THE CAPE MUNICIPAL PENSION FUND

RULES

Fund registration number: 12/8/909

(Consolidated Rules incorporating Registered Rule Amendments 1 – 14)

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CHAPTER 1 – ESTABLISHMENT AND NATURE OF THE FUND

PREAMBLE - HISTORY OF THE FUND

(i) The Cape Town Municipal Pension Fund ("the FUND") was established in 1925 following negotiations between the staff and the then Cape Town Municipality. The Fund was constituted in terms of Provincial Ordinance No.24 of 1919, and provided for both a gratuity and a PENSION on retirement.

(ii) The FUND was registered in terms of the Pension Funds Act, No. 24 of 1956 ("the ACT") on 23 June 1962.

(iii) A subsequent ordinance (No. 25 of 1966) provided that local authority funds could draw up and register their own rules.

(iv) Prior to 1 July 1997, the Principal Employer in the FUND was the Cape Town City Council ("the CITY OF CAPE TOWN") and membership of the FUND was open to that employer's employees only. With effect from that date, Province of the Western Cape Proclamation 12 of 1997, promulgated in terms of Local Government Transition Act, Act no.12 of 1994, transferred many of the members to other and newly created local authorities. The FUND became a multi-employer fund.

(v) With effect from 1 March 1998, the name of the FUND was changed from "Cape Town Municipal Pension Fund" to "Cape Municipal Pension Fund", in order to reflect its broader membership.

(vi) Following on negotiations between the participating Employers and staff representatives, it was agreed that:

a) the FUND would provide benefits on a Defined Contribution basis for all persons becoming MEMBERS on or after 1 July 1998, resulting in the formation of the DC SECTION, distinct from the DB SECTION which already existed in the FUND at that time; and

b) existing MEMBERS of the FUND at that date, were given the option of having their benefits converted to the new Defined Contribution basis, converting to membership of the newly formed DC SECTION, or retaining their existing membership of the existing DB SECTION.

CHAPTER 2 – PROVISIONS RELATING TO THE FUND GENERALLY

RULE 1 – ESTABLISHMENT OF THE FUND

1.

1.1. **Date of establishment**

The FUND was established with effect from the COMMENCEMENT DATE.

1.2. **Objects of the FUND**

The objects of the FUND are to provide –

1.2.1. benefits to MEMBERS on their retirement;

1.2.2. benefits to surviving DEPENDANTS of deceased MEMBERS who die in SERVICE or after retirement;

1.2.3. withdrawal or transfer benefits for contributing MEMBERS who cease to be contributing MEMBERS of the FUND.

1.3. **The Binding Force, Effective Date & Availability of the RULES**

1.3.1. The provisions of these RULES are binding on the EMPLOYER, the MEMBERS, the FUND, and on any person who submits a claim and/or receives any benefit in terms of the RULES.

1.3.2. These RULES are effective from 1st July 2013 and replace all previous RULES of the Fund.

1.3.3. Each MEMBER and the EMPLOYER will, on request, be issued with an electronic copy of the RULES. If a printed hard copy is specifically required, this will be issued in accordance with RULE 25.3.

1.4. **Registered office of the FUND**

The registered office of the FUND is located at the following address –

1.4.1. Physical Address:
18th Floor, The Towers
Heerengracht

Cape Town
8000

[Rule 1.4.1 amended in terms of rule amendment no. 14 registered on 2021]

1.4.2. Postal Address:
PO Box 62
Cape Town
8001

1.5. **Legal persona**

The FUND is a juristic person and as such it is, in its own name, capable of acquiring, holding and alienating property (of whatever nature), and of entering into contracts and performing juristic acts and of suing and being sued. The FUND is managed and governed by the TRUSTEES, and is represented by the PRINCIPAL OFFICER or a person or persons appointed by the TRUSTEES.

1.6. **Disputes**

1.6.1. A person who has a complaint relating to the administration of the FUND, or the investment of the monies of the FUND, or the interpretation or application of the RULES is entitled to lodge a written complaint with the PRINCIPAL OFFICER, the EMPLOYER or the TRUSTEES in terms of Section 30A of the ACT. Where the complaint is made to the EMPLOYER, a copy must be submitted to the FUND.

1.6.2. A complaint so lodged must be properly considered and replied to in writing by the PRINCIPAL OFFICER, the EMPLOYER or the TRUSTEES within 30 days of the complaint being lodged in writing.

1.6.3. If the complainant is not satisfied with the reply received, or if the PRINCIPAL OFFICER, the EMPLOYER or the TRUSTEES fail to reply within 30 days of receipt of the complaint, the complainant is entitled to lodge the complaint with the ADJUDICATOR.

1.7. **FUND characteristics**

The FUND -

1.7.1. comprises a DB SECTION and a DC SECTION;

1.7.2. is registered in terms of the ACT;

1.7.3. is subject to an actuarial valuation at least once every 3 (three) years;

1.7.4. is subject to annual audit;

1.7.5. is an occupational fund established for the benefit of employees of a local authority as referred to in paragraph (a) in the definition of "Pension Fund" in the INCOME TAX ACT.

1.8. Constitution and Bill of Rights

1.8.1. The Constitution of the Republic of South Africa, 1996 is the supreme law of the land. No other law or government action can supersede the provisions of the Constitution.

1.8.2. Chapter 2 of the Constitution contains the Bill of Rights. The Bill of Rights is a cornerstone of democracy in South Africa. It enshrines the rights of all people in our country and affirms the democratic values of human dignity, equality and freedom.

1.8.3. The Bill of Rights applies to all law, and binds the Legislative, the Executive, the Judiciary and all organs of State in South Africa.

1.8.4. A provision of the Bill of Rights binds a natural or a juristic person if, and to the extent that it is applicable, taking into account the nature of the right and the nature of any duty imposed by the right.

1.8.5. In order to promote the spirit and objects of the Bill of Rights, the RULES of the FUND must be interpreted in accordance with the rights enshrined therein, to the extent that they are applicable to the object of the FUND and the duties of the TRUSTEES as set out in Section 7C and 7D of the ACT.

RULE 2 - DEFINITIONS AND INTERPRETATIONS

2.

2.1. The headings in this document are there to help readers find what they are looking for. They are not intended to be used to interpret the RULES.

2.2. If a word used in these RULES is not defined in the RULES but is defined in the ACT, it must be taken that the word means what the ACT says that it means.

2.3. Unless these RULES say otherwise –

2.3.1. if a word appears in the singular, it must be read to include the plural; and likewise, if a word appears in the plural, it must be read to include the singular;

2.3.2. if a pronoun or word refers to a gender it must be read to include the other gender;

2.3.3. a reference to a person includes a juristic person.

2.4. Defined words and expressions are indicated by capital letters throughout.

2.5. Unless it is clear from the context that this is not so, the following terms will have the meanings set out next to them –

ACCOUNT: An account of the FUND as set out in RULE 15.

ACT: The Pension Funds Act, No. 24 of 1956, and any subordinate legislation thereto including any regulations and board notice(s).

ACTIVE MEMBER: A MEMBER who is an EMPLOYEE, and who belongs to the DB SECTION or the DC SECTION.

ACTUARIAL SURPLUS: The definition in the ACT (as applies to the FUND) which, in either the DB or the DC SECTION, is the difference, at a valuation date of the FUND, between:

a) the value that the ACTUARY places on the assets of the FUND less any credit (positive) balances in the MEMBER and EMPLOYER SURPLUS ACCOUNTS and
b) the value that the ACTUARY places on the liabilities of the FUND in respect of PENSIONABLE SERVICE accrued by MEMBERS prior to that valuation date; together with the value of the amounts standing to the credit of any CONTINGENCY RESERVE ACCOUNTS.

ACTUARY: A qualified actuary appointed by the TRUSTEES in terms of RULE 10.3, and approved by the AUTHORITY to act as a valuator.

ADJUDICATOR: The Pension Funds Adjudicator appointed in terms of section 30C(1) of the ACT.

ADMINISTRATOR: The organisation appointed in terms of Section 13B of the ACT and RULE 11.1 to provide administration service the FUND.

ANNUITISATION DATE: means 1st March 2021.

[Definition inserted in Rule 2.5 in terms of rule amendment no. 14 registered on 2021]

APPROVED FUND: Either an APPROVED PENSION FUND or an APPROVED PROVIDENT FUND.

APPROVED PENSION FUND: A pension fund defined as such in the INCOME TAX ACT.

[Definition inserted in Rule 2.5 in terms of rule amendment no. 3 registered on 24 February 2017]

APPROVED PRESERVATION FUND: An APPROVED PRESERVATION PENSION FUND or an APPROVED PRESERVATION PROVIDENT FUND;

APPROVED PRESERVATION PENSION FUND: A fund approved by the REVENUE AUTHORITY as a pension fund which provides preservation benefits.

APPROVED PRESERVATION PROVIDENT FUND: A fund approved by the REVENUE AUTHORITY as a provident fund which provides preservation benefits.

APPROVED PROVIDENT FUND: A fund approved as a provident fund by the REVENUE AUTHORITY, excluding an APPROVED PRESERVATION PROVIDENT FUND.

APPROVED RETIREMENT ANNUITY FUND: A fund approved as a retirement annuity fund by the REVENUE AUTHORITY.

AUDITOR: The auditor of the FUND appointed in terms of RULE 10.2.

AUTHORITY: The Financial Sector Conduct Authority established in terms of section 56 of the Financial Sector Conduct Act, 2017.

[Definition inserted in rule 2.5 in terms of rule amendment no. 8 registered on 9 September 2019]

AVERAGE SALARY INCREASES: The average salary increase granted by the CONVERSION EMPLOYERS to their EMPLOYEES each year. The average salary increase each year must be calculated as the average increase in PENSIONABLE EARNINGS over the year for EMPLOYEES who were employed for the entire year.

BANK ACCOUNT: An account in the name of the FUND with a bank as defined in the Banks Act no. 94 of 1990, or a mutual bank as defined in the Mutual Banks Act no. 124 of 1993.

[Definition "Benchmark Age" deleted in Rule 2.5 in terms of rule amendment no. 3 registered on 24 February 2017]

BENEFICIARY: Any person, including a DEPENDANT or nominee of a MEMBER, entitled to the payment of a benefit in terms of the RULES.

BENEFIT EVENT: The approval by the AUTHORITY in terms of Section 14 of the ACT of a transfer to an APPROVED FUND or an APPROVED PRESERVATION FUND, or any other withdrawal, retirement or death of a MEMBER or the accrual of the amount due to a former spouse of a MEMBER in terms of a valid divorce order in terms of S37D of the ACT.

BUSINESS DAY: Every day except Saturday, Sunday and public holidays recognised as such in the Republic of South Africa.

CALCULATION DATE: The effective date of calculation of the unit price of any investment portfolio maintained by or on behalf of the TRUSTEES in terms of RULE 13.3.2.

CITY OF CAPE TOWN: a municipality as defined in the Local Government Municipal Structures Act, No.117 of 1998 and known as the City of Cape Town.

COMMENCEMENT DATE: The date when the FUND was established in 1925.

CONTINGENCY RESERVE ACCOUNT: As required in terms of the ACT, an ACCOUNT or sub-account of the FUND, specified in these RULES, to which is credited or debited such amounts as the TRUSTEES determine, on the advice of the ACTUARY, in order to provide for explicit contingencies. Such CONTINGENCY RESERVE ACCOUNTS may include amounts set aside at the discretion of the TRUSTEES on the advice of the ACTUARY to make provision for minimum pension increases as required in terms of Section 14B of the ACT in respect of PENSIONERS in the DC SECTION or the DB SECTION. Such CONTINGENCY RESERVE ACCOUNTS may also be split as between the contingencies which may apply in respect of the DC SECTION and contingencies which may apply in respect of the DB SECTION.

CONTRIBUTION STABILISATION ACCOUNT: The ACCOUNT referred to in RULE 15, which records the amount held by the FUND to provide for the stabilisation of the rate of contributions by and in respect of the DB ACTIVE MEMBERS.

[Definition inserted in Rule 2.5 in terms of rule amendment no. 3 registered on 24 February 2017]

CONTRIBUTORY SERVICE: The period over which a DB ACTIVE MEMBER or a DC ACTIVE MEMBER has contributed to the FUND. This period is less than PENSIONABLE SERVICE if a DB ACTIVE MEMBER has purchased or been granted additional PENSIONABLE SERVICE in terms of RULE 48, or in respect of whom a TRANSFER VALUE has been received.

CONVERSION DATE: 1 July 1998.

CONVERSION EMPLOYERS: The EMPLOYER(S) participating in the FUND at the CONVERSION DATE.

DB ACTIVE MEMBER: A MEMBER who is an EMPLOYEE and who as a MEMBER belongs to the DB SECTION.

DB ASSETS: The assets held in respect of the DB SECTION of the FUND.

DB DATA RESERVE ACCOUNT: The ACCOUNT referred to in RULE 15, which records the amount held by the FUND to provide for any data errors in the DB SECTION.

DB ACTIVE MEMBER ACCOUNT: The ACCOUNT referred to in RULE 15, which records the amount held by the FUND in respect of its liability to the DB ACTIVE MEMBERS and the DEFERRED PENSIONERS in the DB SECTION.

DB MEMBER SURPLUS ACCOUNT: The ACCOUNT referred to in RULE 15, which reflects any ACTUARIAL SURPLUS apportioned to the MEMBERS and/or FORMER MEMBERS of the DB SECTION.

DB PENSIONER ACCOUNT: The ACCOUNT referred to in RULE 15, which records the amount held by the FUND in respect of its liability to the PENSIONERS in the DB SECTION.

DB SECTION: The section of the FUND providing benefits in terms of Chapter 4 of these RULES.

DC ACTIVE MEMBER: A MEMBER who is an EMPLOYEE and who as a MEMBER belongs to the DC SECTION.

DC DATA RESERVE ACCOUNT: The ACCOUNT referred to in RULE 15 which records the amount held by the FUND to provide for any data errors in the DC SECTION.

DC LIVING ANNUITANT: A person entitled to a living annuity in terms of RULE 37.

DC LIVING ANNUITY ACCOUNT: The ACCOUNT referred to in RULE 15, which records the aggregate of the DC LIVING ANNUITY SHARE ACCOUNTS.

DC LIVING ANNUITY SHARE ACCOUNT: The ACCOUNT referred to in RULE 15, which records the amount representing the liability of the FUND to a DC LIVING ANNUITANT.

DC MEMBER ACCOUNT: The ACCOUNT referred to in RULE 15 which represents the aggregate of the DC MEMBER SHARE ACCOUNTS.

DC MEMBER SHARE ACCOUNT: The ACCOUNT referred to in RULE 15 which records the amount representing the liability of the FUND to a DC ACTIVE MEMBER or a PAID-UP MEMBER in the DC SECTION.

DC MEMBER SURPLUS ACCOUNT: The ACCOUNT referred to in RULE 15, which reflects the ACTUARIAL SURPLUS apportioned to the MEMBERS and/or FORMER MEMBERS of the DC SECTION.

DC PENSIONER ACCOUNT: The ACCOUNT referred to in RULE 15, which records the amount held by the FUND in respect of its liability to the PENSIONERS in the DC SECTION.

DC SECTION: The section of the FUND providing benefits in terms of Chapter 3 of these RULES.

DEFERRED PENSIONER: A person who was previously a DB ACTIVE MEMBER and who:-

(a) Prior to 1 March 2019 had elected on ceasing to be in SERVICE to become a DEFERRED PENSIONER; or

(b) On or after 1 March 2019 became a DEFERRED PENSIONER in terms of RULES 49.3 or 58.

[Definition replaced in rule 2.5 in terms of rule amendment no. 8 registered on 9 September 2019]
[Definition amended in rule 2.5 in terms of rule amendment no. 12 registered on 26 October 2020]

DEPENDANT: Any person:-

(a) in respect of whom the MEMBER is legally liable for maintenance;

(b) in respect of whom the MEMBER is not legally liable for maintenance, if such person –

(i) was, in the opinion of the TRUSTEES, upon the death of the MEMBER in fact dependant on the MEMBER for maintenance;

(ii) is the SPOUSE of the MEMBER;

(iii) is a child of the MEMBER, including a posthumous child, an adopted child and a child born out of wedlock;

(c) in respect of whom the MEMBER would have become legally liable for maintenance, had the MEMBER not died.

DISABILITY INCOME BENEFIT POLICY: The policy, with an INSURER, which is owned by the EMPLOYER, and which provides a benefit upon the disability of a DC ACTIVE MEMBER on the terms agreed between the INSURER and the EMPLOYER.

ELIGIBLE CHILD: The child of a MEMBER, DEFERRED PENSIONER or PENSIONER, including –

(a) a posthumous child; or

(b) a stepchild or a child born out of wedlock; or

(c) an adopted child on proof of adoption to the satisfaction of the TRUSTEES;

provided the child has not been married and -

(i) is under the age of 21 (twenty-one) years; or

(ii) has, in the opinion of the TRUSTEES, become, before attaining the age of 21 (twenty-one) years, permanently incapacitated by reason of physical or mental infirmity from supporting himself or herself, or was so incapacitated at birth, and is financially dependent on the MEMBER, DEFERRED PENSIONER or PENSIONER concerned;

EMPLOYEE: Any person employed by the EMPLOYER or the FUND who –

a) in terms of the conditions of employment is required to belong to an APPROVED FUND approved by the EMPLOYER or the FUND, as the case may be; or

b) is employed by the EMPLOYER for a fixed period and who, at the time of being so employed, was already an ACTIVE MEMBER;

and including any such person who is in receipt of a disability income benefit in terms of the DISABILITY INCOME BENEFIT POLICY, even if such person is no longer in SERVICE.

EMPLOYER: The CITY OF CAPE TOWN.

EMPLOYER SURPLUS ACCOUNT: The ACCOUNT of the FUND referred to in RULE 15, which reflects any ACTUARIAL SURPLUS apportioned to the EMPLOYER.

EMPLOYER TRUSTEE: A TRUSTEE appointed by the EMPLOYER in terms of RULE 6.4.

EXPENSES ACCOUNT: The ACCOUNT referred to in RULE 15 reflecting the assets which provide for the expenses of the FUND in terms of RULE 11.3.

FINAL AVERAGE EARNINGS: The annual average of a DB ACTIVE MEMBER'S PENSIONABLE EARNINGS over the last 12 (twelve) months of CONTRIBUTORY SERVICE provided that if a MEMBER has been employed part-time during the period of CONTRIBUTORY SERVICE–

a) for the purpose of calculating the FINAL AVERAGE EARNINGS, the PENSIONABLE EARNINGS, during the period of part-time employment must be divided by the PART-TIME RATIO; and

b) for the purpose of calculating any part of a PENSION or lump sum that is based on PENSIONABLE SERVICE while in part-time employment, the FINAL AVERAGE EARNINGS so calculated must be multiplied by the PART-TIME RATIO.

FINANCIAL YEAR: The 12 (twelve) month period from 1 July to 30 June.

FIREMAN: An EMPLOYEE who is a member of the fire brigade under the CITY OF CAPE TOWN.

FORMER MEMBER: A person who was previously a MEMBER and an EMPLOYEE.

FRONT OFFICE: That office staffed by employees of the FUND and managed by the PRINCIPAL OFFICER. The FRONT OFFICE is the registered address of the FUND, provides secretarial services to the TRUSTEES and is the point of liaison between the FUND and the MEMBERS.

FUND: This FUND, being the Cape Municipal Pension Fund.

FUND RETURN: In relation to any relevant separately identifiable portion of the assets of the FUND, means the return calculated in respect of such portion for the relevant time period derived from the income (received or accrued) and capital gains and losses (realised or unrealised) earned on such portion of the assets, net of expenses and tax charges associated with the acquisition, holding or disposal of such portion of the assets, or a reasonable approximation of such return, as determined by the TRUSTEES on the advice of the ACTUARY or by such other party appointed by the TRUSTEES for this purpose

INCOME TAX ACT: The Income Tax Act, No. 58 of 1962, and any subordinate legislation thereto.

INSURER: An insurer registered as a long-term insurer in terms of the Long Term Insurance Act, No 52 of 1998.

LIFE ASSURANCE BENEFIT: Subject to the provisions of RULE 44, the amount payable to the FUND in terms of a policy by an INSURER providing a benefit after any tax or costs attributable thereto, on the death of a DC ACTIVE MEMBER.

MEDICAL BOARD: The MEMBER's own medical adviser who must be a medical practitioner registered in terms of the Health Professions Act, No 56 of 1974 as amended from time to time, and one medical officer appointed by the TRUSTEES, and if the members of such MEDICAL BOARD cannot agree in regard to any case, such members must appoint a medical practitioner to act with them as a 3rd (third) member of the MEDICAL BOARD in which case the decision of the majority must be final. Where the MEDICAL BOARD cannot agree on the appointment of a medical practitioner to the MEDICAL BOARD, the TRUSTEES must so appoint a medical practitioner registered in terms of the Health Professions Act, No 56 of 1974.

MEMBER: any one of:

(a) an EMPLOYEE who has been accepted for membership of the FUND and is either a DC ACTIVE MEMBER or a DB ACTIVE MEMBER;

(b) a PENSIONER (subject to the provisions of RULE 6);

(c) a PAID-UP MEMBER;

(d) a DEFERRED PENSIONER; or

(e) a DC LIVING ANNUITANT.

[Definition replaced in rule 2.5 in terms of rule amendment no. 8 registered on 9 September 2019]

MEMBER TRUSTEE: A TRUSTEE elected by the MEMBERS of either SECTION as referred to in RULE 6.3.

MINIMUM BENEFITS: The minimum individual reserve, as referred to in section 14B of the ACT, in respect of a DC ACTIVE MEMBER, a PAID-UP MEMBER, a DB ACTIVE MEMBER or a DEFERRED PENSIONER; and in respect of a DC LIVING ANNUITANT, the amount at that time to the credit of his or her DC LIVING ANNUITY SHARE ACCOUNT.

[Definition replaced in Rule 2.5 in terms of rule amendment no. 8 registered on 9 September 2019]

NORMAL RETIREMENT AGE: The age of 65 (sixty-five) years, irrespective of when an ACTIVE MEMBER became an EMPLOYEE of the CITY OF CAPE TOWN or its predecessor; provided that where a DC ACTIVE MEMBER is receiving a benefit under the DISABILITY INCOME BENEFIT POLICY, his or her NORMAL RETIREMENT AGE is as stated in the DISABILITY INCOME BENEFIT POLICY or, if not so stated, the age of 60 (sixty years).

