the ACT, such reasonable costs may be recovered from the benefits payable to such DEPENDANT or NOMINEE.

10.1.2. Notwithstanding the provisions of RULE 10.1.1, the death benefit in RULE 10.1.1 shall be payable after a MEMBER has left the SERVICE of an EMPLOYER, subject to the following conditions:

10.1.2.1. death occurs within six weeks of the date of cessation of SERVICE; and<sup>81</sup>

10.1.2.2. the MEMBER is unemployed for the full period between leaving SERVICE and death; and

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<sup>80</sup> Amended via Rule Amendment 04 effective 1 April 2020

<sup>81</sup> Amended via Rule Amendment 1 effective 1 July 2016

- 10.1.2.3. the MEMBER was a MEMBER of the FUND or the MIPF for a period of at least two continuous years immediately prior to leaving SERVICE.
- 10.1.3. The SPOUSE of the MEMBER may elect that part or all of any amount allocated for her benefit be used to purchase a pension:
- 10.1.3.1. from the PENSIONER ACCOUNT; or
- 10.1.3.2. if the SPOUSE so elects from an INSURER or INSURERS (subject to the provisions of RULE 4.9) of the SPOUSE'S choice.
- 10.1.4. For a pension purchased in terms of RULE 10.1.3.1, the amount of the initial pension shall be determined by the ACTUARY of the FUND, taking into account the funding level of the PENSIONER ACCOUNT, the amount available to purchase the pension and the age and gender of the SPOUSE. The payment of the pension shall be in accordance with RULE 9.3.
- 10.1.5. For a pension purchased in terms of RULE 10.1.3.2, the nature of the pension to be purchased will be determined by the SPOUSE, subject to the conditions set out in RULE 4.9, provided that the pension so purchased is non-commutable.
- 10.1.6. The TRUSTEES may, in their absolute discretion, apply any amount allocated for the benefit of a minor BENEFICIARY in any one or a combination of the following:
- 10.1.6.1. a single payment to the guardian or custodian of the minor BENEFICIARY; or
- 10.1.6.2. in instalments to the guardian or custodian caregiver of the minor BENEFICIARY until the minor BENEFICIARY attains age 18 and then in instalments directly to that BENEFICIARY until he attains age 21; or
- 10.1.6.3. to a beneficiary fund for the benefit of the minor BENEFICIARY.
- 10.1.7. If any portion of the benefit in respect of a minor BENEFICIARY is paid in instalments in terms of RULE 10.1.6.2, then:



- 10.1.7.1. the balance held by the FUND shall accrue the INVESTMENT RETURN earned on the assets backing the instalment payments ;and
- 10.1.7.2. any remaining balance shall be paid out to the BENEFICIARY when he attains age 21.
- 10.1.8. Any amount allocated for the benefit of a major BENEFICIARY who is not able to manage his affairs or meet his daily care needs shall be applied at the absolute discretion of the TRUSTEES, subject to the provisions of the ACT.
- 10.1.9. It is specifically provided that the SPOUSE, other DEPENDANTS and NOMINEES shall have no further claim against the FUND once a pension has been purchased from an INSURER in terms of RULE 10.1.3.2 and/or cash benefits paid in terms of this RULE 10.
- 10.1.10. For a MEMBER in receipt of a benefit from the separate DISABILITY ARRANGEMENT, for the purposes of RULE 10.1.1.2 his PENSIONABLE SALARY shall increase each year in line with any increases granted to his benefit under the separate DISABILITY ARRANGEMENT.
- 10.1.11. Any benefits payable in terms of this RULE 10.1 shall be subject to RULE 4.3.

## **10.2. DEATH OF A FUND PENSIONER**

- 10.2.1. On the death of a FUND PENSIONER who retired prior to 1 April 2012:
- 10.2.1.1. Where such death is within five years of the date of retirement, his pension shall continue to be paid to his eligible SPOUSE for the balance of the five year period. If he does not have an eligible SPOUSE, the total value of the balance of the pension payments shall be paid to his estate.
- 10.2.1.2. Who has an eligible SPOUSE and who is still married to that SPOUSE at the date of death, a SPOUSE'S pension of 60% of the MEMBER'S pension at the later of the date of death and the expiry of the five year period in terms of RULE 10.2.1, assuming he did not commute any portion of his pension on retirement,

shall be paid to the SPOUSE from the later of the date of death and the expiry of the five year period in terms of RULE 10.2.1.1.

