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OUR REF: 12/8/25718
DATE: 15 July 2020

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THE PRINCIPAL OFFICER
METAL INDUSTRIES PROVIDENT FUND
c/o METAL INDUSTRIES BENEFIT FUNDS ADMINISTRATORS
PO BOX 7507
JOHANNESBURG

2000P

CASE NUMBER: 511297

Dear Sir/Madam

**PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 3
(Effective 01 April 2020) - METAL INDUSTRIES PROVIDENT FUND**

Your application of 21 May 2020 refers. I have enclosed a copy of the Amendment duly approved and registered in terms of section 12(4) of the Pension Funds Act.

The fund continues to be recognized as a Provident Fund in terms of the Income Tax Act.

Yours faithfully

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

Transitional Management Committee:

AM Sithole (Commissioner) DP Tshidi CD da Silva JA Boyd MM du Toit LP Kekana K Gibson OB Makhubela P Mogase

METAL INDUSTRIES PROVIDENT FUND

Round robin resolution approved by the Trustees of the Metal Industries Provident Fund passed in Johannesburg

REASON FOR THE RULE AMENDMENT

Coronavirus relief – contributions:

The temporary absence Rules of the Fund (Rule 4.1.3) currently provide for an 8 week (i.e. approximately 2 month) relief period during which employers need not pay contributions but members will remain covered for death benefits.

This rule amendment provides for a further 3 month period (which can be extended by the trustees should the pandemic persist) for the relief of member and employer retirement funding contributions. Risk benefit and expense contributions must be paid during the period and members will remain covered for risk benefits.

Rule 4.16.2.1 which is effective 1 April 2020 (being the date some employers first utilised the 2 month lay off period in respect of the coronavirus pandemic) permits employers to pay risk benefit and expense contributions during the period, for the following reasons:

- *Otherwise the Fund would have to refund these contributions to the employer.*
- *If employers are prepared to pay, it would be inappropriate to force them to pay no contributions.*
- *It will reduce any possible financial strain on the Fund.*
- *It increases the death benefit if a member dies.*

Coronavirus relief – clarification of death benefits:

Many members are either paid on a weekly basis or on the number of shifts worked in a month, so their pensionable salaries change from month to month. For this reason, the death benefit of "... three times the member's annual pensionable salary as at the date of death" in Rule 10.1.1.2 of the current rules has been calculated as the pensionable salary over the last 12 months prior to the date of death.

Rule 10.1.1.2 which is amended effective 1 April 2020 (being the date some employers first utilised the 2 month lay off period in respect of the coronavirus pandemic) clarifies the calculation of the death benefit to ensure that members who die during the initial 2 month lay off period or the subsequent 3 month relief period remain covered for death benefits (and that the death benefit is not based on their nil or reduced salary in the month of death).

For example, ignoring salary increases for a member on a monthly salary of R20 000, the three times annual salary death benefit if salaries and contributions were paid at the full rate would amount to a death benefit of R720 000 plus the member's Fund Credit. If, however, the member receives a nil salary for the 2 month "lay off period" and then a 75% salary for the 3 month "risk benefits and expenses only period" and then dies, the death benefit would still be R555 000 plus the member's Fund Credit.

Payment of this death benefit in relation to any periods of nil and reduced salaries will place a financial strain on the Fund, which will be met from the reserves of the Fund.

RESOLVED THAT with effect from 1 June 2020 (but with effect from 1 April 2020 in respect of Rule 4.16.2.1 and Rule 10.1.1.2), the rules of the Metal Industries Provident Fund be amended, as follows:

A. By the insertion of a new Rule 4.16 as follows:

“4.16 SPECIAL PROVISIONS DURING THE COVID-19 PANDEMIC

4.16.1 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:

4.16.1.1 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 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.

4.16.1.2 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.

4.16.1.3 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 4.16.1.2, 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.

4.16.2 Rule 4.1.3 and Rule 4.16.1 shall be subject to the following provisos:

- 4.16.2.1 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.
- 4.16.2.2 Where no MEMBER and EMPLOYER retirement funding contributions are received in respect of a MEMBER in terms of RULE 4.16.1.2 and/or RULE 4.16.1.3 for a particular month, no amounts shall be allocated from the CONTRIBUTION INCREASE PROGRAM RESERVE ACCOUNT in respect of that MEMBER for that month.
- 4.16.2.3 Each EMPLOYER, who is permitted by the FUND to do so, may only utilise the provisions of RULE 4.16.1.2 and RULE 4.16.1.3 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.
- 4.16.2.4 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 4.16.1.3 and RULE 4.16.2.3 for such further period as they determine appropriate, but not further than 31 December 2020.”

B. By the amendment of Rule 10.1.1.2 as follows:

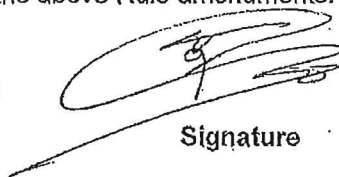
“10.1.1.2 three times the PENSIONABLE SALARY of the MEMBER over the twelve month period to the month end prior to the date of the MEMBER’s death, where the PENSIONABLE SALARY for each month shall be imputed from the DEATH COVER contributions paid to the FUND on behalf of the MEMBER for that month.”

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

Further certified that this round robin resolution has been passed in terms of Rule 5.6.5 of the Fund rules and that all the Trustees have confirmed to the Fund Office that they approve the above Rule amendments.

BHEKA KHUMALO

Trustee and Chairman



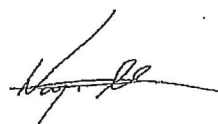
Signature

21.5.2020

Date

Vusi Cioane

Member Trustee



Signature

21.5.2020

Date

RAJENDRA RAJCOMAR

Employer Trustee



Signature

21.5.2020

Date

OMAR GIKE

Principal Officer



Principal Officer

21.5.2020

Date

Subject to the disclosure in the explanation of the Rule Amendment that the payment of death benefits in terms of this Rule Amendment may result in a strain which will be funded from the reserves of the Fund, I hereby certify that this amendment will not render the Fund financially unsound.

Willie Kritzinger
Fellow of the Actuarial
Society of South Africa

Valuator



Signature

21/05/2020

Date

in my capacity as Valuator of the Metal Industries Provident Fund and as an employee of Simeka Consultants & Actuaries (Pty) Ltd