[Definition inserted in Rule 2.5 in terms of rule amendment no. 3 registered on 24 February 2017]
[Definition amended in Rule 2.5 in terms of rule amendment no. 5 registered on 6 March 2018]

NORMAL RETIREMENT DATE: The last day of the month in which the ACTIVE MEMBER attains NORMAL RETIREMENT AGE or, in respect of an EMPLOYEE as referred to in (b) of the definition of EMPLOYEE, the later of the last day of the month in which the ACTIVE MEMBER attains NORMAL RETIREMENT AGE and the date when the fixed period of employment by the EMPLOYER expires.

[Definition inserted in Rule 2.5 in terms of rule amendment no. 3 registered on 24 February 2017]
[Definition "Optional Retirement Age" deleted in Rule 2.5 in terms of rule amendment no. 3 registered on 24 February 2017]

PAID-UP MEMBER:

(a) A person who was on 28 February 2019 a DEFERRED PENSIONER in the DC SECTION;

(b) A DC ACTIVE MEMBER who becomes a PAID-UP MEMBER in terms of RULE 32.1, 39.1 or 40.1.

[Definition inserted in Rule 2.5 in terms of rule amendment no. 8 registered on 9 September 2019]

PART-TIME RATIO: For a MEMBER who is employed part-time, the proportion that the number of hours that he or she is engaged to work in each normal week bears to the number of hours that a MEMBER who is employed full-time is engaged to work in each normal week, as determined by the EMPLOYER.

PENSION: A recurring benefit, payable by the FUND monthly or at such intervals as the RULES may prescribe or allow, to a PENSIONER or a DC LIVING ANNUITANT.

PENSIONABLE EARNINGS: That portion of the ACTIVE MEMBER's remuneration deemed to be pensionable as notified by his or her EMPLOYER to the FUND.

PENSIONABLE SERVICE: The period in completed years and months, expressed in number of years, taking fractions of a year into account, in respect of which contributions were paid or payable to the FUND in respect of an ACTIVE MEMBER, provided that:

PENSIONABLE SERVICE is not regarded as interrupted by any period of :-

a) authorised leave;

b) any break in SERVICE regarded as leave of absence without pay;

c) any period of suspension from office followed by full re-instatement in the same or another office;

where contributions in respect of the relevant periods are made;

and provided further that, in respect of DB ACTIVE MEMBERS and DEFERRED PENSIONERS in the DB SECTION, PENSIONABLE SERVICE includes :-

(i) any period, agreed to by the ACTUARY, arising from membership of an APPROVED FUND or APPROVED PRESERVATION FUND or any other

retirement fund, in respect of which the relevant amounts have been transferred to the FUND;

(ii) any prior membership of the FUND, in respect of which the ACTIVE MEMBER has not already received a benefit, or in respect of which the benefit has been repaid to the FUND, together with FUND RETURN thereon as determined by the ACTUARY;

(iii) any additional period, secured by any amount held by the FUND or paid into the FUND by the ACTIVE MEMBER, or on behalf of the ACTIVE MEMBER by the EMPLOYER, and to the extent determined by the TRUSTEES on the advice of the ACTUARY.

PENSIONER: A person, whether or not he or she was an EMPLOYEE, who is in receipt of a PENSION under the DB SECTION or the DC SECTION, but excluding a DC LIVING ANNUITANT.

PRINCIPAL OFFICER: The person appointed by the TRUSTEES from time to time as principal officer appointed to the FUND in terms of RULE 10.1.

[Definition of "Registrar" deleted and replaced by "Authority" throughout Rules in terms of rule amendment no. 8 registered on 9 September 2019]

RETIREMENT BENEFITS COUNSELLING: the disclosure and explanation, in clear and understandable language and including the risks, costs and charges, of:

(a) The available investment portfolios applicable in respect of PAID-UP MEMBERS and DC LIVING ANNUITANTS (if the retiring MEMBER belonged to the DC SECTION);

(b) The terms of the FUND'S annuity strategy according to whether the MEMBER belongs to the DC SECTION or the DB SECTION;

(c) The terms and process by which the FUND handles preserved benefits in terms of Regulation 38 to the ACT; and

(d) Any other options made available to MEMBERS.

[Definition inserted in 2.5 in terms of rule amendment no. 8 registered on 9 September 2019]

REVENUE AUTHORITY: South African Revenue Services, acting in terms of the INCOME TAX ACT.

RULES: These rules of the FUND.

SERVICE: Service as an EMPLOYEE of the EMPLOYER.

SOLVENCY RESERVE ACCOUNT: A sub-account of the DC PENSIONER, DB ACTIVE MEMBER or DB PENSIONER ACCOUNTS, being a CONTINGENCY RESERVE ACCOUNT, maintained on the advice of the ACTUARY and in accordance with RULES 15.3.4, 15.7.4 and 15.8.4, in order to provide for explicit contingencies, namely negative investment market movements and adverse demographic experience.

SPOUSE: Any person who falls within the definition of the same term in the ACT, which is, a person who is the permanent life partner or spouse or civil union partner of a member in accordance with the Marriage Act, No. 68 of 1961, the Recognition of Customary Marriages Act, No.68 of 1997, or the Civil Union Act No.17 of 2006, or the tenets of a religion.

TRANSFER SALARIES: The total pensionable salaries of the EMPLOYEES who elected as at the CONVERSION DATE not to continue participating in the DB SECTION of the FUND, adjusted annually on 1 July thereafter by AVERAGE SALARY INCREASES.

TRANSFER VALUE: The amount:

(a) received by the FUND from an APPROVED FUND or an APPROVED PRESERVATION FUND in respect of a DC ACTIVE MEMBER or a PAID-UP MEMBER, or prior to the CONVERSION DATE in respect of a DB ACTIVE MEMBER, or

(b) transferred by the FUND to an APPROVED FUND, or an APPROVED PRESERVATION FUND, in respect of a DC ACTIVE MEMBER or a PAID-UP MEMBER or a DC LIVING ANNUITANT or a DB ACTIVE MEMBER.

[Definition in rule 2.5 amended in terms of rule amendment no. 8 registered on 9 September 2019]

TRUSTEE: A member of the board of trustees, whether an EMPLOYER TRUSTEE or a MEMBER TRUSTEE.

UNCLAIMED BENEFITS ACCOUNT: The ACCOUNT referred to in RULE 15 and 23 reflecting the assets in respect of benefits which have not been paid to BENEFICIARIES.

VESTED PORTION: means that part of a DC MEMBER SHARE ACCOUNT, adjusted by FUND RETURN, of a DC ACTIVE MEMBER or PAID-UP MEMBER that:-

(a) In respect of such a MEMBER who was 55 years or older on the ANNUITISATION DATE, is any amount transferred to the FUND after the ANNUITISATION DATE which arises from:

(i) Contributions paid by and/or in respect of that MEMBER to an APPROVED PROVIDENT FUND of which she or he was a member on the ANNUITISATION DATE; and / or

(ii) Retirement savings accrued for her or his benefit in an APPROVED PROVIDENT PRESERVATION FUND of which she or he was a member on the ANNUITISATION DATE;

Subject to the proviso that in respect of (i) and (ii) such amounts are adjusted in the fund concerned

(aa) By the addition of any amounts credited to her or his member's individual reserve (as defined in the ACT) in that fund, together with fund return (as defined in the ACT) earned on such contributions and amounts in that fund; and

(bb) By the deduction of amounts lawfully deducted from his or her member's individual reserve in that fund;

(b) In respect of such a MEMBER who was under the age of 55 years on the ANNUITISATION DATE, is any amount transferred to the FUND after the ANNUITISATION DATE which arises from:

(i) Contributions paid by and in respect of the MEMBER, prior to the ANNUITISATION DATE, to an APRPOVED PROVIDENT FUND of which she or he was a member on the ANNUITISATION DATE; and/or

(ii) Retirement savings accrued for her or his benefit, prior to the ANNUITISATION DATE, in an APPROVED PROVIDENT PRESERVATION FUND of which she or he was member on the ANNUITISATION DATE;

Subject to the proviso that in respect of (i) and (ii) such amounts are adjusted in the fund concerned

(aa) By the addition of any amounts credited to her or his member's individual reserve (as defined in the ACT) in that fund, together with fund return (as defined in the ACT) earned on such contributions and amounts in that fund; and

(bb) By the deduction of amounts lawfully deducted from his or her member's individual reserve in that fund.

[Definition inserted in Rule 2.5 in terms of rule amendment no. 14 registered in 2021]

PART A – GOVERNANCE

RULE 3 - FUND GOVERNANCE

3.

3.1. The TRUSTEES collectively are responsible for the governance of the FUND, and all the powers required to manage and administer the FUND vest ultimately in the TRUSTEES. The TRUSTEES are assisted, in this governance responsibility, by the PRINCIPAL OFFICER, the FRONT OFFICE, and the service providers to the FUND. The TRUSTEES are accountable for the governance of the FUND to the MEMBERS, the EMPLOYER and the AUTHORITY.

RULE 4 – GOVERNANCE STRUCTURE

4.

4.1. In order to ensure that the FUND is administered and managed properly, with appropriate oversight, the following are the FUND's governance structures –

4.1.1. The TRUSTEES who govern, direct, control and exercise oversight over the operation and administration of the FUND. The TRUSTEES are ultimately responsible for the proper governance of the FUND.

4.1.2. The FRONT OFFICE provides the interface between the FUND, the MEMBERS and BENEFICIARIES. This is the responsibility of the PRINCIPAL OFFICER, who is accountable to the TRUSTEES.

4.1.3. The ADMINISTRATOR, who is accountable to the TRUSTEES, undertakes the general administration of the FUND including the management of the FUND BANK ACCOUNT, but excluding the activities of the FRONT OFFICE and the FUND investments. The PRINCIPAL

OFFICER is responsible for monitoring the performance of the ADMINISTRATOR.

4.1.4. The ACTUARY, AUDITOR, an independent legal adviser, an investment consultant, asset managers, an independent custodian, INSURERS and such other persons or entities considered necessary or desirable by the TRUSTEES for the proper management of the FUND, who, in terms of mandates agreed with the TRUSTEES, provide various services to the FUND. Each of these parties is accountable to the TRUSTEES and will be monitored by the PRINCIPAL OFFICER.

RULE 5 – GOVERNANCE POLICIES AND PROCESSES

5.

5.1. The TRUSTEES must have and review regularly –

5.1.1. a code of conduct;

5.1.2. a communication policy;

5.1.3. an investment policy statement;

5.1.4. TRUSTEE performance assessment tool;

5.1.5. a PENSION increase policy;

5.1.6. a risk management policy;

5.1.7. processes to deal with the retirement, death and withdrawal of MEMBERS; and

5.1.8. such other policies as the TRUSTEES may decide is appropriate.

5.2. The purpose of these documents is to record and demonstrate the governance of the FUND for the benefit of the MEMBERS, the BENEFICIARIES, the TRUSTEES, the EMPLOYER and the AUTHORITY.

RULE 6 – GOVERNANCE BY THE TRUSTEES

6.

6.1. The Board of TRUSTEES

6.1.1. The objectives of the TRUSTEES are to direct, control and oversee the operations of the FUND in accordance with the Constitution of South Africa, the ACT, all applicable laws, the common law and these RULES.

[Rule 6.1.1 amended in terms of Rule Amendment No. 11 registered on 23 June 2020]

6.1.2. In pursuing these objectives the TRUSTEES must take all reasonable steps to ensure that the interests of the MEMBERS, in terms of the RULES and the provisions of the ACT, are protected at all times.

6.1.3. For the purposes of this RULE 6 only, a MEMBER means a DC ACTIVE MEMBER, a DB ACTIVE MEMBER, a PAID-UP MEMBER, a DEFERRED PENSIONER, a PENSIONER who was previously an EMPLOYEE, and a DC LIVING ANNUITANT who was previously an EMPLOYEE.

[Rule 6.1.3 replaced in terms of rule amendment no. 8 registered on 9 September 2019]

6.2. Constitution and Composition of the TRUSTEES

[Rule 6.2 heading amended in terms of rule amendment no. 4 registered on 5 March 2018]

6.2.1. The board of TRUSTEES is properly constituted if it has a minimum of 6 (six) TRUSTEES and a maximum of 12 (twelve) TRUSTEES, provided that:-

6.2.1.1. The board of TRUSTEES must at all times comprise 6 (six) MEMBER TRUSTEES;

6.2.1.2. The requirements in RULE 6.2.1.1 does not apply if there is a vacancy in the office of MEMBER TRUSTEE which is or has been filled within 90 (ninety) days in terms of the RULES, or if it is not possible to fill the vacancy in terms of the RULES, the AUTHORITY fills the vacancy in terms of section 26 of the ACT.

[Rule 6.2.1 amended in terms of rule amendment no. 4 registered on 5 March 2018]

6.2.2. Those MEMBER TRUSTEES who receive the highest number of votes in an election are elected as the MEMBER TRUSTEES; provided that, subject to RULE 6.6.1:

6.2.2.1. The MEMBER TRUSTEES must include a MEMBER of the DB SECTION and a PENSIONER who was previously an EMPLOYEE;

6.2.2.2. The MEMBER TRUSTEE in RULE 6.2.2.1 may be the same person if he or she qualifies as both.

[Rule 6.2.2 amended in terms of rule amendment no. 4 registered on 5 March 2018]

6.3. Election of TRUSTEES

6.3.1. The TRUSTEES to be elected by the MEMBERS must themselves be MEMBERS.

6.3.2. An election of MEMBER TRUSTEES must be held not later than 30th November in the third year after the previous election.

6.3.3. A MEMBER may only validly stand for election if:

6.3.3.1. He or she is nominated in accordance with the provisions of RULE 6.3.4 on properly completed forms as determined by the TRUSTEES;

6.3.3.2. The nomination is delivered to the PRINCIPAL OFFICER not less than 28 (twenty-eight) days before the election date;

6.3.3.3. The nomination is accompanied by the confirmation in writing by the nominee that none of the criteria in RULE 6.7 apply to him or her;

6.3.3.4. The MEMBER has not breached any RULE or provision of the ACT; unless the TRUSTEES decide that such breach is of such a nature as should not preclude the MEMBER from being a TRUSTEE.

[Rule 6.3.3 replaced in terms of Rule Amendment No. 11 registered on 23 June 2020]

6.3.4. Each nominee who stands as a MEMBER TRUSTEE:

6.3.4.1. Must be nominated by another MEMBER, and the nomination must be signed by the nominee, the nominating MEMBER and at least 25 (twenty-five) other MEMBERS. It is not a

requirement that the nominee, the nominator and the 25 MEMBERS be in the same SECTION;

6.3.4.2. Must undertake in the nomination to be bound by the FUND's Code of Conduct;

6.3.4.3. Must acknowledge in the nomination that he or she owes the same fiduciary duty to all MEMBERS and BENEFICIARIES, regardless of the SECTION to which they belong.

[Rule 6.3.4 amended in terms of rule amendment no. 4 registered on 5 March 2018]

6.3.5. The process of the election is determined by the TRUSTEES.

6.3.6. Each MEMBER has six (6) votes but may not cast more than one (1) vote for a nominee and may cast fewer votes if he or she should so decide.

[Rule 6.3.6 amended in terms of rule amendment no. 4 registered on 5 March 2018]

6.3.7. **[Rule 6.3.7 deleted in terms of rule amendment no. 4 registered on 5 March 2018]**

6.3.8. The AUDITOR must confirm that the voting process was carried out fairly.

6.4. Appointment of EMPLOYER TRUSTEES

The TRUSTEES to be appointed by the EMPLOYER must be appointed in accordance with a process agreed by the EMPLOYER from time to time.

6.5. Period of Office

6.5.1. Subject to the provisions of RULES 6.7 and 6.8 a MEMBER TRUSTEE holds office until the next election, and retires with effect from the first TRUSTEE meeting after the election, during which the outgoing MEMBER TRUSTEES must hand over their responsibilities to the incoming MEMBER TRUSTEES.

6.5.2. Subject to the provisions of RULES 6.7 and 6.8, an EMPLOYER TRUSTEE holds office for a period of 3 (three) years.

6.5.3. A TRUSTEE is eligible, when his or her tenure ends, for re-election by MEMBERS or re-appointment by the EMPLOYER. There is no limit on the number of terms a TRUSTEE may serve.

6.6. TRUSTEE vacancies

6.6.1. Should a vacancy arise among the MEMBER TRUSTEES for any reason, the position of the TRUSTEE vacating office must be filled by the nominee who received the highest votes without being appointed TRUSTEE in the preceding election. This is subject to the nominee still being able and willing to so act. Any TRUSTEE so appointed, subject to RULE 6.7, holds office until the next election. Further vacancies must be filled in the same way. Notwithstanding the foregoing, a nominee who has breached any RULE or any provision of the ACT may not fill any such vacancy unless the TRUSTEES decide that such breach is of such a nature as should not preclude that nominee from being a TRUSTEE.

[Rule 6.6.1 amended in terms of rule amendment no. 4 registered on 5 March 2018]
[Rule 6.6.1 amended in terms of rule amendment no. 11 registered on 23 June 2020]

6.6.2. **[Rule 6.6.2 deleted in terms of rule amendment no. 4 registered on 5 March 2018]**

6.6.3. Should a vacancy arise among the EMPLOYER TRUSTEES for any reason, the EMPLOYER must appoint a replacement in accordance with the procedure laid down in RULE 6.4.

6.6.4. Any vacancy on the board of TRUSTEES must be filled within a period of 90 (ninety) days.

[Rule 6.6.4 replaced in terms of rule amendment no. 11 registered on 23 June 2020]

6.7. Persons disqualified from being TRUSTEES

A person is disqualified from being appointed or elected or continuing in office as a TRUSTEE if that person:

6.7.1. was previously a TRUSTEE and was found by the TRUSTEES to have been in breach of the FUND's code of conduct, or has been previously removed as a trustee of another retirement fund, unless the TRUSTEES agree to the contrary; or

6.7.2. is under 18 (eighteen) years of age; or

6.7.3. is mentally or physically incapable of discharging his or her duties in terms of these RULES and/or the ACT; or

6.7.4. has had his or her estate sequestrated or surrendered or assigned in favour of creditors and who has not been rehabilitated by a court; or

6.7.5. has been convicted by a court of theft, fraud, forgery or any offence involving dishonesty; or

6.7.6. has been discharged by a court from any office of trust on account of misconduct; or

6.7.7. has been convicted by a court on any charge and sentenced to a prison term without the option of a fine; or

6.7.8. has been found guilty of any act of misconduct involving theft, fraud, forgery or breach of trust following a disciplinary hearing of the EMPLOYER.

6.8. The circumstances under which a TRUSTEE vacates office

A TRUSTEE vacates office:

6.8.1. on resignation in writing as a TRUSTEE delivered to the PRINCIPAL OFFICER; or

6.8.2. in the case of an EMPLOYER TRUSTEE who is also a councillor of the CITY OF CAPE TOWN, when he or she ceases to be a councillor in consequence of a local government election, unless re-elected in that election; or

[Rule 6.8.2 amended in terms of rule amendment no. 4 registered on 5 March 2018]

6.8.3. on ceasing to be a MEMBER of the FUND in the case of a MEMBER TRUSTEE; or

6.8.4. if, an independent investigation finds that a TRUSTEE is not a fit and proper person to hold office and provided that not less than ¾ (three quarters) of the TRUSTEES in office agree with this finding. This is irrespective of whether or not there has been a breach of the FUND's code

of conduct established in terms of RULE 7. This is subject to the TRUSTEES having heard representations in the matter by the TRUSTEE concerned, or his or her representative, before accepting or rejecting the finding; or

6.8.5. if a TRUSTEE, within 30 (thirty) days of appointment or election as a TRUSTEE, fails to sign the acceptance of trust form, incorporating the FUND's code of conduct, together with any annexure thereto. The contents of the acceptance of trust form and any such annexure must have been agreed by the TRUSTEES; or

6.8.6. if a TRUSTEE fails to comply with the minimum meeting attendance requirement of attendance at 75% (seventy-five per cent) of all TRUSTEE meetings, including meetings of any sub-committee of which the TRUSTEE is a member, or if a TRUSTEE fails to attend 3 (three) consecutive TRUSTEE meetings or 3 (three) consecutive sub-committee meetings of which the TRUSTEE is a member. This applies regardless of whether that TRUSTEE has tendered an apology. A TRUSTEE'S meeting attendance will be measured according to the number of meetings of the FUND held during each calendar year. Failure to comply with the minimum attendance requirement may be condoned after good cause has been shown by the TRUSTEE concerned and if granted by a majority of 2/3rd (two-thirds) of the TRUSTEES in terms of RULE 8.4.2 after considering submissions made by the TRUSTEE concerned; or

6.8.7. if appointed as an EMPLOYER TRUSTEE and the EMPLOYER withdraws the appointment as TRUSTEE by notice in writing to the PRINCIPAL OFFICER; or

6.8.8. if any of the grounds listed in RULE 6.7 becomes applicable to a TRUSTEE while in office, in which case he or she is disqualified from remaining a TRUSTEE.

RULE 7 – CODE OF CONDUCT AND REMUNERATION OF TRUSTEES

7.

7.1. Code of Conduct

7.1.1. The TRUSTEES must establish a code of conduct, which sets out, as the policy of the FUND, the management by the TRUSTEES of themselves, the management by the TRUSTEES of the FUND and the management by

the TRUSTEES of their relationships with service providers and stakeholders of the FUND.

7.1.2. This code of conduct must also provide for the appraisal annually of the TRUSTEES.

7.1.3. If any TRUSTEE is in breach of the code of conduct then the TRUSTEES have the power to suspend that TRUSTEE for such period or on such terms as the TRUSTEES decide, or may, in terms of RULE 6.8.4, remove such TRUSTEE from office.

7.2. Reimbursement of Expenses and Remuneration of Trustees

7.2.1. Any expenses relating to the performance by a TRUSTEE of his or her duties, including without limiting the generality of this, travel and accommodation costs, the costs of education of a TRUSTEE in order to carry out his or her duties, any out of town allowance paid by the FUND in accordance with the policy referred to in RULE 7.2.4 and the costs of attending any conference for pension educational purposes, must be borne by the FUND, provided the TRUSTEES agree to that. The FUND may also reimburse a TRUSTEE for such expenses incurred by that TRUSTEE.

7.2.2. A TRUSTEE may be remunerated for his or her services as a TRUSTEE in accordance with the policy established by the TRUSTEE in terms of RULE 7.2.4; provided that no TRUSTEE may provide or be remunerated for any professional services to the FUND.