10.2.2. On the death of a FUND PENSIONER who retired on or after 1 April 2012 but before 1 October 2017, the guaranteed period shall be 10 years and on the death of a FUND PENSIONER who retired on or after 1 October 2017, the guaranteed period shall be the period determined in RULE 9.1.3.3:<sup>82</sup>

10.2.2.1. Where such death is within the guaranteed period from the date of retirement:<sup>83</sup>

10.2.2.1.1. His pension shall continue to be paid to any SPOUSE for whom a contingent SPOUSE'S pension was included in the calculation of his initial pension and providing he is still married to that SPOUSE at the date of his death, for the shorter of the period the SPOUSE remains alive and the balance of the guaranteed period.

10.2.2.1.2. If there is no such SPOUSE or on the subsequent death of such SPOUSE still within the guaranteed period, his pension shall continue to be paid to any child for whom a contingent child's pension was included in the calculation of his initial pension, for the shortest of the period the child remains alive, is under age 21 and the balance of the guaranteed period.

10.2.2.1.3. If he does not have such a contingent SPOUSE or such a contingent child, or on the subsequent last event of the death of such a contingent SPOUSE or the death of such a contingent child or the termination of the child's pension at age 21, provided

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<sup>82</sup> Replaced via Rule Amendment 2 effective 1 October 2017

<sup>83</sup> Replaced via Rule Amendment 3 effective 1 January 2019

the event is still within the guaranteed period, the total value of the balance of the pension payments shall be paid to his estate, the estate of such a contingent SPOUSE, the estate of such a contingent child or the child, as appropriate.

10.2.2.1.4. The amount of any payment in terms of RULE 10.2.2.1.3 shall be limited to a maximum of the amount originally retained by the FUND to provide the pension.

10.2.2.2. Where such death is within the guaranteed period from the date of retirement, his pension shall continue to be paid to his eligible SPOUSE for the balance of the guaranteed period. If he does not have an eligible SPOUSE, the total value of the balance of the pension payments shall be paid to his estate.

10.2.2.3. For whom a contingent SPOUSE'S pension was included in the calculation of his initial pension in terms of RULE 9.1.3 and providing he is still married to that SPOUSE at the date of death, a SPOUSE'S pension of 75% of the MEMBER'S pension at the date of death shall be paid to the SPOUSE from the later of the date of death and the expiry of the guaranteed period in terms of RULE 10.2.2.1. Where there is more than one person qualifying as a SPOUSE any benefits payable to a SPOUSE in terms of this RULE shall, at the sole discretion of the TRUSTEES, be distributed among the SPOUSES and the total benefits payable to such SPOUSES shall be equal to the benefit which would have been payable to one SPOUSE. In the event of the death of one or more of the SPOUSES, the benefit payable to such SPOUSE or SPOUSES shall cease to be payable and the benefits payable to the remaining SPOUSE or SPOUSES shall not be re-calculated.

10.2.2.4. For whom a contingent child's pension was included in the calculation of his initial pension in terms of RULE 9.1.3, a child's

pension of 15% of the MEMBER'S pension at the date of death shall be paid to the child from the later of the date of death and the expiry of the guaranteed period, where such pension shall cease on the earlier of the death of the child and the child attaining age 21.