7.2.3. The expenses referred to in RULE 7.2.1, which are borne by the FUND, and such remuneration referred to in RULE 7.2.2 as is paid to a TRUSTEE, must be separately disclosed in the annual financial statements of the FUND.

7.2.4. The TRUSTEES may establish and review from time to time a policy in relation to the matters referred to in RULES 7.2.1 and 7.2.2, which may include who is authorised to approve the payment of any expense, as referred to in Rule 7.2.1, which may be incurred. Such a policy must be made available to any MEMBER who requests a copy.

RULE 8 – CONDUCT OF TRUSTEE MEETINGS

8.

8.1. **Chairperson**

8.1.1. At the first TRUSTEES' meeting after each Annual General Meeting of the FUND, the TRUSTEES must elect a Chairperson and Deputy Chairperson.

8.1.2. The Chairperson must preside over and is empowered to preserve due and proper conduct of the TRUSTEES at meetings. In the absence of the Chairperson, and whenever the Chairperson steps down from the Chair for any reason, the Deputy Chairperson must assume the role of Chairperson.

8.1.3. Should both the Chairperson and Deputy Chairperson be absent from the meeting, those TRUSTEES present at the meeting must elect 1 (one) of their number to act as Chairperson for the occasion.

8.1.4. The Chairperson and Deputy Chairperson serve for a maximum period of 1 (one) year, but may make themselves available for re-election any number of times without limit.

8.2. **Meetings of the TRUSTEES**

8.2.1. The TRUSTEES must meet in person at such intervals as they deem necessary to conduct the business of the FUND, provided that:-

8.2.1.1. they must meet at least 4 (four) times per annum;

8.2.1.2. the TRUSTEES may meet by way of telephone conference if the Chairperson so decides.

8.2.2. Notice of at least 10 (ten) days must be given of any meeting provided that the Chairperson may, in special circumstances, convene a meeting with shorter notice.

8.2.3. A TRUSTEE may, unless the Chairperson decides otherwise, attend a meeting if able to participate by telephone or videoconference.

8.3. **Agendas**

Agendas must be prepared and distributed by the PRINCIPAL OFFICER at least 7 (seven) days prior to any meeting of the TRUSTEES, provided that the TRUSTEES may condone a shorter period for the distribution of any agenda.

8.4. **Quorum and resolution provisions**

8.4.1. A quorum for any TRUSTEE meeting is 50% of the number of TRUSTEES in office plus 1 (one).

8.4.2. The Chairperson must strive for consensus. Should this not be possible the decision of $^2/_3$ (two thirds) of the TRUSTEES present at the meeting, as reflected in a resolution, constitutes a decision of the TRUSTEES. All TRUSTEES, including the Chairperson, have 1 (one) vote each. A resolution passed either by consensus or by $^2/_3$ (two thirds) majority is effective when it is passed. A copy of such resolution, signed by the Chairperson and the PRINCIPAL OFFICER, shall constitute confirmation of the resolution.

8.4.3. The TRUSTEES may pass a resolution to decide any matter either at a meeting or by way of a resolution in writing. A resolution in writing is effective if signed by at least $^2/_3$(two thirds) of the TRUSTEES in office. The effective date of a resolution in writing is the date of the last signature required to make it effective.

8.4.4. In the event that the TRUSTEES do not reach a decision, the status of the relevant matter will remain unchanged.

8.5. **Minutes**

8.5.1. Minutes of all meetings of the TRUSTEES, whether in person or by telephone conference, must be recorded in writing and kept in accordance with any relevant regulation.

8.6. **Special meetings**

8.6.1. A special meeting of the TRUSTEES may be called upon such notice as the Chairperson, or in his or her absence, the Deputy Chairperson, may determine, should an urgent resolution be required.

8.7. Information to be provided to consultants and experts

The TRUSTEES must cause all consultants and other experts who may be asked to attend TRUSTEE meetings and sub-committee meetings, to receive the necessary notifications, agendas, and other information, as the TRUSTEES deem necessary or desirable for each such consultant or expert to do the required work for the FUND.

8.8. Deadlock Resolution

8.8.1. At all meetings of TRUSTEES, the TRUSTEES should strive for consensus but in the absence of consensus, a $^{2}/_{3}$ (two-thirds) majority decision in terms of RULE 8.4.2 will be binding.

8.8.2. In terms of these RULES, a deadlock arises if a decision does not have the required $^{2}/_{3}$ (two-thirds) majority in terms of RULE 8.4.2 and a motion to refer the matter for deadlock resolution in terms of this RULE is supported by at least half of the TRUSTEES present at the meeting.

8.8.3. In the event that a matter is referred for deadlock resolution in terms of RULE 8.8.2, such matter must be referred to the next meeting of the TRUSTEES, prior to which, input from the FUND's relevant service providers on the issue to be decided must be made available to all TRUSTEES.

8.8.4. If at such next meeting of the TRUSTEES and after the service provider input has been received, the issue remains deadlocked in terms of RULE 8.4.2 above, then the TRUSTEES must consider the following deadlock resolution mechanisms:

8.8.4.1. If all the TRUSTEES agree that mediation has a reasonable prospect of success, then a mediator, selected by the PRINCIPAL OFFICER, after consultation with the FUND's relevant service providers, must mediate the deadlock.

8.8.4.1.1. This selection shall be made within 2 (two) BUSINESS DAYS after the meeting of the TRUSTEES and the appointment shall be made as soon as possible thereafter. The mediator must be a member of a recognised mediation association and have at least 10 (ten) years' experience. Although expert knowledge by the mediator in regard to the

issue in question must be a factor in considering his or her appointment, it is recognised that this will not always be possible and the PRINCIPAL OFFICER may choose the mediator for his or her expert mediation skills.

8.8.4.1.2. The PRINCIPAL OFFICER must send all information and relevant documentation relating to the issue to be decided to the appointed mediator as soon as possible after his or her appointment. Within 5 (five) BUSINESS DAYS after the mediator's appointment, the PRINCIPAL OFFICER must schedule a meeting of the TRUSTEES at the earliest possible date, at which meeting the mediator will mediate the deadlock and facilitate the TRUSTEES reaching a decision in terms of RULE 8.4.2.

8.8.4.1.3. In the absence of a decision at this meeting, as per RULE 8.8.4.1.2, the mediator will determine whether it may be possible for the TRUSTEES to reach a decision at a second TRUSTEE meeting held to resolve the deadlock. If the mediator decides that it is possible, the PRINCIPAL OFFICER must schedule a second meeting of the TRUSTEES at the earliest possible date. The mediator will decide the process for the second meeting and will continue to mediate the deadlock and facilitate the TRUSTEES reaching a decision in terms of RULE 8.4.2.

8.8.4.1.4. If the mediator does not consider that the deadlock can be resolved at a second TRUSTEE meeting or if a decision is not reached at the second meeting, the mediation will be accepted as having failed.

8.8.4.2. If a decision to refer the deadlock to mediation cannot be reached by the TRUSTEES or if the mediation process fails, then the TRUSTEES shall refer the deadlock to an independent expert.

8.8.4.2.1. This expert shall be of at least 5 (five) years' standing, depending on the complexity of the issue to be decided, and shall be selected by the PRINCIPAL OFFICER after consultation with the FUND's relevant service providers. This selection shall be made within 2 (two) BUSINESS DAYS after the meeting of the TRUSTEES and the appointment shall be made as soon as possible thereafter. The TRUSTEES must require that the independent expert, in making the decision, acts as an expert and not as an arbitrator, and makes the decision within 10 (ten) BUSINESS DAYS after his or her appointment or any other time period that the PRINCIPAL OFFICER, in consultation with the relevant service providers of the FUND, may decide.

8.8.4.2.2. The decision of the independent expert shall be final and binding on the TRUSTEES unless all the TRUSTEES then in office agree that the decision was made in bad faith or manifest error, in which event the matter shall be put to the vote again. If there is again no decision in terms of RULE 8.4.2, the matter shall be referred to a second independent expert in the same manner as set out in this RULE and subject to the same requirements, except that the decision of the second independent expert shall be final and binding on the TRUSTEES.

PART B - FUND MANAGEMENT

RULE 9 – SUB COMMITTEES, COMMUNICATION AND MEMBER MEETINGS

9.

9.1. TRUSTEE sub committees

9.1.1. The TRUSTEES may cause sub-committees, with such delegated powers as may be specified by the TRUSTEES, to be set up from time to time, to deal with FUND matters.

9.1.2. The TRUSTEES must determine the number of seats and the composition of each sub-committee.

9.1.3. The TRUSTEES must draw up a written mandate to each sub-committee, specifying:

9.1.3.1. the scope of the authority of that sub-committee;

9.1.3.2. how that sub-committee is to conduct its business;

9.1.3.3. the extent to which the sub-committee may co-opt other persons to assist it in fulfilling its mandate;

9.1.3.4. how and when that sub-committee is to report to the TRUSTEES; and

9.1.3.5. those matters, if any, that that sub-committee may decide without reference to the TRUSTEES.

9.1.4. In relation to any delegated responsibility, only the TRUSTEES serving on such sub-committee have the right to vote. When a sub-committee is set up it may only act in terms of its mandate, which the TRUSTEES may amend from time to time or withdraw at any time.

9.1.5. Any sub-committee must be entitled to request the advice of any parties they deem necessary in any matter, subject to budgetary constraints agreed to by the TRUSTEES.

9.1.6. Regardless of anything to the contrary anywhere in the RULES or in the mandate of any sub-committee, the TRUSTEES retain the responsibility for the decisions made and actions taken.

9.2. **Annual General Meeting**

9.2.1. An Annual General Meeting (AGM) of MEMBERS must be held not later than 8 (eight) months after the end of each FINANCIAL YEAR, at such time and place as the TRUSTEES decide.

9.2.2. The purposes of the AGM are to:

9.2.2.1. present the FUND's annual report to the MEMBERS;

9.2.2.2. report on the FUND's performance during the previous FINANCIAL YEAR;

9.2.2.3. report to the MEMBERS any changes to the RULES during the preceding year; and

9.2.2.4. such other business as the TRUSTEES may decide.

9.2.3. The meeting does not have the power to take resolutions binding on the TRUSTEES. However, the TRUSTEES must give due consideration to any matters raised at the AGM.

9.2.4. Notice of the AGM must be given to all MEMBERS and the EMPLOYER not less than 14 (fourteen) days prior to the meeting.

9.2.5. Minutes of the AGM must be kept and published in the next annual report of the FUND.

9.2.6. The TRUSTEES must choose one of their number to chair the AGM.

9.3. **Extraordinary meetings of MEMBERS**

9.3.1. On receipt of a petition signed by at least 5% (five per cent) of the total MEMBERS, an extraordinary meeting of MEMBERS must be called as soon as is practically possible but not later than 60 (sixty) days after receiving such petition.

9.3.2. Such a meeting does not have the power to take resolutions binding on the TRUSTEES, however the TRUSTEES must give due consideration to any matter raised at such meeting.

9.4. **Communication**

The TRUSTEES are required to keep MEMBERS informed of the relevant matters of the FUND through regular annual reports, benefit statements, newsletters and other media, training sessions and presentations, as stipulated by the TRUSTEES from time to time. All this must be reflected in a Communications Policy approved and reviewed from time to time by the TRUSTEES.

RULE 10 – OFFICERS OF THE FUND

10.

10.1. PRINCIPAL OFFICER

10.1.1. The TRUSTEES must appoint a PRINCIPAL OFFICER upon such terms and conditions, as may be stipulated by the TRUSTEES, subject to the requirements of the ACT and the AUTHORITY. Any such appointment may be cancelled by the TRUSTEES in their sole discretion. The PRINCIPAL OFFICER is not permitted to also be a TRUSTEE.

10.1.2. The FUND must inform the AUTHORITY of the name and address of the PRINCIPAL OFFICER within 30 (thirty) days after his or her appointment.

10.1.3. If the PRINCIPAL OFFICER is absent from the Republic of South Africa for a period exceeding 30 (thirty) days or is otherwise unable to perform the duties, the TRUSTEES must appoint another person as PRINCIPAL OFFICER during the period of absence or disability and must advise the AUTHORITY accordingly.

10.1.4. The PRINCIPAL OFFICER must perform all the functions required by law and these RULES, as well as to act on the instructions of the TRUSTEES.

10.2. **AUDITOR**

10.2.1. The TRUSTEES must appoint an AUDITOR, subject to the provisions of the ACT.

10.2.2. The AUDITOR must have access to all books, vouchers, accounts, and other documents pertaining to the FUND and must certify in writing the result of each audit.

10.3. **ACTUARY**

10.3.1. The TRUSTEES must appoint a person who, in the opinion of the AUTHORITY is suitably qualified, to perform actuarial valuations on the FUND and are bound to consult with him or her on actuarial matters relating to the FUND.

10.3.2. The ACTUARY must prepare such actuarial reports on the FUND as a whole and on the DC SECTION and the DB SECTION, as specified in RULE 26.1, as may be required by the ACT, the AUTHORITY, and the TRUSTEES. Copies of all actuarial reports or valuations required by or in terms of the ACT must be sent by the FUND to the AUTHORITY and the EMPLOYER within the period prescribed by the ACT.

10.4. **Consultants and expert advisors**

The TRUSTEES may appoint professional consultants, attorneys and other expert advisors to assist them with decisions and transactions where necessary.

10.5. **Appointment of monitoring person**

The TRUSTEES must appoint a monitoring person to ensure compliance with the requirements for the payment of contributions in terms of section 13A and Regulation 33 of the ACT.

RULE 11 – FUND OPERATION

11.

11.1. Administration

11.1.1. The TRUSTEES must entrust the general administration of the FUND, other than in respect of the responsibilities of the FRONT OFFICE and the investments of the FUND, to an ADMINISTRATOR. The TRUSTEES may also terminate the services of the ADMINISTRATOR when they deem it necessary or desirable, and appoint a new ADMINISTRATOR.

11.1.2. The TRUSTEES must cause an agreement to be drawn up and amended when necessary, specifying the duties, obligations, functions and authority of the ADMINISTRATOR, which must provide that:

11.1.2.1. the ADMINISTRATOR must take the utmost care of those monies of the FUND held in the BANK ACCOUNT;

11.1.2.2. the ADMINISTRATOR must report to the TRUSTEES with such frequency and in respect of such areas of the ADMINISTRATOR'S responsibility that will enable the TRUSTEES to properly exercise their oversight responsibility;

11.1.2.3. the ADMINISTRATOR must provide the TRUSTEES with such information as will enable the TRUSTEES to exercise properly any discretion they have;

11.1.2.4. the ADMINISTRATOR must have active disaster recovery plans in place, including but not limited to taking appropriate measures to ensure that the information of the FUND in its possession, and in particular the data relating to MEMBERS and BENEFICIARIES, is kept secure, private and in a form that may be used by another ADMINISTRATOR;

11.1.2.5. the ADMINISTRATOR must maintain proper accounts, entries, registers and records relating to the FUND. Such accounts, entries, registers and records may be stipulated by the TRUSTEES who may, in that regard, be advised by the ACTUARY or the AUDITOR; and

11.1.2.6. the ADMINISTRATOR must give written confirmation of the insurance required in terms of RULE 11.1.3.

11.1.3. The TRUSTEES must ensure that the ADMINISTRATOR appointed by the FUND maintains appropriate fidelity cover in such amount as will protect the FUND in the event of the FUND suffering any loss through the fault of such ADMINISTRATOR.

11.1.4. The TRUSTEES may require the AUDITOR to investigate the systems and administration of the FUND by the ADMINISTRATOR(S) and report on this investigation, to the TRUSTEES in writing.

11.2. **FUND Financial Accounts**

11.2.1. The TRUSTEES must ensure that as far as is reasonably possible the annual financial accounts of the FUND are finalised, approved by them, and submitted to the AUTHORITY within the period prescribed.

[Rule 11.2.1 replaced in terms of rule amendment no. 11 registered on 23 June 2020]

11.2.2. Copies of the financial accounts of the FUND must, upon request, be made available to the EMPLOYER or a MEMBER after the TRUSTEES and AUTHORITY have approved them.

11.3. **Expenses**

11.3.1. All expenses relating to the management and administration of the FUND, including the cost of communication, expert consultants, audits and investment expenses must be borne by the FUND and shall be debited to (subtracted from) the various ACCOUNTS of the FUND as the TRUSTEES may decide and in accordance with the provisions of RULE 15.

11.3.2. All the FUND expenses, as defined below, must be paid by the FUND. For the purposes of this RULE, "FUND expenses" means:-

11.3.2.1. the fees and disbursements due to the ADMINISTRATOR in terms of the agreement between it and the FUND;

11.3.2.2. the fees and disbursements of any person providing any service or advice to the FUND including, without limiting the generality of this provision, the ACTUARY, the AUDITOR, any legal adviser to the FUND, any adviser in relation to the investments or assets of the FUND, the custodian of the FUND'S assets, any tracing agent used to trace any MEMBER or BENEFICIARY, or any other person;

[Rule 11.3.2.2 amended in terms of rule amendment no. 5 registered on 6 March 2018]

11.3.2.3. the disbursements, allowances and remuneration in respect of any TRUSTEES;

11.3.2.4. any tax payable by the FUND;

11.3.2.5. any levies or charges imposed by the AUTHORITY or any statutory body;

11.3.2.6. any switching fees or expenses or any other fees and expenses relating to the management of the FUND assets;

11.3.2.7. the premiums in respect of the LIFE ASSURANCE BENEFIT, the DISABILITY INCOME BENEFIT POLICY and any Funeral Benefit Arrangement provided by the EMPLOYER for the benefit of DC ACTIVE MEMBERS; and

11.3.2.8. any other expenses which the FUND is liable in law to pay.

11.3.3. If a FUND expense is not deductible from the FUND RETURN by the person managing the assets to which that FUND RETURN relates or the custodian in respect of its services to the FUND, then such FUND expense must be deducted from the EXPENSES ACCOUNT; subject to the following provisos:-

11.3.3.1. First Proviso: where the balance of the EXPENSES ACCOUNT is insufficient to meet any FUND expenses then the TRUSTEES may, on the advice of the ACTUARY, subtract so much from the DC MEMBER ACCOUNT, DC PENSIONER ACCOUNT, DC LIVING ANNUITY ACCOUNT, DB ACTIVE MEMBER ACCOUNT and DB PENSIONERS ACCOUNT, and in such proportions from these ACCOUNTS as they consider fair, as is sufficient to ensure that the EXPENSES ACCOUNT does not have a negative balance. In determining such proportions, the TRUSTEES must endeavour to ensure that a category of membership does not subsidise another category of membership in respect of their expenses, unless it is not practically possible to attribute the expenses in question to a specific category of membership.

11.3.3.2 Second Proviso: if the TRUSTEES after receiving advice from the ACTUARY decide that a FUND expense is more appropriately to be borne by a MEMBER or a category of MEMBERS then the TRUSTEES may require that the ACCOUNT relating to that MEMBER or category of MEMBERS be debited with the expense concerned and the EXPENSES ACCOUNT correspondingly credited.

11.3.3.3 Third Proviso: If the TRUSTEES in the exercise of their powers in terms of the Second Proviso in RULE 11.3.3.2 decide that the PAID-UP MEMBERS as a category of MEMBERS are to be debited with such FUND expenses as may be attributed to them, then such FUND expenses so debited against the DC MEMBER

ACCOUNT of each may not exceed the FUND expenses that would have been debited in respect of them as a DC ACTIVE MEMBER and must be fair, reasonable and commensurate with the FUND expenses in respect of DC ACTIVE MEMBERS.

[Rule 11.3.3.3 inserted in terms of rule amendment no. 8 registered on 9 September 2019]

11.3.4. If the TRUSTEES, on the advice of the ACTUARY, consider it necessary or desirable, rather than debiting (subtracting from) any ACCOUNTS in terms of RULE 11.3.3 in order to eliminate a negative balance in the EXPENSES ACCOUNT, the TRUSTEES may instead utilise an amount of the FUND RETURN to eliminate a negative balance in the EXPENSES ACCOUNT provided this is done in a way as does not unfairly prefer any category of MEMBER at the expense of another category of MEMBER.

11.4. **Safekeeping, custody and title**

11.4.1. The FUND must make arrangements for all documents of title and any other documents of importance or value to be held in safekeeping.

11.4.2. All financial assets and securities belonging to or held by the FUND must be registered in the name of the FUND or in the name of a nominee company approved by the AUTHORITY and appointed by the TRUSTEES.

11.4.3. The TRUSTEES must appoint a custodian to keep custody of financial assets and securities belonging to or held by the FUND.

11.4.4. Any investment manager appointed by the FUND to administer its assets must be authorised by the FUND to deal with the appointed custodian, on such terms as the TRUSTEES determine.

11.4.5. The AUDITORS must, on an annual basis or more frequently if the TRUSTEES so decide, monitor and report to the TRUSTEES on the custodian's execution of its responsibilities under RULE 11.4.3, and the FUND's compliance with the safekeeping and title provision of RULES 11.4.1 and 11.4.2.

RULE 12 – GENERAL POWERS OF THE TRUSTEES

12.

12.1. Subject to the provisions of the ACT and all other statutory provisions, the TRUSTEES have all the powers necessary to carry out the objectives and purposes of the FUND in accordance with the RULES.

12.2. Without limiting the generality of RULE 12.1, the TRUSTEES have the following specific powers:

12.2.1. to receive, administer and apply the monies of the FUND;

12.2.2. to contract on behalf of the FUND and to sign any contract or other document on behalf of the FUND;

12.2.3. to institute any legal action or process for the FUND and to conduct, settle or abandon such action or process, to defend or settle any legal action or process instituted against the FUND;

12.2.4. to raise or borrow monies, at interest or otherwise, in accordance with the ACT; provided that any such borrowing is for bridging purposes to maintain sufficient liquidity to meet the FUND's operational requirements; and provided further that the TRUSTEES may pledge, mortgage, cede or otherwise encumber any asset of the FUND for the purposes of such borrowing;

12.2.5. to acquire, hold, lease, alienate or otherwise deal with any movable or immovable property of the FUND subject to the provisions of Section 19 of the ACT;

12.2.6. to lend monies or financial assets of the FUND in accordance with the ACT and on such terms and with or without security as the TRUSTEES may determine;

12.2.7. to invest, put out at interest, place on deposit, make advances of, or otherwise deal with all monies of the FUND upon such security 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, or any other type of asset of whatsoever nature and wherever situated which it is appropriate for a pension fund of the nature of the FUND to hold; provided that the TRUSTEES may delegate their powers to make

investments of any nature to a person or financial institution licensed to provide intermediary services in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002, or in respect of any FUND assets held outside South Africa, to a person or financial institution similarly licensed;

12.2.8. to defray expenses incurred as a result of such delegation out of the monies of the FUND or the income from or the capital of the assets concerned, as the TRUSTEES may decide;

12.2.9. to authorise derivative transactions in accordance with the ACT and in terms of the FUND's investment policy from time to time; and

12.2.10. to grant a loan to any DC ACTIVE MEMBER as envisaged in Section 19 of the ACT, subject to the requirements of the ACT and of the National Credit Act, No 34 of 2005, and also subject to such limitations and conditions as may be laid down by the TRUSTEES; provided that any loan granted in terms of this RULE must be repaid immediately on termination of the MEMBER's SERVICE, and must, in accordance with the provisions of the RULES and Section 37D of the ACT, be deducted from any benefit in respect of such MEMBER, whether payable to that MEMBER or to a BENEFICIARY;

12.2.11. to furnish a guarantee in respect of a loan granted to a DC ACTIVE MEMBER by a financial institution acceptable to the TRUSTEES for the purposes referred to in Section 19 of the ACT, subject to the requirements of the ACT and such limitations and conditions as may be laid down by the TRUSTEES;

12.2.12. to insure with an INSURER, on terms determined by the TRUSTEES, any benefits provided by the FUND to MEMBERS;

12.2.13. to delegate the exercise of any of their powers and the performance of any of their functions to a sub-committee or any other person or persons, including the ADMINISTRATOR, subject to any conditions TRUSTEES may determine;

12.2.14. to make, amend and rescind any policy, process or code in respect of any matter concerning the FUND, provided that this does not conflict with the RULES or the ACT;

12.2.15. to establish and review from time to time the FUND's arrangements in respect of RETIREMENT BENEFITS COUNSELLING;

[Rule 12.2.15 inserted in terms of rule amendment no. 8 registered on 9 September 2019]

12.2.16. to take such steps and to exercise such discretion in relation to the governance of the FUND as is necessary to achieve the objectives of the FUND, provided that this is in accordance with the RULES and the ACT.

[Rule 12.2.16 renumbered from 12.2.15 to 12.2.16 in terms of rule amendment no. 8 registered on 9 September 2019]

12.3. **Signing of documents**

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

12.4. **Indemnification**

The FUND indemnifies each TRUSTEE, the PRINCIPAL OFFICER and each employee of the FUND against all liability, damages, costs and expenses incurred or suffered by that person arising out of or in connection with the performance of his or her duties in terms of the RULES or any employment contract save where such liabilities, damages, costs or expenses are attributable to dishonesty of or fraud by that person, or to negligence by that person.

12.5. Fidelity and Professional indemnity insurance

12.5.1. The TRUSTEES must ensure that the FUND is covered by way of insurance cover, in such amount and on such terms as they determine, against a loss which may be suffered by the FUND.

12.5.2. The TRUSTEES may at their discretion, and at the expense of the FUND, take out directors' and officers' insurance to protect each TRUSTEE, the PRINCIPAL OFFICER and such other person involved in the administration of the FUND as the TRUSTEES decide, against any loss suffered by the FUND as a result of the negligence of that person. The TRUSTEES will, from time to time, determine the amount of this insurance.

12.6. Confidentiality and impartiality

The TRUSTEES must:

12.6.1. act with impartiality and in good faith in respect of all MEMBERS, PENSIONERS and BENEFICIARIES; and

12.6.2. not disclose any information relating to the EMPLOYER, MEMBERS or the FUND to any person unless such information is in the public domain, or such person has a lawful right to that information, or that person, being an agent or employee of the FUND, requires that information for the fulfilment of his or her responsibilities to the FUND (and then only on the basis that such person is required to keep such information confidential).

12.7. Amendment of RULES

12.7.1. The TRUSTEES are empowered to amend the provisions of these RULES in terms of Section 12 of the ACT if this is necessary to ensure compliance with any law or statutory provision, order of court or determination of the ADJUDICATOR. The TRUSTEES must notify the MEMBERS and the EMPLOYER thereof, but are not required to obtain the MEMBERS' or EMPLOYER'S consent unless otherwise provided in the RULES.

12.7.2. In addition, the TRUSTEES may make amendments to the RULES for reasons other than the above, provided that:-

12.7.2.1. in respect of the DC SECTION of the FUND, if the amendment relates to:-

12.7.2.1.1. an increase in the contributions payable by the EMPLOYER, the approval of the EMPLOYER to this must be obtained; or

12.7.2.1.2. an increase in the contributions payable by the DC ACTIVE MEMBERS, approval must be obtained from the EMPLOYER, the TRUSTEES and two-thirds ($^2/_3$) of the DC ACTIVE MEMBERS, who vote in a referendum in which all the DC ACTIVE MEMBERS are eligible to vote;

12.7.2.2. In respect of the DB SECTION of the FUND, if the amendment relates to:

12.7.2.2.1. an enhancement of benefits (whether or not to a particular category of MEMBERS), not representing an apportionment of surplus, where the ACTUARY certifies that this does not jeopardize the benefits promised to the MEMBERS of this Section of the FUND, and where approval for this has been obtained from the EMPLOYER; or

12.7.2.2.2. any other alteration of benefits,

the approval to this must be obtained from the EMPLOYER, and two-thirds (2/3) of the DB MEMBERS, voting in a referendum.

[Rule 12.7.2.2 replaced in terms of rule amendment no. 11 registered on 23 June 2020]

12.7.2.3. The requirement for approval by MEMBERS referred to in RULES 12.7.2.1 and 12.7.2.2 will not apply to a decision made by the TRUSTEES in terms of RULE 26.3 .

12.7.3. Any RULE amendment in terms of RULE 12.7.1 and 12.7.2:

12.7.3.1. is subject to confirmation by the ACTUARY that the amendment is financially sound;

12.7.3.2. is subject to approval by the AUTHORITY;

12.7.3.3. except as provided by RULE 26.3, may not reduce any benefit, or right to any benefit, accrued prior to the effective date of the amendment;

12.7.3.4. may not alter the provisions relating to a PENSION already in payment, a death benefit already payable or a benefit in respect of a DEFERRED PENSIONER or PAID-UP MEMBER, and

[Rule 12.7.3.4 amended in terms of rule amendment no. 8 registered on 9 September 2019]

12.7.3.5. must be communicated to MEMBERS;

12.7.3.6. may not alter any right of the CITY OF CAPE TOWN in terms of the RULES without the written agreement of the CITY OF CAPE TOWN.

[Rule 12.7.3.6 added in terms of rule amendment no. 4 registered on 5 March 2018]

PART C - INVESTMENTS

RULE 13 - INTERNAL PORTFOLIOS

13.

13.1. Investment portfolios and investment policy

The FUND must, taking into account the advice provided by the ACTUARY, develop an investment policy specifying the investment objective and risk constraints for the various investment portfolios of the FUND, where such portfolios correspond to the different ACCOUNTS of the FUND and also provide a choice of investment portfolios for DC ACTIVE MEMBERS and PAID-UP MEMBER in the DC SECTION and DC LIVING ANNUITANTS. The TRUSTEES must set out the investment policy in a formal Investment Policy document.

13.2. Portfolio expenses

All expenses relative to the investments of the portfolios may be deducted from the funds invested therein or the income therefrom.

13.3. Unitisation of portfolios

13.3.1. Each investment portfolio established in terms of RULE 13.1 must be unitised on such basis as the TRUSTEES decide in terms of a policy established by them; provided that:

13.3.1.1. The object of such unitisation, which must be reflected in this policy, is to reflect the fair market value of units of each investment portfolio on such BUSINESS DAYS as the TRUSTEES decide;

13.3.1.2. This policy must be reviewed by the TRUSTEES from time to time; and

13.3.1.3. The process of unitisation must be undertaken by such service provider to the FUND and on such terms as the TRUSTEES decide.

[Rule 13.3.1 amended in terms of rule amendment no. 13 registered on 5 November 2020]

13.3.2. As at each such CALCULATION DATE the unit price of each portfolio must be determined in accordance with the change in the market values or fair values of the underlying securities since the previous CALCULATION DATE, with due allowance being made for the interest, dividend and rental income and the investment expenses.

13.4. Participation in portfolios

13.4.1. The conditions under which DC ACTIVE MEMBERS and PAID-UP MEMBER in the DC SECTION and DC LIVING ANNUITANTS are permitted to participate in the investment portfolios, in particular with regard to exercising any investment choice in respect of the investment portfolios determined and allowed by the TRUSTEES, must be decided by the TRUSTEES.

13.4.2. The terms and conditions applying to participation in these portfolios including the default arrangement where no investment choice is exercised by a DC ACTIVE MEMBER, PAID-UP MEMBER in the DC SECTION or DC LIVING ANNUITANT, switching conditions and fees if any, other costs, and notice periods must be specified in the Investment Policy document. These terms and conditions must be communicated to the DC ACTIVE MEMBERS, the PAID-UP MEMBERS in the DC SECTION and the DC LIVING ANNUITANTS.

13.5. Dates of disinvestment for benefits and payment of interest on benefits

13.5.1. When the FUND is notified of a BENEFIT EVENT then the units of any investment portfolio attributable to the MEMBER concerned must be liquidated.

13.5.2. The liquidation of units referred to in RULE 13.5.1 must take place within the time standards set by the TRUSTEES in that regard from time to time, as recorded in the agreement with the relevant service provider to the FUND.

13.5.3. The benefit in respect of a MEMBER as at the BENEFIT EVENT is determined by the amount of the proceeds received consequent upon the

liquidation of the units referred to in RULE 13.5.1. Such a benefit is not determined by the value of those units on the date of the BENEFIT EVENT. The FUND is not liable for any loss suffered by the MEMBER or any other person in consequence of the late notification to it of a BENEFIT EVENT.

13.5.4. A MEMBER is entitled to require an explanation for any discrepancy between the value of units attributable to him or her as at the date of the BENEFIT EVENT, and the proceeds thereof received by the FUND.

[Rules 13.5.1 – 13.5.4 amended in terms of rule amendment no. 13 registered on 5 November 2020]

13.5.5. On disinvestment the benefit must be held in an interest-bearing account of the FUND until the benefit is paid, provided that:

13.5.5.1. Interest must be added to the benefit, as calculated and referred to in RULE 22.3, after deducting any expenses and tax, from the date of disinvestment until the date of payment;

13.5.5.2. The provisions of this RULE 13.5.5 do not apply once the benefit is credited to the UNCLAIMED BENEFITS ACCOUNT in terms of RULE 23.

13.5.6. The provisions of RULE 13.5 are subject to any contrary provisions in a transfer agreement in respect of a transfer in terms of Section 14 of the ACT.

[Rule 13.5.6 inserted in terms of rule amendment no. 5 registered on 6 March 2018]

RULE 14 – BANK ACCOUNTS

14.

14.1. The TRUSTEES must cause such bank accounts as they may require to be opened in the name of the FUND, and may delegate this power, in writing, to any service provider.

14.2. All monies received by or on behalf of the FUND must be paid into the relevant BANK ACCOUNT in the name of the FUND or for the benefit of the FUND. All payments made by the FUND must be drawn against the relevant BANK ACCOUNT. The authorisation and levels of drawing and powers of transfer must be set out in the written delegated powers and, where relevant, in the administration agreement referred to in RULE 11.1.2.

PART D – ACCOUNTING ARRANGEMENTS

RULE 15 –ACCOUNTS

15.

15.1. FUND ACCOUNTS

15.1.1. The ACCOUNTS of the FUND serve the purpose of recording the accounting entries relating to the liabilities of the FUND.

15.1.2. The liability of the FUND to its membership must be divided between those MEMBERS who belong to the DC SECTION and those MEMBERS who belong to the DB SECTION. Similarly any CONTINGENCY RESERVE ACCOUNT and MEMBER SURPLUS ACCOUNT must be reflected separately in the DC SECTION and the DB SECTION. The only ACCOUNTS that are not specific to the DC SECTION or the DB SECTION are the EMPLOYER SURPLUS ACCOUNT, the EXPENSES ACCOUNT and the UNCLAIMED BENEFITS ACCOUNT. As a general principle no amount may be transferred from the DB SECTION to the DC SECTION or vice versa. The only exception to this is if such a transfer is to correct any previous misallocation.

[Rule 15.1.2 amended in terms of rule amendment no. 8 registered on 9 September 2019]

15.1.3. The TRUSTEES have the power to establish such further ACCOUNTS in the FUND, as the TRUSTEES consider appropriate, in which case the RULES must be amended accordingly. The following are the ACCOUNTS established in the FUND by these RULES:-

15.1.3.1. DC MEMBER ACCOUNT;

15.1.3.2. DC PENSIONER ACCOUNT;

15.1.3.3. DC LIVING ANNUITY ACCOUNT;

15.1.3.4. DC DATA RESERVE ACCOUNT;

15.1.3.5. DC MEMBER SURPLUS ACCOUNT;

15.1.3.6. DB ACTIVE MEMBER ACCOUNT;

15.1.3.7. DB PENSIONER ACCOUNT;

15.1.3.8. DB MEMBER SURPLUS ACCOUNT;

15.1.3.9. DB DATA RESERVE ACCOUNT;

15.1.3.10. EMPLOYER SURPLUS ACCOUNT;

15.1.3.11. EXPENSES ACCOUNT;

15.1.3.12. UNCLAIMED BENEFITS ACCOUNT;

15.1.3.13. CONTRIBUTION STABILISATION ACCOUNT.

[Rule 15.1.3.13 inserted in terms of rule amendment no. 3 registered on 24 February 2017]

15.1.4. The opening balances in these accounts as at the effective date of these RULES will be as certified by the ACTUARY and agreed by the TRUSTEES.

15.2. DC MEMBER ACCOUNT

15.2.1. This ACCOUNT comprises the amount representing the liability of the FUND in respect of the aggregate of the DC MEMBER SHARE ACCOUNTS in respect of DC ACTIVE MEMBERS and DEFERRED PENSIONERS in the DC SECTION.

15.2.2. The following must be credited (added) to each DC MEMBER SHARE ACCOUNT:-

15.2.2.1. the amount transferred from the DB SECTION as at 30 June 1998 in respect of the MEMBER, if applicable;

15.2.2.2. any TRANSFER VALUE, if applicable;

15.2.2.3. contributions by the DC ACTIVE MEMBER in terms of RULE 29;

15.2.2.4. any additional voluntary contributions by the DC ACTIVE MEMBER in terms of RULE 30;

15.2.2.5. retirement-funding contributions by the EMPLOYER in terms of RULE 31;

15.2.2.6. FUND RETURN, whether positive or negative;

15.2.2.7. any amount transferred from the DC MEMBER SURPLUS ACCOUNT or the EMPLOYER SURPLUS ACCOUNT;

15.2.2.8. contributions paid in respect of a DC ACTIVE MEMBER in receipt of a benefit under the DISABILITY INCOME BENEFIT POLICY;

15.2.2.9. any interest on arrear contribution paid to the FUND in terms of RULE 16.5.2;

15.2.2.10. the proceeds of any claim made for the LIFE ASSURANCE BENEFIT on the death of a DC ACTIVE MEMBER; and

15.2.2.11. any amount transferred from the DC DATA RESERVE ACCOUNT.

15.2.3. The following must be debited to (subtracted from) each DC MEMBER SHARE ACCOUNT:-

15.2.3.1. any amount paid or accrued as a death benefit in terms of RULE 43.1.1 and, if applicable, RULE 43.1.2;

15.2.3.2. any amount paid or accrued on withdrawal from the FUND in terms of RULE 39 and 40;

15.2.3.3. any amount commuted and paid out or accrued as a lump sum on retirement in terms of RULE 35.4;

15.2.3.4. any amount transferred to the DC PENSIONER ACCOUNT or the DC LIVING ANNUITY ACCOUNT on the retirement or death of a DC ACTIVE MEMBER or a PAID-UP MEMBER of the DC SECTION, to provide for pensions for the MEMBER or for the BENEFICIARIES of the MEMBER in terms of RULES 36, 37 and 43;

15.2.3.5. any amount transferred to the UNCLAIMED BENEFITS ACCOUNT in terms of RULE 23;

15.2.3.6. any amount accrued or paid to an INSURER on retirement in terms of RULE 35.2.2 and 38;

15.2.3.7. any amount accrued or paid to an APPROVED FUND or an APPROVED PRESERVATION FUND, in terms of a transfer under Section 14 of the ACT;

15.2.3.8. any amount that is a deduction in terms of Section 37D of the ACT;

15.2.3.9. any switching fees charged to the MEMBER in terms of RULE 13.4.2;

15.2.3.10. any amount transferred to the EXPENSES ACCOUNT in terms of RULE 11.3.3; and

15.2.3.11. any tax in respect of any benefit payable or to be transferred in terms of any of the provisions in this RULE.

15.2.4. A DC MEMBER SHARE ACCOUNT may be sub-divided as necessary to record the MEMBER'S investments in different investment portfolios of the FUND, and the transactions thereon, as provided for in RULE 13.4.

15.3. **DC PENSIONER ACCOUNT**

15.3.1. The DC PENSIONER ACCOUNT comprises the amount held by the FUND in respect of its liability for PENSIONS payable to PENSIONERS in the DC SECTION.

15.3.2. The following must be credited (added) to the DC PENSIONER ACCOUNT:-

15.3.2.1. any amount transferred from a MEMBER's DC MEMBER SHARE ACCOUNT on the retirement or death (prior to retirement) of that MEMBER, or on the conversion of a DC LIVING ANNUITY SHARE ACCOUNT to a standard PENSION in terms of RULES 37.6 or 37.8 or 37.7;

[Rule 15.3.2.1 amended in terms of rule amendment no. 1 registered on 11 March 2015]

15.3.2.2. FUND RETURN, whether positive or negative;

15.3.2.3. any amount transferred from the DC MEMBER SURPLUS ACCOUNT or the EMPLOYER SURPLUS ACCOUNT; and

15.3.2.4. ANY amount transferred from the DC DATA RESERVE ACCOUNT.

15.3.3. The following must be debited to (subtracted from) the DC PENSIONER ACCOUNT:-

15.3.3.1. the PENSIONS accrued or payable to PENSIONERS of the DC SECTION;

15.3.3.2. any amount accrued or paid to the deceased estate of a PENSIONER or his or her SPOUSE in terms of RULE 36.1.1.1 and 36.1.2.2;

15.3.3.3. any amount transferred to the UNCLAIMED BENEFITS ACCOUNT in terms of RULE 23;

15.3.3.4. any amount that is a deduction in terms of Section 37D of the ACT;

15.3.3.5. a fixed amount per PENSIONER as determined by the TRUSTEES acting on the advice of the ACTUARY to the EXPENSES ACCOUNT, the purpose of which is to cover the FUND expenses as referred to in RULE 11.3 that are particularly attributable to PENSIONERS in the DC SECTION, but excludes investment-related expenses that are deducted from the value of the relevant investments of the FUND before FUND RETURN is determined;

15.3.3.6. any amount transferred to the EXPENSES ACCOUNT in terms of RULE 11.3.3, and

15.3.3.7. any amount transferred to the DC MEMBER SURPLUS ACCOUNT or EMPLOYER SURPLUS ACCOUNT in terms of RULE 26.2.

15.3.4. The FUND may maintain a SOLVENCY RESERVE ACCOUNT as a sub-account of this ACCOUNT to provide for explicit contingencies, namely negative investment market movements and adverse demographic experience. The level of the SOLVENCY RESERVE ACCOUNT must be determined by the TRUSTEES on the advice of the ACTUARY at each statutory valuation date, or more frequently if required by the TRUSTEES, and may not exceed the level of available assets in this ACCOUNT after taking into account the "best estimate" actuarial liabilities of the FUND in terms of these RULES. Assets in the SOLVENCY RESERVE ACCOUNT may, after consulting the ACTUARY, be paid to or transferred in respect of

MEMBERS leaving the FUND in any of the circumstances contemplated in these RULES or the ACT.

15.4. **DC LIVING ANNUITY ACCOUNT**

15.4.1. This ACCOUNT comprises the amount representing the liability of the FUND in respect of the aggregate of the DC LIVING ANNUITY SHARE ACCOUNTS established through the choice of a DC ACTIVE MEMBER or PAID-UP MEMBER in the DC SECTION on retirement, or a BENEFICIARY of a deceased DC ACTIVE MEMBER or of a deceased PAID-UP MEMBER in the DC SECTION or of a deceased DC LIVING ANNUITANT in terms of RULES 35.2.2, **Error! Reference source not found.**43.6.2 and 37.6.

[Rule 15.4.1 amended in terms of rule amendment no. 11 registered on 23 June 2020]

15.4.2. The following must be credited (added) to each DC LIVING ANNUITY SHARE ACCOUNT:-

15.4.2.1. the amount transferred from the DC MEMBER SHARE ACCOUNT upon the retirement of the DC MEMBER on his or her choice to receive a LIVING ANNUITY from the FUND in terms of RULE 35.2.2 or on the death of the DC MEMBER in the event that any of his or her BENEFICIARIES choose to receive a LIVING ANNUITY from the FUND in terms of RULE 43.6.2 (and thereby become DC LIVING ANNUITANTS of the FUND);

[Rule 15.4.2 amended in terms of rule amendment no. 11 registered on 23 June 2020]

15.4.2.2. the amount transferred from the DC LIVING ANNUITY SHARE ACCOUNT of a deceased MEMBER when a new such account is set up for a DEPENDANT or nominated BENEFICIARY of the deceased MEMBER, in terms of RULE 37.6;

15.4.2.3. FUND RETURN, whether positive or negative;

15.4.2.4. any amount transferred from the DC MEMBER SURPLUS ACCOUNT or the EMPLOYER SURPLUS ACCOUNT; and

15.4.2.5. ANY amount transferred from the DC DATA RESERVE ACCOUNT.

15.4.3. The following must be debited to (subtracted from) each DC LIVING ANNUITY SHARE ACCOUNT:-

15.4.3.1. the PENSION accrued or paid to the DC LIVING ANNUITANT concerned in terms of RULE 37;

15.4.3.2. the amount transferred to an INSURER if the DC LIVING ANNUITANT so chooses in terms of RULE 37.7 or is required to in terms of RULE 37.8, or the amount transferred to the DC PENSIONER ACCOUNT if the DC LIVING ANNUITANT so chooses in terms of RULE 37.7 or is required to in terms of RULE 37.8;

[Rule 15.4.3.2 amended in terms of rule amendment no. 1 registered on 11 March 2015]

15.4.3.3. any amount accrued or paid to the DEPENDANTS or nominated BENEFICIARIES of a deceased DC LIVING ANNUITANT or to the DC LIVING ANNUITANT's deceased estate, or transferred when a new standard PENSION or a new DC LIVING ANNUITY SHARE ACCOUNT is set up for a DEPENDANT or BENEFICIARY, in terms of RULE 37.6;

[Rule 15.4.3.3 amended in terms of rule amendment no. 1 registered on 11 March 2015]

15.4.3.4. any amount paid to the UNCLAIMED BENEFITS ACCOUNT in terms of RULE 23;

15.4.3.5. any amount that is a deduction in terms of Section 37D of the ACT;

15.4.3.6. any switching fees charged to the MEMBER in terms of RULE 13.4.2;

15.4.3.7. a fixed amount per DC LIVING ANNUITANT as determined by the TRUSTEES acting on the advice of the ACTUARY to the EXPENSES ACCOUNT, the purpose of which is to cover the FUND expenses as referred to in RULE 11.3 that are particularly attributable to DC LIVING ANNUITANTS, but excludes investment-related expenses that are deducted from the value of the relevant investments of the FUND before FUND RETURN is determined; and

15.4.3.8. any amount transferred to the EXPENSES ACCOUNT in terms of RULE 11.3.3.