### **10.3. DEATH OF A DEFERRED RETIREE OR A PAID-UP MEMBER <sup>84</sup>**

- 10.3.1. On the death of a DEFERRED RETIREE during the period of deferment or on the death of a PAID-UP MEMBER during the period of paid-up membership, unless required otherwise by legislation, there shall be paid to the person's VALID NOMINEES a pension purchased from an INSURER of such amount as can be purchased by the FUND CREDIT at the date of death of the DEFERRED RETIREE or the PAID-UP MEMBER, as applicable.
- 10.3.2. In respect of any pension purchased in terms of RULE 10.3.1, the nature of the pension to be purchased will be determined by the VALID NOMINEES, subject to the conditions set out in RULE 4.9.
- 10.3.3. Each VALID NOMINEE may, at the time his pension is due to commence, request the TRUSTEES to commute the whole or part of the pension in RULE 10.3.1 for cash.
- 10.3.4. Should there be no VALID NOMINEES, the benefit in terms of RULE 10.3.1 shall be paid to the estate of the DEFERRED RETIREE or PAID-UP MEMBER, as appropriate.
- 10.3.5. It is specifically provided that BENEFICIARIES shall have no further claim against the FUND or the EMPLOYER in respect of any pension purchased from an INSURER in terms of RULE 10.3.1 or cash benefits paid in terms of RULE 10.3.3 or RULE 10.3.4.

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<sup>84</sup> *Inserted via Rule Amendment 3 effective 1 January 2019*

# **11. TRANSFERS**

## **11.1. TRANSFERS INTO THE FUND**

11.1.1. If a MEMBER who was a member of an APPROVED FUND prior to becoming a MEMBER of the FUND chooses to transfer the benefit to which he is entitled on leaving that fund into the FUND, the amount so transferred shall be applied under the MEMBER'S FUND CREDIT.

11.1.2. If a member of the MIPF elects to transfer to the FUND immediately prior to his retirement from the MIPF, the amount so transferred shall be applied under the MEMBER'S FUND CREDIT and the MEMBER shall then retire from the FUND in terms of RULE 9.

## **11.2. TRANSFERS OUT OF THE FUND**

11.2.1. If a MEMBER of the FUND chooses or is required to transfer the benefit to which he is entitled on leaving the FUND to another APPROVED FUND, the amount so transferred shall be the MEMBER'S FUND CREDIT inclusive of any bonus or final bonus to which he is entitled.

## **11.3. DEDUCTION FROM BENEFITS**

11.3.1. Any benefits payable in terms of this RULE 11 shall be subject to RULE 4.3.

## 12. RESIGNATION, DISMISSAL, RETRENCHMENT AND REDUNDANCY BENEFITS <sup>85</sup>

- 12.1. If a MEMBER'S employment with an EMPLOYER terminates before his NORMAL RETIREMENT AGE for any reason other than his retirement, death or disability, the MEMBER shall be entitled to his FUND CREDIT.
- 12.2. The benefit described in RULE 12.1 shall be utilised as follows:
- 12.2.1. At the written request of the MEMBER, paid out entirely in cash;  
or
- 12.2.2. At the written request of the MEMBER, transferred to an APPROVED FUND; or <sup>86</sup>
- 12.2.3. At the written request of the MEMBER, paid out partly in cash with the balance transferred to an APPROVED FUND, provided that any amount paid out in cash, including any tax thereon shall be deducted pro rata from the MEMBER'S VESTED RETIREMENT BENEFIT and the balance of the MEMBER'S FUND CREDIT over his VESTED RETIREMENT BENEFIT; or <sup>87</sup>
- 12.2.4. At the written request of the MEMBER, or should the MEMBER fail to make an election in terms of this RULE 12.2, retained in the FUND and the MEMBER shall become a PAID-UP MEMBER.
- 12.3. Any transfers in terms of RULE 12.2 to an APPROVED FUND, and especially a Pension Preservation Fund, shall be subject to such conditions as the REVENUE SERVICES may apply from time to time, either by means of legislation or through practice notes applicable to all retirement funds.
- 12.4. If any benefit to be transferred in terms of RULE 12.2 is not transferred by the FUND within the period determined in terms of section 13A of the ACT, interest will be added to the value of the benefit from the date of expiry of

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<sup>85</sup> Replaced via Rule Amendment 3 effective 1 March 2019

<sup>86</sup> Amended via Rule Amendment 5 effective 1 March 2021

<sup>87</sup> Amended via Rule Amendment 5 effective 1 March 2021

that period to the actual date of transfer at a rate equal to the greater of the rate prescribed in terms of that section and the INVESTMENT RETURN.