15.4.4. A DC LIVING ANNUITY SHARE ACCOUNT may be sub-divided as necessary to record the MEMBER'S investments in different investment portfolios of the FUND, and the transactions thereon, as provided for in RULE 13.4.

15.5. DC DATA RESERVE ACCOUNT

15.5.1. The DC DATA RESERVE ACCOUNT is a CONTINGENCY RESERVE ACCOUNT that provides for losses (otherwise unrecoverable) arising from errors in data, whether relating to DC ACTIVE MEMBERS, PAID-UP MEMBERS, DC PENSIONERS and DC LIVING ANNUITANTS or BENEFICIARIES of a benefit under the DC SECTION; or relating to investment mismatches or any other error of any nature in the DC SECTION.

15.5.2. There must be credited (added) to the DC DATA RESERVE ACCOUNT:

15.5.2.1. any amount set aside by the TRUSTEES from time to time after a valuation of the FUND, on the advice of the ACTUARY, to provide for the contingencies described in RULE 15.5.1 above;

15.5.2.2. any amount transferred from the EXPENSES ACCOUNT; and

15.5.2.3. FUND RETURN, whether positive or negative.

15.5.3. There may be debited to (subtracted from) the DC DATA RESERVE ACCOUNT:-

15.5.3.1. any loss in the DC SECTION as a result of any of the contingencies materialising as described in RULE 15.5.1;

15.5.3.2. any amount transferred to the EXPENSES ACCOUNT or the DC MEMBER SURPLUS ACCOUNT in the event that the TRUSTEES consider, on the advice of the ACTUARY, such amount to be more than needs to be held in the DC DATA RESERVE ACCOUNT to meet the prudent requirements of the FUND; and

15.5.3.3. any amount transferred to the DC MEMBER SURPLUS ACCOUNT or EMPLOYER SURPLUS ACCOUNT in terms of RULE 26.2.

15.6. DC MEMBER SURPLUS ACCOUNT

15.6.1. This ACCOUNT comprises any ACTUARIAL SURPLUS apportioned for the benefit of DC MEMBERS in terms of Section 15C of the ACT. Such ACTUARIAL SURPLUS allocated to this ACCOUNT must be used for such purposes as specified by the TRUSTEES when making the allocation.

15.6.2. The following must be credited (added) to the DC MEMBER SURPLUS ACCOUNT:-

15.6.2.1. any amount allocated in terms of RULE 26.2 (and specifically subject to RULE 26.2.1.6) by the TRUSTEES for the benefit of any specified group of the MEMBERS or FORMER MEMBERS of the DC SECTION or all the DC MEMBERS and FORMER MEMBERS of the DC SECTION; and

15.6.2.2. FUND RETURN, whether positive or negative.

15.6.3. The following must be debited to (subtracted from) the DC MEMBER SURPLUS ACCOUNT: -

15.6.3.1. so much as the MEMBER TRUSTEES allocate to improve benefits for such of the MEMBERS of the DC SECTION as the MEMBER TRUSTEES determine, in accordance with Section 15D of the ACT;

15.6.3.2. so much as the MEMBER TRUSTEES determine, in accordance with Section 15D of the ACT, is appropriate to improve the benefits previously paid to, or amounts previously transferred in respect of those FORMER MEMBERS of the DC SECTION who exited the FUND after 1 July 2003;

15.6.3.3. to reduce current contributions due from DC ACTIVE MEMBERS;

15.6.3.4. to meet, in full, or in part, expenses which would otherwise reduce the interest of a DC MEMBER in the FUND; and

15.6.3.5. any amounts applied as provided for in Section 15G of the ACT (Right to share in surplus on exit);

15.6.3.6. any amounts applied as provided for in Section 15H of the ACT (Use of contents of any surplus accounts to fund deficits); and

15.6.3.7. any amounts applied on the liquidation of the FUND as provided for in Section 15I of the ACT (Application of surplus accounts on liquidation of fund).

15.7. **DB ACTIVE MEMBER ACCOUNT**

15.7.1. The DB ACTIVE MEMBER ACCOUNT comprises the amount held by the FUND in respect of its liabilities to the DB ACTIVE MEMBERS and the DEFERRED PENSIONERS of the DB SECTION.

15.7.2. The following must be credited (added) to the DB ACTIVE MEMBER ACCOUNT:-

15.7.2.1. FUND RETURN, whether positive or negative;

15.7.2.2. any amount transferred from the DB MEMBER SURPLUS ACCOUNT or the EMPLOYER SURPLUS ACCOUNT;

15.7.2.3. contributions by each DB ACTIVE MEMBER in terms of RULE 47.1;

15.7.2.4. benefit-funding contributions by the EMPLOYER in terms of RULE 47.2;

15.7.2.5. any additional voluntary contribution by the DB ACTIVE MEMBER in terms of RULE 48;

15.7.2.6. any interest on arrear contribution accrued or paid to the FUND in terms of RULE 16.5.2;

15.7.2.7. any amount received from an INSURER in respect of a death benefit for a DB ACTIVE MEMBER; and

15.7.2.8. ANY amount transferred from the DB DATA RESERVE ACCOUNT.

15.7.3. The following must be debited to (subtracted from) the DB ACTIVE MEMBER ACCOUNT:-

15.7.3.1. any amount paid or accrued as a lump sum death benefit in terms of RULE 60.2.1.2, 60.2.2.2 or 61.1;

[Rule 15.7.3.1 amended in terms of rule amendment no. 3 registered on 24 February 2017]

15.7.3.2. any amount paid or accrued on withdrawal from the FUND in terms of RULE 58;

15.7.3.3. any amount commuted to a lump sum on retirement in terms of RULE 51.1.2 and 52.2.2;

[Rule 15.7.3.3 (rule reference) amended in terms of rule amendment no. 3 registered on 24 February 2017]

15.7.3.4. any amount transferred to the DB PENSIONER ACCOUNT on the retirement or death of a DB ACTIVE MEMBER or a DEFERRED PENSIONER of the DB SECTION, to provide for a PENSION for the MEMBER or for the BENEFICIARIES of the MEMBER in terms of RULES 51, 52, 59, and 60;

15.7.3.5. any amount transferred to the UNCLAIMED BENEFITS ACCOUNT in terms of RULE 23;

15.7.3.6. any amount accrued or paid to an APPROVED FUND or an APPROVED PRESERVATION FUND, in terms of a transfer under Section 14 of the ACT;

15.7.3.7. any amount that is a deduction in terms of Section 37D of the ACT;

15.7.3.8. any amount transferred to the EXPENSES ACCOUNT in terms of RULE 11.3.3;

15.7.3.9. any tax in respect of any benefit payable or to be transferred in terms of any of the provisions in this RULE; and

15.7.3.10. any amount transferred to the DB MEMBER SURPLUS ACCOUNT or EMPLOYER SURPLUS ACCOUNT in terms of RULE 26.2.

15.7.4. The FUND may maintain a SOLVENCY RESERVE ACCOUNT as a sub-account of this ACCOUNT to provide for explicit contingencies, namely negative investment market movements and adverse demographic experience. The level of the SOLVENCY RESERVE ACCOUNT must be determined by the TRUSTEES on the advice of the ACTUARY at each statutory valuation date, or more frequently if required by the TRUSTEES, and may not exceed the level of available assets in this ACCOUNT after taking into account the "best estimate" actuarial liabilities of the FUND in terms of these RULES. Assets in the SOLVENCY RESERVE ACCOUNT may, after consulting the ACTUARY, be paid to or transferred in respect of MEMBERS leaving the FUND in any of the circumstances contemplated in these RULES or the ACT.

[Rule 15.7.4 amended in terms of rule amendment no. 3 registered on 24 February 2017]

15.8. **DB PENSIONER ACCOUNT**

15.8.1. The DB PENSIONER ACCOUNT comprises the amount held by the FUND in respect of its liability for PENSIONS payable to PENSIONERS of the DB SECTION.

15.8.2. The following must be credited (added) to the DB PENSIONER ACCOUNT :-

15.8.2.1. any amount transferred from the DB ACTIVE MEMBER ACCOUNT on the retirement or death (prior to retirement) of a DB ACTIVE MEMBER or DEFERRED PENSIONER of the DB SECTION, in terms of RULES 51, 52, 59, and 60;

15.8.2.2. FUND RETURN, whether positive or negative;

15.8.2.3. any amount transferred from the DB MEMBER SURPLUS ACCOUNT or the EMPLOYER SURPLUS ACCOUNT; and

15.8.2.4. Any amount transferred from the DB DATA RESERVE ACCOUNT.

15.8.3. The following must be debited to (subtracted from) the DB PENSIONER ACCOUNT:-

15.8.3.1. any amount paid or accrued as a lump sum death benefit in terms of RULE 60.6.1.2, 60.6.2.2 or 61.2;

[Rule 15.8.3.1 amended in terms of rule amendment no. 3 registered on 24 February 2017]

15.8.3.2. any amount accrued or paid as a PENSION to a PENSIONER belonging to the DB SECTION;

15.8.3.3. any amount transferred to the UNCLAIMED BENEFITS ACCOUNT in terms of RULE 23;

15.8.3.4. any amount that is a deduction in terms of Sections 37A or 37D of the ACT;

15.8.3.5. a fixed amount per PENSIONER as determined by the TRUSTEES acting on the advice of the ACTUARY to the EXPENSES ACCOUNT, the purpose of which is to cover the FUND expenses as referred to in RULE 11.3 that are particularly attributable to PENSIONERS in the DB SECTION, but excludes investment-related expenses that are deducted from the value of the relevant investments of the FUND before FUND RETURN is determined;

15.8.3.6. any amount transferred to the EXPENSES ACCOUNT in terms of RULE 11.3.3; and

15.8.3.7. any amount transferred to the DB MEMBER SURPLUS ACCOUNT or EMPLOYER SURPLUS ACCOUNT in terms of RULE 26.2.

15.8.4. The FUND may maintain a SOLVENCY RESERVE ACCOUNT as a sub-account of this ACCOUNT to provide for explicit contingencies, namely negative investment market movements and adverse demographic experience. The level of the SOLVENCY RESERVE ACCOUNT must be determined by the TRUSTEES on the advice of the ACTUARY at each statutory valuation date, or more frequently if required by the TRUSTEES, and may not exceed the level of available assets in this ACCOUNT after taking into account the "best estimate" actuarial liabilities of the FUND in terms of these RULES. Assets in the SOLVENCY RESERVE ACCOUNT may, after consulting the ACTUARY, be paid to or transferred in respect of MEMBERS leaving the FUND in any of the circumstances contemplated in these RULES or the ACT.

15.9. DB MEMBER SURPLUS ACCOUNT

15.9.1. This ACCOUNT comprises ACTUARIAL SURPLUS apportioned for the benefit of DB MEMBERS in terms of Section 15C of the ACT. Such ACTUARIAL SURPLUS allocated to this ACCOUNT must be used for such purposes as specified by the TRUSTEES when making the allocation.

15.9.2. The following must be credited (added) to the DB MEMBER SURPLUS ACCOUNT:-

15.9.2.1. any amount allocated in terms of RULE 26.2 (and specifically subject to RULE 26.2.1.6) by the TRUSTEES for the benefit of any specified group of the MEMBERS or FORMER MEMBERS of the DB SECTION or all the DB MEMBERS and FORMER MEMBERS of the DB SECTION; and

15.9.2.2. FUND RETURN, whether positive or negative.

15.9.3. The following must be debited to (subtracted from) the DB MEMBER SURPLUS ACCOUNT:-

15.9.3.1. so much as the MEMBER TRUSTEES allocate to improve benefits for such of the MEMBERS of the DB SECTION as the MEMBER TRUSTEES determine, in accordance with Section 15D of the ACT;

15.9.3.2. so much as the MEMBER TRUSTEES determine, in accordance with Section 15D of the ACT, is appropriate to improve the benefits previously paid to or in respect of those FORMER MEMBERS of the DB SECTION who exited the FUND after 1 July 2003;

15.9.3.3. to reduce current contributions due from DB ACTIVE MEMBERS;

15.9.3.4. to meet, in full, or in part, expenses which would otherwise reduce the interest of a DB MEMBER in the FUND; and

15.9.3.5. any amounts applied as provided for in Section 15G of the ACT (Right to share in surplus on exit);

15.9.3.6. any amounts applied as provided for in Section 15H of the ACT (Use of contents of any surplus accounts to fund deficits); and

15.9.3.7. any amounts applied on the liquidation of the FUND as provided for in Section 15I of the ACT (Application of surplus accounts on liquidation of fund).

15.10. **DB DATA RESERVE ACCOUNT**

15.10.1. The DB DATA RESERVE ACCOUNT is a CONTINGENCY RESERVE ACCOUNT that provides for losses (otherwise unrecoverable) arising from errors in data, whether relating to DB ACTIVE MEMBERS, DEFERRED PENSIONERS or PENSIONERS in the DB SECTION or BENEFICIARIES of a benefit under the DB SECTION; or relating to investment mismatches or any other error of any nature in the DB SECTION.

15.10.2. There must be credited (added) to the DB DATA RESERVE ACCOUNT:

15.10.2.1. any amount set aside by the TRUSTEES from time to time after a valuation of the FUND, on the advice of the ACTUARY, to provide for the contingencies described in RULE 15.10.1 above;

15.10.2.2. any amount transferred from the EXPENSES ACCOUNT;

[Rule 15.10.2.2 amended in terms of rule amendment no. 3 registered on 24 February 2017]

15.10.2.3. FUND RETURN, whether positive or negative;

15.10.2.4. any amount transferred from the EMPLOYER SURPLUS ACCOUNT in terms of RULE 15.11.3.5; and

[Rule 15.10.2.4 inserted in terms of rule amendment no. 3 registered on 24 February 2017]

15.10.2.5. any amount transferred from the CONTRIBUTION STABILISATION ACCOUNT in terms of RULE 26.1.4;

[Rule 15.10.2.5 inserted in terms of rule amendment no. 3 registered on 24 February 2017]

15.10.3. There must be debited to (subtracted from) the DB DATA RESERVE ACCOUNT:

15.10.3.1. any loss in the DB SECTION as a result of any of the contingencies materialising as described in RULE 15.10.1;

15.10.3.2. any amount transferred to the EXPENSES ACCOUNT or the DB MEMBER SURPLUS ACCOUNT in the event that the TRUSTEES consider, on the advice of the ACTUARY, such amount to be more than needs to be held in the DB DATA RESERVE ACCOUNT to meet the prudent requirements of the FUND; and

15.10.3.3. any amount transferred to the DB MEMBER SURPLUS ACCOUNT or EMPLOYER SURPLUS ACCOUNT in terms of RULE 26.2.

15.10.3.4. any amount transferred to the CONTRIBUTION STABILISATION ACCOUNT in terms of RULE 26.1.4;

[Rule 15.10.3.4 inserted in terms of rule amendment no. 3 registered on 24 February 2017]

15.11. **EMPLOYER SURPLUS ACCOUNT**

15.11.1. This ACCOUNT comprises ACTUARIAL SURPLUS apportioned to the EMPLOYER in terms of Section 15C of the ACT.

15.11.2. The following must be credited (added) to the EMPLOYER SURPLUS ACCOUNT:

15.11.2.1. amounts allocated in terms of RULE 26.2 by the TRUSTEES for the benefit of the EMPLOYER; and

15.11.2.2. FUND RETURN whether positive or negative.

15.11.3. The following must be debited to (subtracted from) the EMPLOYER SURPLUS ACCOUNT:

15.11.3.1. so much as the EMPLOYER TRUSTEES allocate to be utilised at the EMPLOYER's request in terms of Sections 15E of the ACT (Utilisation of surplus for benefit of employer);

15.11.3.2. any amount required to meet a deficit in the FUND as referred to in RULE 26.3.1.5 and in accordance with Section 15H of the ACT (Use of employer surplus account to meet deficit);

[Rule 15.11.3.2 amended in terms of rule amendment no. 6 registered on 6 March 2018]

15.11.3.3. any amount applied on the liquidation of the FUND as provided for in Section 15I of the ACT (Application of surplus accounts on liquidation of fund); and

15.11.3.4. so much as the EMPLOYER TRUSTEES allocate to be utilised at the EMPLOYER's request in terms of Sections 15J of the ACT (Use of employer surplus accounts to prevent job losses).

15.11.3.5. so much as the EMPLOYER TRUSTEES, having taken the advice of the ACTUARY, allocate to be utilised in terms of RULE 26.1.4 to fund the CONTRIBUTION STABILISATION ACCOUNT or the DB DATA RESERVE ACCOUNT;

[Rule 15.11.3.5 inserted in terms of rule amendment no. 3 registered on 24 February 2017]

15.12. EXPENSES ACCOUNT

15.12.1. The EXPENSES ACCOUNT provides for expense related transactions in terms of RULE 11.3.

15.12.2. The following must be credited (added) to the EXPENSES ACCOUNT:-

15.12.2.1. such portion of the contributions received in respect of DC ACTIVE MEMBERS and DB ACTIVE MEMBERS as may be provided for in terms of RULES 31.2 and 47.5 respectively;

15.12.2.2. any amount received from any other ACCOUNT of the FUND in terms of RULE 11.3 and this RULE 15; and

15.12.2.3. FUND RETURN, whether positive or negative.

15.12.3. The following must be debited to (subtracted from) the EXPENSES ACCOUNT:-

15.12.3.1. all FUND expenses as referred to in RULE 11.3, except for investment-related expenses that are deducted from the value of the relevant investments of the FUND before FUND RETURN is determined;

15.12.3.2. insurance premiums;

15.12.3.3. any amount transferred to the DC MEMBER SURPLUS ACCOUNT, the DB MEMBER SURPLUS ACCOUNT, the EMPLOYER SURPLUS ACCOUNT, the DC DATA RESERVE ACCOUNT or the DB DATA RESERVE ACCOUNT in the event that the TRUSTEES consider, on the advice of the ACTUARY, such amount to be more than needs to be held in the EXPENSES ACCOUNT to meet the prudent requirements of the FUND; and

[Rule 15.12.3.3 amended in terms of rule amendment no. 3 registered on 24 February 2017]

15.12.3.4. any amount transferred to the DB MEMBER SURPLUS ACCOUNT or DC MEMBER SURPLUS ACCOUNT or EMPLOYER SURPLUS ACCOUNT in terms of RULE 26.2.

15.13. UNCLAIMED BENEFITS ACCOUNT

15.13.1. The UNCLAIMED BENEFITS ACCOUNT holds those benefits payable by the FUND, whether in respect of the DC SECTION or the DB SECTION, which have not been paid as a result of the BENEFICIARY not claiming them or not being traceable or for any other reason.

15.13.2. The following must be credited (added) to the UNCLAIMED BENEFITS ACCOUNT:

15.13.2.1. any amount received from another ACCOUNT of the FUND in terms of RULE 23 and this RULE 15; and

15.13.2.2. FUND RETURN, whether positive or negative.

15.13.3. The following must be debited to (subtracted from) the UNCLAIMED BENEFITS ACCOUNT:

15.13.3.1. any benefit paid to a BENEFICIARY;

15.13.3.2. any costs, including tracing costs, associated with making payment that are deducted from a benefit held in this ACCOUNT, in terms of RULE 23; and

15.13.3.3. as referred to in RULE 23, any unpaid or unclaimed benefit transferred to an Unclaimed Benefits Fund or any other fund approved by the AUTHORITY to receive unclaimed benefits, or on liquidation of the FUND, to the Guardian's Fund.

15.14. CONTRIBUTION STABILISATION ACCOUNT

15.14.1. The CONTRIBUTION STABILISATION ACCOUNT comprises the amount held by the FUND, as determined in terms of RULE 26.1.4, to stabilise the rate of contributions by and in respect of the DB ACTIVE MEMBERS. The opening balance of the CONTRIBUTION STABILISATION ACCOUNT is the amount determined as such by the ACTUARY in the FUND's actuarial valuation as at 1 July 2015;

15.14.2. The following must be credited (added) to the CONTRIBUTION STABILISATION ACCOUNT:-

15.14.2.1. any amount transferred from the EMPLOYER SURPLUS ACCOUNT in terms of RULE 26.1.4;

15.14.2.2. any amount credited to it from the DB DATA RESERVE ACCOUNT in terms of RULE 26.1.4;

15.14.2.3. FUND RETURN, whether positive or negative;

15.14.3. There must be debited to (subtracted from) the CONTRIBUTION STABILISATION ACCOUNT:-

15.14.3.1. the difference between the contributions by and in respect of the DB ACTIVE MEMBERS in terms of RULES 47.1 and 47.2 and the amount which the ACTUARY determines is necessary to fund the benefits to be provided to DB ACTIVE MEMBERS;

15.14.3.2. any amount transferred to the DB DATA RESERVE ACCOUNT in terms of RULE 26.1.4.

[Rule 15.14 inserted in terms of rule amendment no. 3 registered on 24 February 2017]

PART E – EMPLOYER PROVISIONS

RULE 16 - THE EMPLOYER: FUND RELATIONSHIP

16.

16.1. The EMPLOYER, through its participation in the FUND, is bound by the RULES of the FUND.

16.2. The FUND must notify the AUTHORITY, as required in terms of Section 13A and Regulation 33 of the ACT, if any contributions due by MEMBERS or the EMPLOYER are not received after the expiry of the 7 (seven) day period, in accordance with in RULE 10.5.

16.3. **Monies not to revert to EMPLOYER**

The EMPLOYER must not derive any monetary advantage from the FUND assets other than, as permitted by the ACT, in respect of any amount to the credit of the EMPLOYER SURPLUS ACCOUNT.

16.4. Communication and information from EMPLOYER

16.4.1. The FUND is entitled to rely on any information or communication received from the EMPLOYER in respect of a MEMBER in its SERVICE including, but without limiting the generality of the foregoing –

16.4.1.1. if such information relates to contributions payable by the EMPLOYER or the amount of any damages claimed by the EMPLOYER in respect of a MEMBER in terms of Section 37D of the ACT; or

16.4.1.2. information relating to the MEMBER, in particular his or her PENSIONABLE EARNINGS or CONTRIBUTORY SERVICE or PENSIONABLE SERVICE or age; or

16.4.1.3. information, including the relevant date and form, relating to any termination of SERVICE, including but not limited to medical boarding or disability; or

16.4.1.4. whether or not an EMPLOYEE has joined as a MEMBER of this FUND, and what the effective date thereof was.

16.4.2. No MEMBER, BENEFICIARY or any person enjoying rights in succession to any MEMBER or BENEFICIARY, has any claim against the FUND in respect of any loss that may arise as a result of the reliance by the FUND on any information or communication conveyed to it by the EMPLOYER.

16.5. Payment of contributions

16.5.1. The current contributions for each ACTIVE MEMBER must be deducted, as a first charge, by the EMPLOYER from the ACTIVE MEMBERS' salaries or wages at the end of each month, or other lesser intervals as may apply.

16.5.2. The EMPLOYER must pay its contributions to the FUND together with any ACTIVE MEMBER contributions and any interest on arrear contributions, where relevant, as soon as possible after the last day of each calendar month, or any relevant lesser period, and within 7 (seven) days of the end of the month to which the contributions relate in accordance with the requirements of the ACT.

16.5.3. Any lump sum payment must be paid directly to the FUND by the MEMBER concerned, or by the EMPLOYER or any APPROVED FUND or APPROVED PRESERVATION FUND from which the money is being transferred, as the case may be.

PART F – MEMBER AND BENEFIT PROVISIONS

RULE 17 – MEMBERSHIP

17.

17.1. Membership for EMPLOYEES

Each EMPLOYEE who enters SERVICE prior to the NORMAL RETIREMENT AGE, other than a member of another approved local authority retirement fund, will become a MEMBER of the FUND as from the first day of the month immediately following the month in which they become eligible for membership of the FUND.

17.2. **Proof of age and particulars**

17.2.1. When required by the TRUSTEES, or an INSURER, a MEMBER must provide satisfactory proof of his or her identity and/or age, the details of his or her DEPENDANTS and any other information reasonably required for the administration of the FUND or for the provision of benefits in terms of any of these RULES requiring such information. If a MEMBER does not

comply with this RULE, the TRUSTEES may withhold payment of benefits to him or her or his or her DEPENDANTS or any other BENEFICIARY until such information is provided. If the information provided is false or incorrect, the FUND is not liable for any loss sustained by a MEMBER, DEPENDANT or other BENEFICIARY as a result.

17.2.2. Satisfactory evidence of age in respect of any person is deemed to be –

17.2.2.1. valid SA ID (or a duly authenticated copy) which shows the birth date;

17.2.2.2. valid passport (or a duly authenticated copy) which shows the birth date;

17.2.2.3. the original or a duly authenticated copy of the birth certificate; or

17.2.2.4. any life policy of the person concerned giving the date of birth and marked "age admitted".

17.2.3. Where any of the above documents set out are not able to be produced the TRUSTEES may, at their discretion, accept such other evidence as the TRUSTEES may consider sufficient for the purpose.

17.2.4. Satisfactory evidence of good health must be produced if required by the TRUSTEES, or the INSURER, in respect of the LIFE ASSURANCE BENEFIT.

17.3. **Certificate of existence for PENSIONERS**

Each PENSIONER must produce evidence of existence at such intervals stipulated by the TRUSTEES. Should such evidence not be produced, and after reasonable measures have been taken by the FUND to obtain such evidence, the PENSION payments may be suspended, and retained in the UNCLAIMED BENEFITS ACCOUNT.

17.4. **Termination of membership**

17.4.1. No MEMBER may withdraw from the FUND whilst still an EMPLOYEE.

[Rule 17.4.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

17.4.2. **[Deleted in terms of rule amendment no. 8 registered on 9 September 2019]**

17.4.3. The membership of a PENSIONER does not terminate until his or her PENSION is no longer payable in terms of any of the relevant RULES.

17.4.4. Notwithstanding the above, the membership of a MEMBER does not terminate until the MEMBER has received all benefits due to him or her in terms of these RULES.

17.5. **Temporary absence with full remuneration**

Membership of the FUND and the benefits and contributions payable are not affected by the absence from service of a MEMBER who is an EMPLOYEE while he or she is in receipt of full normal remuneration from the EMPLOYER, subject to RULE 45.1 in relation to DC MEMBERS and RULE 47.6.1 in relation to DB MEMBERS.

17.6. **Temporary absence with less than full remuneration**

Subject to RULES 17.8, 45.2, 47.6.1 and 47.6.2, when a MEMBER who is an EMPLOYEE is granted leave of absence with less than full normal remuneration, contributions actually paid by him or her and the EMPLOYER during such period of absence are recognised. If no contributions are paid, none are recognised.

17.7. **Employment contracts unchanged**

Nothing in the RULES restricts the right of the EMPLOYER to dismiss any EMPLOYEE, or the right of any EMPLOYEE to leave the service of the EMPLOYER, in either event according to any applicable laws or the employment contract of the EMPLOYER.

17.8. **Reduction in PENSIONABLE EARNINGS**

Should a DC ACTIVE MEMBER or DB ACTIVE MEMBER suffer a reduction in PENSIONABLE EARNINGS, other than due to employment status changing from full-time to part-time employment, he or she and the EMPLOYER may elect to continue to contribute on the basis of the PENSIONABLE EARNINGS immediately prior to such reduction, provided that the TRUSTEES receive written notice to this effect within one month of the date on which the DC ACTIVE MEMBER or DB ACTIVE MEMBER is notified of the reduction in the PENSIONABLE EARNINGS. In the absence of such notice, such reduced remuneration must, with effect from the date of such reduction, be regarded as the PENSIONABLE EARNINGS of the DC ACTIVE MEMBER or DB ACTIVE MEMBER for the purposes of the RULES.

17.9. Transfer of Paid-Up Membership Savings to the FUND

17.9.1. When a person becomes a DC ACTIVE MEMBER the FUND must:

17.9.1.1. Within 4 (four) months thereof, request from him or her in a manner as may be prescribed by the AUTHORITY a list of all paid-up membership certificates in respect of any retirement savings of that DC ACTIVE MEMBER;

17.9.1.2. Request him or her, for each paid-up membership certificate, in a manner which the AUTHORITY may prescribe, whether he or she wishes to allow the retirement savings held in respect of each paid-up membership certificate to be transferred to the FUND; and

17.9.1.3. If such DC ACTIVE MEMBER elects to transfer his or her retirement savings, arrange on his or her behalf, in respect of each paid-up membership that he or she specifies, the transfer of the retirement savings in respect of thereof into the FUND without levying a fee for such transfer.

[Rule 17.9 inserted in terms of rule amendment no. 8 registered on 9 September 2019]

RULE 18 – TRANSFER INTO AND OUT OF THE FUND

18.

18.1. Transfer into the FUND

Where a DC ACTIVE MEMBER transfers into the FUND from an APPROVED FUND or an APPROVED PRESERVATION FUND, any TRANSFER VALUE to which he or she is entitled on leaving that fund, and which is transferred with the MEMBER into this FUND, must be credited (added) to his or her DC MEMBER SHARE ACCOUNT. Where any part of such TRANSFER VALUE comprises a VESTED PORTION then the accounting in his or her MEMBER SHARE ACOUNT must reflect such VESTED PORTION separately.

[Rule 18.1 amended in terms of rule amendment no. 14 registered in 2021]

18.2. Transfer out of the FUND

18.2.1. If a DC ACTIVE MEMBER or a DB ACTIVE MEMBER is transferred to the service of an employer not participating in the FUND, the MEMBER

remains in the FUND as a PAID-UP MEMBER (if previously a DC ACTIVE MEMBER) or as a DEFERRED PENSIONER (if previously a DB ACTIVE MEMBER), unless he or she chooses to become -

[Rule 18.2.1 replaced in terms of rule amendment no. 11 registered on 23 June 2020]

18.2.1.1. a member of an APPROVED PENSION FUND established for the benefit of the employees of the organisation to which he or she is transferred, in which event, the TRUSTEES must pay the TRANSFER VALUE to that fund and that MEMBER has no further claim on the FUND; or

18.2.1.2. a member of an APPROVED PROVIDENT FUND established for the benefit of the employees of the organisation to which he or she is transferred, in which event, the TRUSTEES must, provided that the MEMBER agrees thereto, pay his or her TRANSFER VALUE less any tax payable thereon to that fund, and that MEMBER has no further claim on the FUND;

18.2.1.3. a member of an APPROVED RETIREMENT ANNUITY FUND or an APPROVED PRESERVATION PENSION FUND chosen by that MEMBER within such period as the TRUSTEES determine, if permitted by the REVENUE AUTHORITY and the Rules of the receiving Fund, in which event, the TRUSTEES must pay the TRANSFER VALUE to that fund, and that MEMBER has no further claim on the FUND.

18.2.2. The EMPLOYER is not required to make contributions to the FUND, after the effective date of transfer, in respect of a MEMBER who transfers out of the FUND in terms of RULE 18.2.1, and such a MEMBER is, after this effective date, no longer eligible to receive the LIFE ASSURANCE BENEFIT, if previously applicable.

18.2.3. A PAID-UP MEMBER may:

18.2.3.1. Have transferred to the FUND a TRANSFER VALUE in respect of him or her from an APPROVED FUND or an APPROVED PRESERVATION FUND. Where any part of such TRANSFER VALUE comprises a VESTED PORTION then the accounting in his or her MEMBER SHARE ACCOUNT must reflect such VESTED PORTION separately;

[Rule 18.2.3.1 amended in terms of rule amendment no. 14 registered in 2021]

18.2.3.2. Require, after acknowledging in writing to the FUND that he or she has had access to RETIREMENT BENEFIT COUNSELLING, that his or her TRANSFER VALUE be transferred to an APPROVED FUND, an APPROVED PRESERVATION FUND or an APPROVED RETIREMENT ANNUITY FUND of which he or she has been accepted as a member. After such transfer that PAID-UP MEMBER has no further claim on the FUND. If any part of such TRANSFER VALUE comprises a VESTED PORTION then that must be indicated in the TRANSFER VALUE.

[Rule 18.2.3 inserted in terms of rule amendment no. 8 registered on 9 September 2019]
[Rule 18.2.3.2 amended in terms of rule amendment no. 14 registered in 2021]

18.3. Calculation of TRANSFER VALUE

18.3.1. The amount transferred in respect of an ACTIVE MEMBER in terms of RULE 18.2.1 is subject to the following –

18.3.1.1. the relevant TRANSFER VALUE may not be less than the MINIMUM BENEFITS due in respect of any such MEMBER;

18.3.1.2. in respect of any DB ACTIVE MEMBER so transferred, his or her TRANSFER VALUE must be determined according to the same valuation methodology applied in respect of the most recent valuation of the FUND by the ACTUARY. This is subject to the provision that the TRUSTEES may choose to not include in such TRANSFER VALUE any portion of any CONTINGENCY RESERVE ACCOUNT, as defined in the ACT, attributable to that DB ACTIVE MEMBER. However, in this event, the transferring DB ACTIVE MEMBER concerned must be included by the TRUSTEES as being eligible to receive a portion of any ACTUARIAL SURPLUS revealed at the next actuarial valuation of the FUND and allocated to DB ACTIVE MEMBERS and former such MEMBERS.

18.3.1.3. If any part of such TRANSFER VALUE comprises a VESTED PORTION then that must be indicated in the TRANSFER VALUE.

[Rule 18.3.1.3 inserted in terms of rule amendment no. 14 registered in 2021]

18.4. Special transferability in terms of "freedom of association"

18.4.1. The TRUSTEES may only allow a DC ACTIVE MEMBER or a DB ACTIVE MEMBER to transfer to another APPROVED FUND in which his or her employer participates, subject to all of the following:

18.4.1.1. Transfer agreements having been concluded with such APPROVED FUND;

18.4.1.2. the lawfully binding principles of freedom of association agreed to by the South African Local Government Bargaining Council (SALGBC) having been complied with; and

18.4.1.3. approval by the TRUSTEES, subject to such further conditions as they may specify, being given; and

18.4.1.4. the provisions of any relevant legislation, including Provincial Proclamations, being complied with; and

18.4.1.5. subject to the other provisions of these RULES, including RULE 18.2.

[Rule 18.4.1.5 amended in terms of rule amendment no. 6 registered on 6 March 2018]

18.5. Membership on re-instatement and on rejoining employment

18.5.1. A DB ACTIVE MEMBER whose SERVICE is terminated for any reason by the EMPLOYER and who is subsequently reinstated to SERVICE, must have his or her membership (and CONTRIBUTORY SERVICE and PENSIONABLE SERVICE) reinstated in the DB SECTION, so that he or she is placed in the same position as if his or her SERVICE had not been terminated, subject to the:

18.5.1.1. repayment of any benefits paid as a result of such termination,

18.5.1.2. terms of reinstatement;

18.5.1.3. payment to the FUND by the EMPLOYER of such amounts as the ACTUARY may certify as necessary to ensure that the

reinstatement does not cause a strain on the financial position of the FUND; and/or

18.5.1.4. on such other conditions as the TRUSTEES, acting on the advice of the ACTUARY, may specify.

18.5.2. A DC ACTIVE MEMBER whose SERVICE is terminated for any reason by the EMPLOYER and who is subsequently reinstated to SERVICE, must have his or her membership reinstated in the DC SECTION, subject to the option of the repayment of any benefits paid as a result of such termination and on such conditions as the TRUSTEES, acting on the advice of the ACTUARY, may specify.

18.5.3. An ACTIVE MEMBER, who ceases to be an EMPLOYEE, but who subsequently becomes an EMPLOYEE again, other than by way of re-instatement, is only eligible to join the DC SECTION.

RULE 19 - DEDUCTION FROM BENEFITS

19.

19.1. The TRUSTEES may make any deductions from any benefit allowed by Section 37A and Section 37D of the ACT, including the following:

[Rule 19.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

19.1.1. any amount of tax on any benefit payable to any MEMBER or BENEFICIARY and on any interest payable in respect of such a benefit in terms of RULE 22.3;

19.1.2. any arrear contributions owed to the FUND;

19.1.3. any sum owing to the FUND or the EMPLOYER by the MEMBER upon ceasing to be in SERVICE for a housing loan or guarantee granted to that MEMBER to fulfil a purpose specified in Section 19(5)(a) of the ACT up to the amount permitted in terms of the ACT allowed to be taken as a housing loan;

[Rule 19.1.3 amended in terms of rule amendment no. 8 registered on 9 September 2019]

19.1.4. the TRUSTEES may, if the EMPLOYER has instituted legal proceedings in a court of law against a MEMBER upon ceasing to be in SERVICE for compensation in respect of damage caused to the EMPLOYER as

contemplated in Section 37D of the ACT, withhold payment of any benefit for a reasonable period or 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 –

[Rule 19.1.4 amended in terms of rule amendment no. 8 registered on 9 September 2019]

19.1.4.1. the TRUSTEES are satisfied that the EMPLOYER has made a *prima facie* case against the MEMBER and there is reason to believe that the EMPLOYER has a reasonable chance of success in the proceedings that have been instituted;

19.1.4.2. the TRUSTEES are satisfied that the EMPLOYER is not at any stage of the proceedings responsible for any significant undue delay in the prosecution of the proceedings;

19.1.4.3. once the proceedings have been determined, settled or withdrawn, or the MEMBER has admitted liability in writing to the EMPLOYER, and after deduction of any amount from the benefit which may be paid to the EMPLOYER in terms of the ACT, the MEMBER becomes a PAID-UP MEMBER in respect of the balance of the benefit;

[Rule 19.1.4.3 amended in terms of rule amendment no. 8 registered on 9 September 2019]

19.1.4.4. any benefit withheld in terms of this RULE must have interest added to it in the same way as set out in RULE 22.3 from the time that such benefit is withheld.

19.1.5. contributions to a medical scheme, by arrangement with and on behalf of the PENSIONER;

19.1.6. such deductions in force as at 1 January 2003 in respect of insurance premiums by arrangement with and on behalf of the PENSIONER;

19.1.7. any amount payable under RULE 20 in terms of the Divorce Act, No. 70 of 1979, or in terms of the Maintenance Act, No. 99 of 1998,or any other applicable legislation; and

19.1.8. any other deductions for such other purpose as agreed by the PENSIONER with the TRUSTEES and as approved by the AUTHORITY; and to the extent permitted by law.

19.2. Any deductions made in terms of this RULE 19 are deemed to be taken by the BENEFICIARY as part or the whole of any lump sum permitted in terms of RULE 35.4 and 51.1.2.

[Rule 19.2 (rule reference) amended in terms of rule amendment no. 3 registered on 24 February 2017]

RULE 20 - DIVORCE ORDERS

20.

The FUND must comply with any order properly issued by a court in terms of the Divorce Act, No. 70 of 1979 (as amended) both by making the appropriate endorsement in its records and effecting any payment in terms of such an order to the former SPOUSE when due in terms of the RULES and the ACT. The amount paid in terms of a divorce order to a former SPOUSE will reduce the amount of any benefit payable to or in respect of the MEMBER concerned. In the case of MEMBERS of the DB SECTION of the FUND, such reduction will be on a basis specified by the ACTUARY as agreed by the TRUSTEES.

RULE 21 - PROTECTION OF BENEFITS

21.

21.1. Unless specifically permitted in terms of the ACT, the Divorce Act, No. 70 of 1979 (as amended), the Maintenance Act, No. 99 of 1998 (as amended), the INCOME TAX ACT or any other legislation or law, a benefit payable in terms of the RULES may not be reduced, transferred, ceded, pledged or hypothecated (or mortgaged) or attached or sold in satisfaction of a debt. If a BENEFICIARY attempts to transfer, cede, pledge or hypothecate (or mortgage) a benefit, the FUND must suspend the payment of the benefit to that BENEFICIARY and instead pay it directly to a DEPENDANT of the BENEFICIARY or to a guardian, trustee or curator for the benefit of the BENEFICIARY.

21.2. Subject to the provisions of the ACT, if a BENEFICIARY commits an act of insolvency then any benefit must be deemed not to form part of the assets in the estate of the BENEFICIARY and cannot be attached or sold in execution. If the BENEFICIARY is in receipt of a PENSION, this must continue to be paid to or for the benefit of the insolvent BENEFICIARY, and may not in any way be attached or appropriated by the trustee in the insolvent estate or by creditors. These provisions apply irrespective of the circumstance referred to in this RULE.

21.3. If a PENSIONER is convicted by any Court of any crime or offence and is sentenced to imprisonment for any period exceeding one month, the PENSION shall, during such period of imprisonment, continue to be paid for the benefit of the PENSIONER.

RULE 22 - PAYMENT OF BENEFITS

22.

22.1. Money payable to any BENEFICIARY in terms of the RULES must be ordinarily paid by means of a bank transfer to that BENEFICIARY. If payment is made other than by bank transfer, at the request of the BENEFICIARY and with the agreement of the TRUSTEES, then such payment is at the risk of the BENEFICIARY entitled to such payment.

22.2. Any payment made in terms of RULE 22.1 is subject to any term or condition of payment stipulated by the TRUSTEES; and any payment in respect of a benefit is in full and final settlement.

22.3. To the extent that interest may be due in respect of any amount payable by the FUND in terms of these RULES, then such interest is payable at the same rate and capitalised in the same way as the interest received by the FUND on monies held by it in its BANK ACCOUNT. Any such interest must be reduced by any tax thereon due by the FUND or due by the BENEFICIARY.

22.4. If the TRUSTEES believe that it is appropriate, it may pay a benefit –

22.4.1. to a trust registered in terms of the Trust Property Control Act, No. 57 of 1988 and established for the benefit of the person to whom the benefit is payable; or

22.4.2. to the guardian or care-giver of the person to whom that benefit is payable if that person is a minor, or to his or her curator, if that person is under curatorship, provided that, if no such guardian or curator has been appointed, then the payment may be withheld until such appointment has been properly made.

22.5. All benefits are determined and payable in South African Rands.

RULE 23 - UNPAID OR UNCLAIMED BENEFITS

23.

The TRUSTEES must take such steps, as they consider appropriate, to trace the person entitled to any benefit, the costs of which must be borne by the recipient by deduction from the benefit and/or from any interest paid in respect of the benefit. Any benefit, which is not paid out within a period of 24 (twenty-four) months from the date on which it becomes legally due and payable, must be transferred to the UNCLAIMED BENEFITS ACCOUNT established in terms of RULE 15. Any

unpaid or unclaimed benefit transferred to this ACCOUNT must be retained in this ACCOUNT for a period determined by the TRUSTEES from time to time, which is not less than 3 (three) years, during which period the FUND RETURN must be added to such unpaid benefit. After this period has expired in respect of that unpaid or unclaimed benefit, then the amount thereof, including the FUND RETURN, may be paid to a fund approved by the AUTHORITY for the purposes of holding unpaid or unclaimed benefits. After such payment the FUND is not liable to any person in respect of that unpaid or unclaimed benefit. The FUND must keep records of all unpaid benefits received in this ACCOUNT.

RULE 24 – BENEFITS INCREASED BY EMPLOYER REQUEST

24.

24.1. A BENEFIT may be increased by the EMPLOYER; providing that the amount certified by the ACTUARY as necessary is paid to the fund by the EMPLOYER and that the TRUSTEES agree, and subject to any requirements of the REVENUE AUTHORITY.

PART G – GENERAL

RULE 25 - GENERAL PROVISIONS

25.