12.5. For a MEMBER who becomes a PAID-UP MEMBER in terms of RULE 12.2.4 or a MEMBER who left his employment with an EMPLOYER during the period 1 April 2012 to 28 February 2019 other than through retirement, death or disability, and who elected to defer receipt of his benefit from the FUND and is reclassified from being an UNPAID OR UNCLAIMED MEMBER to being a PAID-UP MEMBER:

12.5.1. the PAID-UP MEMBER shall not be permitted to contribute to the FUND during the period of paid-up membership;

12.5.2. the PAID-UP MEMBER shall not be permitted to transfer any amounts into the FUND during the period of paid-up membership;

12.5.3. the PAID-UP MEMBER shall not have EMPLOYER contributions paid to the FUND or transferred from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT on his behalf during the period of paid-up membership;

12.5.4. the PAID-UP MEMBER shall not be eligible for the death benefit in terms of RULE 10.1.2 and the disability benefits provided by the separate DISABILITY ARRANGEMENT during the period of paid-up membership;

12.5.5. subject to RULE 4.3.2, the PAID-UP MEMBER'S full benefit in terms of RULE 12.1 must be retained in the FUND during the period of paid-up membership and the PAID-UP MEMBER shall not be permitted to withdraw only part of his benefit in the FUND prior to the date of retirement or exit from the FUND or the date of death, as applicable;

12.5.6. the PAID-UP MEMBER shall have his full benefit in terms of RULE 12.1 paid or transferred as follows:

- (a) at the written request of the PAID-UP MEMBER at any age permitted by legislation after the age of 55, to retire and receive the benefit in terms of RULE 9.1.1.6; or

- (b) at the written request of the PAID-UP MEMBER at any age prior to his NORMAL RETIREMENT AGE which applied prior to his becoming a PAID-UP MEMBER, to withdraw from the FUND and receive or transfer the benefit in terms of RULE 12.2.1, RULE 12.2.2 or RULE **Error! Reference source not found.**; or
  - (c) on the death of the PAID-UP MEMBER, paid in terms of RULE 10.3;
- 12.5.7. where the PAID-UP MEMBER becomes re-employed by an EMPLOYER, whilst the FUND CREDIT of such a re-employed PAID-UP MEMBER is still retained in the FUND, the person shall be treated in all respects as a new MEMBER of the FUND whose benefits will accrue separately from his or her paid-up benefit;
- 12.5.8. an amount, as determined by the TRUSTEES from time to time, to cover any direct or indirect expense incurred by the FUND in respect of the PAID-UP MEMBER shall be deducted by the FUND from the PAID-UP MEMBER'S FUND CREDIT each month. In addition, any costs incurred by the FUND in order to trace the PAID-UP MEMBER or, if required, the beneficiaries of a deceased PAID-UP MEMBER or costs ancillary thereto, shall be deducted by the FUND from such PAID-UP MEMBER'S FUND CREDIT as and when such costs are incurred; and
- 12.5.9. the conditions set out in any practice note recorded by the TRUSTEES in terms of RULE 5.11.1.9 shall apply to the PAID-UP MEMBER.



## 13. DEFINED CONTRIBUTION CONVERSION

### 13.1. CONVERSION

- 13.1.1. Effective the CONVERSION DATE, the benefits of all in-service MEMBERS shall be converted from a 'defined benefit' structure to a 'defined contribution' structure.
- 13.1.2. For each in-service MEMBER, his CONVERSION VALUE shall be the sum of:
- 13.1.2.1. the actuarial value of his accrued defined benefit benefits in the FUND, as determined by the ACTUARY, subject to a minimum of his minimum individual reserve calculated in accordance with the ACT;
  - 13.1.2.2. a 45% enhancement to the value calculated in terms of RULE 13.1.2.1;
  - 13.1.2.3. the accumulated value of any additional voluntary contributions held in the FUND on behalf of the MEMBER; and
  - 13.1.2.4. Any amount held in the FUND on a defined contribution basis for the MEMBER.
- 13.1.3. The CONVERSION VALUES shall be funded from the assets held to back MEMBER liabilities prior to 1 April 2012, the previous "Conversion Reserve", the previous "Contribution Reserve" and any remaining balance from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT.
- 13.1.4. The balance of the assets of the FUND shall be allocated to the various accounts of the FUND set out in RULE 7.1 on a basis determined by the TRUSTEES in consultation with the ACTUARY.