25.1. **Notices to be in writing**

Any notice, request, instruction or other communication given to the FUND by any person in terms of the RULES must, unless otherwise specified, be in writing. Any person giving such notice, request, instruction or other communication bears the onus of proof that it was received by the FUND.

25.2. **Change of legislation**

25.2.1. To the extent that any legislation (including any subordinate legislation) referred to in these RULES is amended, repealed or substituted, then the equivalent provisions in such amended or substituted legislation are deemed to apply or be applicable in these RULES.

25.2.2. To the extent that the wording of any of these RULES is taken from the wording of any legislation in existence at the time that these RULES were approved by the AUTHORITY, and the wording of such legislation is subsequently amended, then the amended legislation overrides the applicable provision of these RULES.

25.3. **Right to inspect documents and obtain copies**

25.3.1. Every MEMBER is entitled to see and, on payment of such sum or amount as the TRUSTEES may decide, receive copies of –

25.3.1.1. the RULES;

25.3.1.2. the latest approved financial statements prepared in terms of the ACT;

25.3.1.3. the report by the ACTUARY on the latest statutory valuation of the FUND;

25.3.1.4. the Investment Policy document;

25.3.1.5. the Code of Conduct;

25.3.1.6. the Communication Policy; and

25.3.1.7. any document to which a MEMBER is entitled to in terms of the Promotion of Access to Information Act, No.2 of 2000.

PART H – VALUATION OF FUND AND APPORTIONMENT OF SURPLUS

RULE 26 - VALUATION

26.

26.1. **Valuation of the FUND**

26.1.1. The FUND must be valued on an actuarial basis by the ACTUARY in order to determine, as at the valuation date, its assets and liabilities, and whether the FUND is able to provide the benefits specified in the RULES. This valuation date is every third anniversary of 30 June 2003. The TRUSTEES may, however, require such a valuation to be performed more frequently.

26.1.2. Each valuation as referred to in RULE 26.1.1 above must be submitted to the TRUSTEES for approval.

26.1.3. Every triennial valuation (that is, every valuation which takes place as at each third anniversary of 30 June 2003) must be submitted to the AUTHORITY in terms of Section 16 of the ACT. Every such triennial valuation must also be sent to the EMPLOYER.

26.1.4. In each valuation relating to the DB SECTION the TRUSTEES must determine, after taking advice from the ACTUARY, the adequacy of the funding levels of the CONTRIBUTION STABILISATION ACCOUNT and the DB DATA RESERVE ACCOUNT. If the TRUSTEES determine that the CONTRIBUTION STABILISATION ACCOUNT or the DB DATA RESERVE ACCOUNT is overfunded (such account to be referred to as the "overfunded account") and that the other ACCOUNT is underfunded (such account to be referred to as the "underfunded account") then the excess in the overfunded account must be credited to the underfunded account to the extent required to ensure the full funding of the underfunded account. If the amount transferred from the overfunded account is not sufficient to fully fund the underfunded account, the shortfall in the funding of the underfunded account must be met from the DB ACTIVE MEMBER ACCOUNT, to the extent that it reflects an ACTUARIAL SURPLUS, and failing that, from the EMPLOYER SURPLUS ACCOUNT provided that the EMPLOYER agrees thereto.

[Rule 26.1.4 inserted in terms of rule amendment no. 3 registered on 24 February 2017]

26.2. **Apportionment of ACTUARIAL SURPLUS**

26.2.1. If, as a result of any triennial valuation or formal valuation by the ACTUARY, an ACTUARIAL SURPLUS is identified, the TRUSTEES may, if they consider such ACTUARIAL SURPLUS sufficiently large to warrant its apportionment, having regard to the costs involved, and if they consider that it is appropriate at that time to do so, apportion such ACTUARIAL SURPLUS, according to the following provisions:-

26.2.1.1. in respect of the DC SECTION, any ACTUARIAL SURPLUS apportioned must be applied for the benefit of the MEMBERS of the DC SECTION on an equitable basis, and possibly for the EMPLOYER if the TRUSTEES deem this to be equitable, taking into account the origin of any such ACTUARIAL SURPLUS (if determinable) and the interests of the MEMBERS of the DC SECTION;

26.2.1.2. in respect of the DB SECTION, any ACTUARIAL SURPLUS apportioned must be applied for the benefit of the MEMBERS of the DB SECTION on an equitable basis, and possibly for the EMPLOYER if the TRUSTEES deem this to be equitable taking into account the origin of any such ACTUARIAL SURPLUS (if

determinable) and the interests of the MEMBERS of the DB SECTION;

26.2.1.3. in respect of any ACTUARIAL SURPLUS arising in the EXPENSES ACCOUNT, the TRUSTEES may apportion this for the benefit of the MEMBERS and/or the EMPLOYER, in terms of Section 15C of the ACT. The apportionment of such ACTUARIAL SURPLUS must be on an equitable basis, taking into account the origin of such ACTUARIAL SURPLUS (if determinable), and the interests of the MEMBERS and the EMPLOYER;

26.2.1.4. for the purposes of apportioning any ACTUARIAL SURPLUS in terms of this RULE 26.2.1, the TRUSTEES may include any FORMER MEMBER and PENSIONER who withdrew from or transferred out of the FUND after 30 June 2003. Such FORMER MEMBERS or PENSIONERS may be eligible, but not entitled, to receive a portion of any ACTUARIAL SURPLUS, if the TRUSTEES consider this to be equitable;

26.2.1.5. the effective date of any apportionment of ACTUARIAL SURPLUS is at the date of the relevant triennial valuation, provided that the TRUSTEES may exclude from any such apportionment any FORMER MEMBER or PENSIONER whose membership of the FUND ceased after that effective date, if the TRUSTEES consider the costs of tracing and paying the net amounts to the FORMER MEMBERS or PENSIONERS to be disproportionate to the amount of the potential benefit;

26.2.1.6. any ACTUARIAL SURPLUS apportioned for the benefit of any person who is or was a MEMBER must be credited to the DC MEMBER SURPLUS ACCOUNT or the DB MEMBER SURPLUS ACCOUNT, as is appropriate. Each such ACCOUNT must be used simply as a transmission account through which the ACTUARIAL SURPLUS apportioned is routed in order to give effect within as short a period as is reasonably possible to the apportionment of that ACTUARIAL SURPLUS;

26.2.1.7. the costs associated with any apportionment of ACTUARIAL SURPLUS in terms of this RULE 26.2 may at the discretion of the TRUSTEES be deducted from such ACTUARIAL

SURPLUS; and such deduction may be made, if the TRUSTEES consider this appropriate, against any ACTUARIAL SURPLUS apportioned to a person if such costs are specific to that person.

26.3. **Deficit as a result of any Valuation**

26.3.1. If a valuation by the ACTUARY reveals an actuarial deficit and the TRUSTEES decide that the FUND will not be able to pay the benefits specified in the RULES (i.e. there is a deficit or a shortfall), the RULES must be amended so that the benefits are reduced and/or the contributions increased, as the TRUSTEES decide, after consultation with the ACTUARY and the EMPLOYER, provided that:

26.3.1.1. this is limited to the Section of the FUND in which such deficit (shortfall) arises, so that the other section, which is not in deficit, is not affected by the section that is in deficit. Thus, for example, if the DB SECTION is in deficit, but not the DC SECTION, then the deficit must be remedied either by reducing the benefits in respect of the affected DB MEMBERS or increasing the contributions by or in respect of them, and the benefits and contribution in respect of the DC SECTION are not affected; and vice versa, so that if the DC SECTION is in deficit, but not the DB SECTION, then the deficit must be remedied either by reducing the benefits in respect of the affected DC MEMBERS or increasing the contributions by or in respect of them, and the benefits and contributions in respect of the DB SECTION are not affected;

26.3.1.2. no PENSION being paid to a MEMBER may be reduced nor may any lump sum benefit already paid be required to be repaid to the FUND;

26.3.1.3. the contributions by or on behalf of an ACTIVE MEMBER may not be reduced below the contribution that is payable at that time;

26.3.1.4. the contribution rate paid by the EMPLOYER may not be lower than the contribution rates paid by or on behalf of the ACTIVE MEMBERS in the relevant section of the FUND;

26.3.1.5. to the extent that there may be any credit balance in the EMPLOYER SURPLUS ACCOUNT or the DB or DC MEMBER

SURPLUS ACCOUNT then so much of such credit balance as is necessary to eliminate such deficit must be deducted from these ACCOUNTS. However, the DC MEMBER SURPLUS ACCOUNT may not be so deducted in respect of a deficit in the DB SECTION, and the DB MEMBER SURPLUS ACCOUNT may not be so deducted in respect of a deficit in the DC SECTION.

PART I – DISCONTINUANCE AND TERMINATION OF THE FUND

RULE 27 - DISCONTINUANCE OF THE FUND

27.

27.1. **Notice of discontinuance**

27.1.1. The FUND may be discontinued, with the consequence in RULE 27.4, if notice of discontinuance is given:-

27.1.1.1. by the FUND to the EMPLOYER; or

27.1.1.2. by the EMPLOYER, in negotiation with MEMBERS, to the FUND.

27.2. **Notice period**

27.2.1. The period of notice referred to in RULE 27.1 may not be less than 6 (six) months or more than 12 (twelve) months, unless the FUND and the EMPLOYER agree otherwise.

27.3. **Discontinuance Date**

27.3.1. The effective date of discontinuance, being for the purposes of RULES 27 and 28 "the Discontinuance Date", is that date specified in the notice of discontinuance given in terms of RULE 27.1, or that date agreed between the FUND and the EMPLOYER.

27.4. **Consequence of discontinuance**

27.4.1. With effect from the Discontinuance Date:-

27.4.1.1. no contributions are payable by or in respect of the MEMBERS, nor may the FUND receive any contributions in respect of the MEMBERS;

27.4.1.2. the LIFE ASSURANCE BENEFIT is not payable as a benefit from the FUND in respect of a MEMBER who dies after the Discontinuance Date.

27.4.2. The TRUSTEES must cause the FUND to be valued by the ACTUARY on a discontinuance basis as at the Discontinuance Date.

27.4.3. If the valuation referred to in RULE 27.4.2 reveals any ACTUARIAL SURPLUS after allowing for the MINIMUM BENEFITS of each ACTIVE MEMBER, PAID-UP MEMBER, LIVING ANNUITANT and DEFERRED PENSIONER, for the equivalent pensions as referred to in Section 30(3) of the ACT for every PENSIONER, and for the costs of liquidation of the FUND, then any such ACTUARIAL SURPLUS must be apportioned on the basis set out in RULE 26.2.

[Rule 27.4.3 amended in terms of rule amendment no. 8 registered on 9 September 2019]

27.4.4. If the valuation referred to in RULE 27.4.2 reveals any actuarial deficit after allowing for the MINIMUM BENEFITS of each ACTIVE MEMBER, PAID-UP MEMBER, LIVING ANNUITANT and DEFERRED PENSIONER, for the equivalent pensions as referred to in Section 30(3) of the ACT for every PENSIONER, and for the costs of liquidation of the FUND, then the FUND must be terminated in terms of RULE 28.

[Rule 27.4.4 amended in terms of rule amendment no. 8 registered on 9 September 2019]

27.4.5. If, on the Discontinuance Date the EMPLOYER participates in another APPROVED PENSION FUND then all the ACTIVE MEMBERS must be transferred to that APPROVED PENSION FUND. If the EMPLOYER participates in more than 1 (one) APPROVED PENSION FUND then the EMPLOYER must notify the FUND in writing to which APPROVED PENSION FUND/S each of the ACTIVE MEMBERS must be transferred. If the EMPLOYER does not participate in another APPROVED PENSION FUND, or the EMPLOYER does not give the notification referred to in this RULE 27.4.5 then the provisions of RULE 27.4.6 apply. If the APPROVED PENSION FUND to which the ACTIVE MEMBERS are transferred will accept them, the PAID-UP MEMBERS must also be transferred to that APPROVED PENSION FUND. If no APPROVED PENSION FUND will accept those, or some PAID-UP MEMBERS, those PAID-UP MEMBERS

who are not accepted must be transferred to such APPROVED PRESERVATION PENSION FUND as the TRUSTEES may decide.

[Rule 27.4.5 amended in terms of rule amendment no. 8 registered on 9 September 2019]

27.4.6. If the provisions of RULE 27.4.5 do not apply, then:-

27.4.6.1. the MINIMUM BENEFITS due to each ACTIVE MEMBER and PAID-UP MEMBER, adjusted by any surplus apportionment as referred to in RULE 27.4.3, if applicable, must be transferred to such APPROVED PRESERVATION PENSION FUND or APPROVED RETIREMENT ANNUITY FUND as each such ACTIVE MEMBER or PAID-UP MEMBER may choose within such period as the TRUSTEES determine;

[Rule 27.4.6.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

27.4.6.2. **[Deleted in terms of rule amendment no. 8 registered on 9 September 2019]**

27.4.6.3. any ACTIVE MEMBER or DEFERRED PENSIONER who, in terms of RULE 27.4.6.1, fails to elect an APPROVED PRESERVATION FUND or RETIREMENT ANNUITY FUND to transfer his or her entitlement in terms of RULE 27.4.6.1, remains in the FUND and his or her benefits must be dealt with by the Liquidator in terms of RULE 28 below.

[Rule 27.4.6.3 amended in terms of rule amendment no. 11 registered on 23 June 2020]

27.4.7. Whether or not RULE 27.4.5 or 27.4.6 applies, then:

27.4.7.1. Each DC LIVING ANNUITANT must be given the opportunity, on such terms and with such notice period as the TRUSTEES may decide, to transfer the balance to the credit of his or her DC LIVING ANNUITY SHARE ACCOUNT to such APPROVED FUND or INSURER nominated by him or her as will accept that. Failing such transfer the balance in his or her DC LIVING ANNUITY SHARE ACCOUNT must be dealt with in terms of RULE 28.

[Rule 27.4.7 and 27.4.7.1 replaced in terms of rule amendment no. 11 registered on 23 June 2020]

27.4.7.2. The PENSIONERS and DEFERRED PENSIONERS:

27.4.7.2.1. To the extent that such a policy has not already been purchased from an INSURER, the TRUSTEES must proceed to purchase from an INSURER a policy that meets the FUND's benefit liability to the PENSIONERS and DEFERRED PENSIONERS, the purchase of which must include any ACTUARIAL SURPLUS apportioned in terms of RULE 27.4.3 if applicable, as well as a pro rate share of the SOLVENCY RESERVE attributable to each on such basis as the TRUSTEES consider equitable. This policy to be purchased must provide benefits at least equivalent to those provided in terms of the FUND's benefit regime, including in respect of its pension increase policy. The policy to be purchased in terms of this RULE and any policy already held by the FUND are collectively referred to in the remainder of this Rule, as the "Fund Policy".

27.4.7.2.2. The TRUSTEES must, as soon as possible following the date on which the policy is purchased in terms of RULE 27.4.7.2.1 proceed to make an application in terms of section 14 of the ACT for the transfer of the FUND's liability in respect of the PENSIONERS and DEFERRED PENSIONERS to the INSURER or INSURERS that issued the Fund Policy, subject to the same requirements as set out in RULE 38.2.

[Rule 27.4.7 replaced in terms of rule amendment no. 8 registered on 9 September 2019]

27.4.8. Upon their transfer in terms of RULES 27.4.5, 27.4.6 and 27.4.7, each ACTIVE MEMBER, DEFERRED PENSIONER, PAID-UP MEMBER, DC LIVING ANNUITANT and PENSIONER, ceases to be a MEMBER and neither that MEMBER nor his or her DEPENDANT has any further claim against the FUND.

[Rule 27.4.8 replaced in terms of rule amendment no. 8 registered on 9 September 2019]

27.4.9. Upon completion of the discontinuance process as set out in this RULE 27.4, the FUND must be terminated by resolution of the TRUSTEES in terms of RULE 28.1.1.2.

27.4.10. Any transfer in terms of this RULE 27 is subject to the provisions of Section 14 of the ACT.

RULE 28 – TERMINATION OF THE FUND

28.

28.1. **Termination**

28.1.1. The FUND must be terminated in terms of Section 28 of the ACT:-

28.1.1.1. by Order of a Court; or

28.1.1.2. when the TRUSTEES resolve that the actions required of them in terms of RULE 27.4 after the Discontinuance Date have been completed; or

[Rule 28.1.1.2 amended in terms of rule amendment no. 8 registered on 9 September 2019]

28.1.1.3. if the TRUSTEES so resolve, and the TRUSTEES consider it in the interests of the MEMBERS that the FUND is liquidated without following the discontinuance process referred to in RULE 27; or

28.1.1.4. in the event of an actuarial deficit in terms of the discontinuance process as set out in RULE 27.4.

28.2. **Appointment of Liquidator**

On the termination of the FUND in terms of RULE 28.1 the TRUSTEES must appoint a Liquidator, subject to the approval of the AUTHORITY. The date of liquidation is the date of such approval of the Liquidator by the AUTHORITY.

28.3. **Duties of Liquidator**

The Liquidator must carry out such duties, and follow such procedures, as are stipulated in the ACT and by the AUTHORITY.

28.4. **Effect of termination**

28.4.1. The following applies to DC ACTIVE MEMBERS and DB ACTIVE MEMBERS at termination date:

28.4.1.1. all contributions cease on the date of termination if such contributions had not already ceased in terms of RULE 27; and

28.4.1.2. any benefits which are due in terms of these RULES prior to termination which have not been paid must be paid or dealt with as unclaimed benefits.

28.5. **Transfer of Benefits**

28.5.1. The Liquidator must, subject to the provisions of the ACT, act as follows:-

28.5.1.1. the FUND must be valued by the ACTUARY on a discontinuance basis and any ACTUARIAL SURPLUS revealed in such a valuation must be apportioned by the Liquidator on the same basis as is set out in RULE 26.2;

[Rule 28.5.1.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

28.5.1.2. after the apportionment of such ACTUARIAL SURPLUS, if any, and after deduction of the liquidation costs, the Liquidator shall:-

28.5.1.2.1. if there are any MEMBERS, apply the provisions of RULE 27.4 mutatis mutandis;

28.5.1.2.2. if there is an amount to the credit of the EMPLOYER SURPLUS ACCOUNT, transfer that at the EMPLOYER's direction in terms of section 15E(1)(h) of the ACT or, if the EMPLOYER fails to give any such direction, to pay it to the EMPLOYER;

28.5.1.2.3. transfer any unclaimed benefits to an unclaimed benefits fund as defined in the ACT or, if that is not possible for any reason, to the Guardians Fund.

[Rule 28.5.1.2 replaced in terms of rule amendment no. 8 registered on 9 September 2019]

28.5.1.3. the Liquidator must consider, as part of such surplus apportionment, any ACTIVE MEMBER, PAID-UP MEMBER, DEFERRED PENSIONER or PENSIONER who exited the FUND since the Discontinuance Date or (if there was no Discontinuance Date) since the previous triennial valuation of the FUND. If either date was less than 12 (twelve) months before the liquidation date, any ACTIVE MEMBER, PAID-UP MEMBER, DEFERRED PENSIONER, or PENSIONER who exited the FUND 12 (twelve) months before the date of termination must be considered as part of such surplus apportionment. However, the Liquidator may exclude from any apportionment any such FORMER MEMBER or former PENSIONER, if the Liquidator considers the costs of tracing and paying the net amounts to the FORMER MEMBERS or former PENSIONERS to be disproportionate to the amount of the potential benefit.

[Rule 28.5.1.3 amended in terms of rule amendment no. 8 registered on 9 September 2019]

28.5.2. Any transfer in terms of this RULE 28 is subject to the provisions of Section 14 of the ACT.

28.6. **Unclaimed monies**

28.6.1. If the FUND is liquidated under Section 28 of the ACT, all monies remaining unclaimed for a period of six months from the date on which payment of benefits commenced after completion of all necessary formalities, must be paid into the Guardian's Fund, or, if legally permitted, into a registered Unclaimed Benefits Fund, by the Liquidator for the benefit of the BENEFICIARIES concerned. Thereafter there is no claim against the FUND or the EMPLOYER.

28.6.2. The Liquidator must indicate in the final liquidation account the amount thus paid and must simultaneously furnish the AUTHORITY with a certificate to the effect that all reasonable steps were taken to trace persons entitled to any unclaimed benefit.

CHAPTER 3 – PROVISIONS RELATING TO THE DC SECTION

The provisions contained in this section of the RULES, are applicable to:

- ACTIVE MEMBERS who elected to transfer with effect from the CONVERSION DATE from the Defined Benefit basis to the Defined Contribution basis; and
- All EMPLOYEES joining the FUND on or after the CONVERSION DATE.

PART J - CONTRIBUTIONS

RULE 29 – DC ACTIVE MEMBERS' CONTRIBUTIONS

29.

29.1. Each DC ACTIVE MEMBER who becomes a member of the DC SECTION on or after 1 March 2002 must contribute monthly to the FUND at the rate of 7,5% (seven comma five per cent) of his or her PENSIONABLE EARNINGS for that month.

29.2. Each DC ACTIVE MEMBER who was a member of the DC SECTION prior to 1 March 2002 must contribute monthly to the FUND at the rate of 8,5% (eight comma five per cent) of his or her PENSIONABLE EARNINGS for that month.

29.3. Notwithstanding RULE 29.2, a MEMBER to whom RULE 29.2 applies may exercise an option to reduce his or her contribution rate to 7,5% (seven comma five per cent) by informing the FUND and the EMPLOYER accordingly, in writing. A DC ACTIVE MEMBER who has reduced this contribution may thereafter exercise a further option to revert to a contribution rate of 8,5% (eight comma five per cent) provided that he or she has informed the FUND and the EMPLOYER accordingly, in writing, and provided that this does not conflict with the EMPLOYER's payroll administration policies.

29.4. Notwithstanding RULE 29.2, a DC ACTIVE MEMBER who has been an ACTIVE MEMBER since a date before 1 January 1977, has the right to contribute at the rate applicable to that MEMBER prior to the CONVERSION DATE, if that rate is lower than the rate specified in RULE 29.2, according to the table below:

Age of MEMBER when he or she became a MEMBER	Percentage of PENSIONABLE EARNINGS payable by that MEMBER
Up to 26	7.25
27 to 30	7.75
31 to 33	8.25
34 to 54	8.50

Furthermore, a DC ACTIVE MEMBER to whom this RULE is applicable may, if his or her rate of contribution is lower than that in RULE 29.2, by notice in writing to the FUND henceforth contribute at the rate in RULE 29.2 but may not thereafter change that rate of contribution.

RULE 30 - ADDITONAL VOLUNTARY CONTRIBUTIONS

30.

30.1. A DC ACTIVE MEMBER may, subject to the tax deductible limits for contributions set out in the INCOME TAX ACT, and such conditions as the FUND may impose from time to time, make recurring or lump sum additional voluntary contributions to the FUND. Any such contributions must be credited (added) to his or her DC MEMBER SHARE ACCOUNT.

[Rule 30.1 amended in terms of rule amendment no. 2 registered on 25 April 2016]
[Rule 30.1 amended in terms of rule amendment no. 11 registered on 23 June 2020]

RULE 31 - EMPLOYER CONTRIBUTIONS

31.

31.1. The EMPLOYER must contribute monthly an amount equivalent to 18% (eighteen per cent) of each DC ACTIVE MEMBER's PENSIONABLE EARNINGS for that month minus the cost of the premiums in respect of the separate DISABILITY INCOME BENEFIT POLICY and Funeral Benefit arrangement provided by the EMPLOYER. This is subject to the FUND agreeing with the EMPLOYER that, at the EMPLOYER's risk, the FUND receives from the EMPLOYER the premiums for the DISABILITY INCOME BENEFIT POLICY and Funeral Benefit arrangement, and pays these premiums on behalf of the EMPLOYER to the relevant INSURER. It is recorded that the EMPLOYER remains the owner the DISABILITY INCOME BENEFIT POLICY and the Funeral Benefit arrangement.

31.2. This contribution by the EMPLOYER must be dealt with in the following way:

31.2.1. The premiums in respect of the LIFE ASSURANCE BENEFIT, if applicable in terms of RULE 44.1, and the DISABILITY INCOME BENEFIT POLICY, if applicable in terms of RULE 45, and the premium in respect of any Funeral Benefit Arrangement provided by the EMPLOYER, must be deducted from EMPLOYER's contribution, credited (added) to the EXPENSES ACCOUNT and paid to the relevant INSURER. It should be noted that the Disability Income Benefit is a benefit not payable after the age of 60 years; the Funeral Benefit Arrangement is a benefit not payable after the age of 65 years; and that both benefits are provided by the EMPLOYER and are not benefits of the FUND. Where the premiums for the LIFE ASSURANCE BENEFIT, the DISABILITY INCOME BENEFIT POLICY and the Funeral Death Arrangement are not applicable in respect of a DC ACTIVE MEMBER for whatever reason in terms of the RULES then the portion of the EMPLOYER'S contribution which would otherwise

have funded that premium (for the benefit which is not payable) must be credited to the DC ACTIVE ACCOUNT of that DC ACTIVE MEMBER.

[Rule 31.2.1 amended in terms of rule amendment no. 6 registered on 6 March 2018]

31.2.2. Part of this contribution, after such deductions required by RULE 31.2.1, must be credited (added) to the EXPENSES ACCOUNT, as decided annually by the TRUSTEES on the advice of the ACTUARY; provided that a minimum of 12% (twelve per cent) of each DC ACTIVE MEMBER's PENSIONABLE EARNINGS for that month must be credited (added) to the DC MEMBER SHARE ACCOUNT as retirement-funding contributions. The provisions of this RULE do not affect the operation of the proviso in RULE 11.3.3.

31.3. It is recorded that when a DC ACTIVE MEMBER is in receipt of a benefit under the DISABILITY INCOME BENEFIT POLICY, in the event that the EMPLOYER is not liable to make the contribution referred to in this RULE 31, the INSURER must make a contribution to the FUND, of an amount as stipulated in the DISABILITY INCOME BENEFIT POLICY. Such a contribution by the INSURER to the FUND is in settlement of the EMPLOYER's obligation to make that contribution, which is a function of the Disability Income Benefit Arrangement put in place by the EMPLOYER.

PART K - RETIREMENT TIMING

RULE 32 – DATE OF RETIREMENT

32.

32.1. A DC ACTIVE MEMBER may when so eligible in terms of his or her conditions of employment retire from SERVICE in which event he or she becomes a PAID-UP MEMBER. Whether as a DC ACTIVE MEMBER or as a PAID-UP MEMBER, he or she retires from the FUND on whichever of the following events first occurs, provided that:-

(a) He or she must be given access to RETIREMENT BENEFITS COUNSELLING not less than three (3) months before his or her NORMAL RETIREMENT AGE (if not already retired from the FUND) and, if he or she retires at a date earlier or later than this, when he or she so retires; and

(b) That such retirement from the FUND contains an election in writing received by the FUND regarding the type of retirement benefit as referred to in RULE 35.2.

[Rules 32.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

32.1.1. when he or she elects in writing to the FUND on or after his or her NORMAL RETIREMENT AGE, provided that the MEMBER may not so elect whilst an ELIGIBLE EMPLOYEE if he or she remains in SERVICE after NORMAL RETIREMENT AGE with the consent of the EMPLOYER in terms of RULE 33;

[Rules 32.1.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

32.1.2. he or she chooses by notice to the FUND to retire early, whether or not in SERVICE or still receiving benefits from the DISABILITY INCOME BENEFIT POLICY, after having attained the age of 55 (fifty-five) years; or

32.1.3. he or she is dismissed from SERVICE after having attained the age of 55 (fifty-five) years, and the EMPLOYER regards such dismissal as early retirement.

32.2. A PAID-UP MEMBER in the DC SECTION must retire on whichever of the following events first occurs;

32.2.1. When the PAID-UP MEMBER, having attained the age of 55 (fifty-five) years, notifies the FUND of his or her intention to receive the retirement benefit; provided that such notification is only properly given if compliant with such requirements as the TRUSTEES may stipulate from time to time.

[Rule 32.2.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

32.2.2. the approval by the TRUSTEES of his or her application to retire before the NORMAL RETIREMENT DATE due to his or her ill health which that PAID-UP MEMBER is able to demonstrate to the TRUSTEES makes him or her incapable of performing the duties required of him or her in the occupation or post in which he or she was last employed; or

32.2.3. **[Deleted in terms of rule amendment no. 8 registered on 9 September 2019]**

RULE 33 - LATE RETIREMENT DATE

33.

If the EMPLOYER consents, prior to a DC ACTIVE MEMBER's NORMAL RETIREMENT DATE, by notice in writing to the FUND, the DC ACTIVE MEMBER may retire late, on such date specified by the EMPLOYER after his or her NORMAL RETIREMENT DATE. Such date may not be later than the last day of the month in which he or she attains the age of 70 (seventy) years. The EMPLOYER may at any

time, by written notice to the FUND, withdraw such consent after such DC ACTIVE MEMBER has attained his or her NORMAL RETIREMENT DATE. On such withdrawal of consent the DC ACTIVE MEMBER must retire at the end of the month in which the consent is withdrawn unless the EMPLOYER indicates otherwise to the FUND. It is recorded that in this circumstance the contributions payable by that MEMBER and the EMPLOYER in terms of RULES 29 and 31 respectively must continue to be paid after that MEMBER's NORMAL RETIREMENT DATE until his or her actual retirement.

34. **[Rule 34. deleted in terms of rule amendment no. 3 registered on 24 February 2017]**

PART L - RETIREMENT BENEFITS

RULE 35 – RETIREMENT BENEFIT

35.

35.1. A DC ACTIVE MEMBER who retires in terms of RULES 32, 33 or 34, or a PAID-UP MEMBER who retires in terms of RULE 32.2, is entitled to a retirement benefit equal to the amount to the credit of his or her MEMBER SHARE ACCOUNT at the date of retirement.

35.2. The retirement benefit of the retiring DC ACTIVE MEMBER or PAID-UP MEMBER, after commutation to a cash lump sum in terms of RULE 35.4; is one of the following options as chosen by him or her in a written notification to the FUND:

35.2.1. A standard pension in terms of RULE 36;

35.2.2. A living annuity from the FUND in terms of RULE 37; or

35.2.3. An annuity purchased from an INSURER in terms of RULE 38.

[Rule 35.2 amended in terms of rule amendment no. 9 registered on 9 September 2019]

35.3. When a MEMBER chooses a living annuity from the FUND or any form of annuity from an INSURER, the MEMBER must sign a declaration that:

35.3.1. He or she has had financial counselling;

35.3.2. He or she understands how to make adequate provision for future inflation and for the interests of his or her SPOUSE, if any; and

35.3.3. In respect of a life annuity from an INSURER (not a living annuity), the annuity makes some degree of provision for future inflation and for the interests of his or her SPOUSE, if any.

35.4. Subject to the limitations set out in the INCOME TAX ACT, at the time of his or her retirement a DC ACTIVE MEMBER or PAID-UP MEMBER may commute for a cash lump sum such amount as the MEMBER may elect in writing to the FUND, which cash lump sum may not exceed:

35.4.1. The VESTED PORTION, if part of his or her MEMBER SHARE ACCOUNT; plus

35.4.2. In respect of the balance of the amount to the credit of his or her MEMBER SHARE ACCOUNT if RULE 35.4.1 applies, or the whole of the MEMBER SHARE ACCOUNT if it does not, up to one-third of such amount, subject to such maximum as may be permitted in terms of the INCOME TAX ACT or allowed by the REVENUE AUTHORITY to be taken as a cash lump sum;

Provided that:-

(a) If such commutation for a lump sum is equal to the whole of the retirement benefit then such payment after tax to the MEMBER ends the FUND's liability to the MEMBER; and

(b) Such commutation for a lump sum is subject to the deduction of such tax as is required in terms of the INCOME TAX ACT.

[Rule 35.4 replaced in terms of rule amendment no. 14 registered in 2021]

RULE 36 - STANDARD PENSION

36.

36.1. The terms of the standard PENSION for retiring DC ACTIVE MEMBERS and PAID-UP MEMBERS are the following:

36.1.1. If on retirement the MEMBER does not have a SPOUSE, the benefit is a PENSION payable to that MEMBER for life, calculated in accordance with RULE 36.2.

36.1.1.1. In the event that the MEMBER dies within 5 (five) years of retirement, an amount is payable to his or her estate,

equal to the discounted value, as calculated by the ACTUARY, of the monthly PENSION instalments, including bonus PENSION instalments in terms of RULE 36.4, that would have been payable up to the end of the 5 (five) year guarantee period, and including provision made by the ACTUARY for future expected increases in PENSIONS.

36.1.1.2. The MEMBER may instead choose a guaranteed PENSION for a guarantee period of 0 (zero), 10 (ten) or 15 (fifteen) years rather than 5 (five) years. The choice of the guarantee period will impact the amount of the monthly PENSION in accordance with RULE 36.2. The provisions of RULE 36.1.1 apply in the same way to the guaranteed period so chosen if other than 5 (five) years.

36.1.1.3. The first PENSION instalment is due at the end of the month following that in which the MEMBER retires. The last instalment is due at the end of the month in which the PENSIONER dies.

36.1.2. If on retirement the MEMBER does have a SPOUSE, the MEMBER's PENSION must be adjusted to allow for the provision of a PENSION to his or her SPOUSE. The SPOUSE of a PENSIONER retiring in the DC SECTION does not have any claim on the FUND, except as set out in this sub-RULE.

36.1.2.1. The amount of the MEMBER's PENSION will be influenced by the guarantee period. The default guarantee period is 5 (five) years. As in RULE 36.1.1.2, the MEMBER may instead choose a guarantee period of 0 (zero), 10 (ten) or 15 (fifteen) years rather than 5 (five) years. The choice of the guarantee period will impact the amount of the monthly PENSION in accordance with RULE 36.2;

36.1.2.2. A PENSION must be payable to that SPOUSE if the SPOUSE survives the PENSIONER whether or not the SPOUSE remains married to the PENSIONER on the death of the PENSIONER;

36.1.2.3. The PENSION payable to the SPOUSE will be the same amount that the deceased PENSIONER would have received had he or she not died, for the balance of the applicable guarantee period. If the SPOUSE dies during the applicable guarantee period, an amount will be paid to his or her estate calculated on the same basis as referred to in RULE 36.1.1;

36.1.2.4. After the end of the applicable guarantee period, any PENSION payable to the SPOUSE will be equal to 60% (sixty per cent) of the PENSION that would have been payable had the PENSIONER been alive; and

36.1.2.5. When a PENSION is payable to the SPOUSE, the first instalment is payable to the SPOUSE at the end of the month following the month in which the PENSIONER died, and the last instalment of the PENSION payable to that SPOUSE will be on the last day of the month in which the SPOUSE dies.

36.1.2.6. If there is more than 1 (one) SPOUSE on retirement then:-

(a) The calculation for the provision of the SPOUSE'S PENSION must be calculated with reference to the age of each SPOUSE, and on the basis that the fraction of the MEMBER'S pension that would be payable to the SPOUSE (after the guarantee period) if there were only one SPOUSE will be split in equal portions among the SPOUSES;

(b) On the death of the PENSIONER before the end of the guarantee period, each SPOUSE then surviving shall receive a proportionate share of the PENSION payable for the balance of the guarantee period, and thereafter while he or she is alive a PENSION determined in accordance with (a), whether or not married to the PENSIONER at time of death. In the event that any of the SPOUSES has died before the PENSIONER, the applicable share of the PENSION that would have been paid to that SPOUSE for the balance of the guarantee period shall be paid to his

or her estate, and similarly if any of the SPOUSES dies after the PENSIONER but before the end of the guarantee period, the applicable share of the PENSION shall be paid to his or her estate;

(c) On the death of the PENSIONER after the guarantee period each SPOUSE then surviving shall receive a PENSION determined in accordance with (a), whether or not married to the PENSIONER at time of death;

(d) If a SPOUSE in receipt of a PENSION in terms of (b) or (c) above dies after the guarantee period then that PENSION ceases and does not accrue to the remaining SPOUSE or SPOUSES."

[Rule 36.1.2.6 inserted in terms of rule amendment no. 10 registered on 4 November 2019]

36.2. The amount of this standard PENSION provided by the FUND in terms of this RULE 36 must be determined by applying the MEMBER's SHARE ACCOUNT as at the retirement date, less any amount which may in terms of the RULES be deducted at that time as well as any amount commuted for a cash lump sum in terms of RULE 35.4, on an actuarial basis laid down by the ACTUARY as agreed with the TRUSTEES, taking into account, amongst other things:

36.2.1. The age and gender of the MEMBER at retirement;

36.2.2. Whether the MEMBER has a SPOUSE at retirement;

36.2.3. The age and gender of the SPOUSE, if any;

36.2.4. The chosen guarantee period; and

36.2.5. The necessary allowance for annual increases in accordance with RULE 36.3 and an annual bonus in accordance with RULE 36.4.

36.3. The TRUSTEES, in consultation with the ACTUARY, must adjust this standard PENSION each year taking into account the FUND's pension increase policy as communicated to PENSIONERS. It is specifically provided that:

36.3.1. After applying the pension increase policy and in consultation with the ACTUARY, the TRUSTEES may decide that there will be no PENSION increase; and

36.3.2. If there is deflation the PENSION then payable may be reduced.

36.4. An annual bonus equal to 1 (one) month's PENSION must be paid in November each year to PENSIONERS, including SPOUSES, who are receiving standard PENSIONS.

36.4.1. When the PENSION has not been payable from 1 January of the particular year, due to the retirement of the DC ACTIVE MEMBER, the annual bonus must be pro-rata to the number of months during that year in respect of which the PENSIONER is entitled to receive a PENSION.

36.4.2. When the PENSION has not been payable from 1 January of the particular year, due to the death of the DC ACTIVE MEMBER, the annual bonus must be pro-rata to the number of months during that year in respect of which the PENSIONER is entitled to receive a PENSION.

36.4.3. In the event of the death of the PENSIONER, the annual bonus payable to the SPOUSE and/or DEPENDANTS must be pro-rata to the number of months during that year in respect of which a PENSION was paid to any BENEFICIARY in respect of the original DC ACTIVE MEMBER concerned. The calculation of this bonus must be based on the PENSION payable to such SPOUSE or DEPENDANT, and not on the PENSION paid to the deceased PENSIONER.

36.5. No PENSIONER in receipt of a PENSION in terms of this RULE 36 may become a DC LIVING ANNUITANT or transfer his or her accrued benefit in the DC PENSIONER ACCOUNT to the DC LIVING ANNUITY SHARE ACCOUNT.

[Rule 36.5 inserted in terms of rule amendment no. 1 registered on 11 March 2015]

RULE 37 - LIVING ANNUITY FROM THE FUND

37.

37.1. Where the DC ACTIVE MEMBER or PAID-UP MEMBER chooses a living annuity payable from the FUND, instead of a standard PENSION, he or she must attend a retirement information session provided by the FUND at the time he or she makes this choice.

37.2. In addition, where a DC ACTIVE MEMBER or PAID-UP MEMBER chooses a living annuity payable from the FUND, he or she must sign a declaration specifying that he or she has received retirement information from the FUND, understands the financial and longevity risks attaching to a living annuity (including the effects of future inflation and the need to make provision for the MEMBER's SPOUSE) and that he or she and his or her SPOUSE and DEPENDANT(s) have no claim on the FUND, other than the outstanding DC LIVING ANNUITY SHARE ACCOUNT balance in the FUND relating to that MEMBER.

37.3. The living annuity payable from the FUND is subject to such limitations on payment, annual review of the draw down percentage, and any other conditions, as may be stipulated by legislation or by the TRUSTEES from time to time. In particular the TRUSTEES may stipulate a maximum draw down percentage if, in their view and on the advice of the ACTUARY, this is necessary to better enable the living annuity capital to last for the rest of the DC LIVING ANNUITANT's life

37.4. A DC LIVING ANNUITY SHARE ACCOUNT must be opened, in terms of RULE 15.4.2.1, for each DC ACTIVE MEMBER or PAID-UP MEMBER in the DC SECTION who chooses a living annuity from the FUND. The opening credit to this account is the full amount to the credit of the DC MEMBER SHARE ACCOUNT in respect of that MEMBER as at retirement less any amount which may in terms of the RULES be deducted at that time as well as any amount commuted for a cash lump sum in terms of RULE 35.4.

37.5. The DC LIVING ANNUITY SHARE ACCOUNT of a DC LIVING ANNUITANT must have allocated to it the FUND RETURN achieved by the investment portfolio(s) chosen by the DC LIVING ANNUITANT from time to time in accordance with the choices granted to MEMBERS as outlined in RULE 13.4. The DC LIVING ANNUITY SHARE ACCOUNT of a DC LIVING ANNUITANT must be debited with (reduced by) the PENSION instalments paid to the DC LIVING ANNUITANT in terms of RULE 37.3 and any expenses, taxation and other statutory charges relating to that PENSION, the FUND, or to the assets backing the amount to the credit of the living annuity as decided by the TRUSTEES from time to time.

37.6. If the DC LIVING ANNUITANT dies, then the balance in the DC LIVING ANNUITY SHARE ACCOUNT must be allocated by the TRUSTEES, in accordance with Section 37C of the ACT and on the same basis as set out in RULE 43.

37.7. Subject to 1 (one) calendar months notice, a DC LIVING ANNUITANT may at any time instruct the FUND to apply the DC LIVING ANNUITY SHARE ACCOUNT balance:

37.7.1. to purchase from an INSURER either a life annuity or a living annuity in each case in the name of that DC LIVING ANNUITANT; provided that such life annuity or living annuity so purchased is subject to compliance with RULE 38.2 and approval by the AUTHORITY in terms of section 14 of the ACT. After such purchase the FUND has no liability to that DC LIVING ANNUITANT or his or her SPOUSE or DEPENDANTS; or

37.7.2. to receive a standard PENSION on the basis set out in RULE 36 with the same right to elect a guarantee period as referred to in RULES 36.1.1, 36.1.2 and 36.1.2.1, as applicable, on the same basis as if the date of election to receive a standard pension was the date of retirement.

[Rule 37.7 replaced in terms of rule amendment no. 1 registered on 11 March 2015]

37.8. If at any time the DC LIVING ANNUITY SHARE ACCOUNT balance of a DC LIVING ANNUITANT reduces below what the ACTUARY calculates is the capital required to purchase from an INSURER an annuity equal to the current State Old Age Pension, the DC LIVING ANNUITANT must purchase with such living annuity balance a life annuity from an INSURER on the same basis as described in RULE 38 or must, if the TRUSTEES so decide, use such balance for the provision of a standard pension in terms of RULE 36 in such amount as the ACTUARY determines.

RULE 38 - INSURED ANNUITY (NOT FROM THE FUND)

38.

38.1. An annuity purchased from an INSURER (elected by the DC ACTIVE MEMBER, PAID-UP MEMBER or DC LIVING ANNUITANT) in terms of RULES 35.2.3, 37.7 and 37.8 discharges the FUND from any future liability towards the DC ACTIVE MEMBER, PAID-UP MEMBER or DC LIVING ANNUITANT who chooses this, and towards his or her SPOUSE and DEPENDANTS if any; and the MEMBER's membership of the FUND will cease.

38.2. An annuity purchased from an approved INSURER must be:

38.2.1. In the name of the DC ACTIVE MEMBER or PAID-UP MEMBER or DC LIVING ANNUITANT;

38.2.2. A compulsory pension;

38.2.3. Not commutable to a cash lump sum;

38.2.4. Payable for and based on the lifetime of the person in whose name the annuity is purchased;

38.2.5. Subject to any conditions determined by the INCOME TAX ACT, the REVENUE AUTHORITY or the AUTHORITY from time to time.

38.3. In addition, where a DC ACTIVE MEMBER or PAID-UP MEMBER or DC LIVING ANNUITANT chooses a living annuity provided by an INSURER, he or she must sign a declaration specifying that he or she has taken financial advice, understands the financial and longevity risks attaching to a living annuity and that he or she and his or her SPOUSE and DEPENDANT(S) have no further claim on the FUND.

PART M - WITHDRAWAL AND RETRENCHMENT BENEFITS

RULE 39 - WITHDRAWAL BENEFITS

39.

39.1. If a DC ACTIVE MEMBER resigns or is dismissed prior to NORMAL RETIREMENT DATE and does not otherwise qualify for a retirement benefit under these RULES, he or she becomes a PAID-UP MEMBER.

[Rule 39.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

RULE 40 - RETRENCHMENT BENEFITS

40.

40.1. If a DC ACTIVE MEMBER is retrenched or made redundant prior to the NORMAL RETIREMENT DATE and does not otherwise qualify for a retirement benefit under these RULES, he or she becomes a PAID-UP MEMBER.

[Rule 40.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

40.2. In addition, by agreement with the EMPLOYER and at the risk of the EMPLOYER, the FUND may both receive from the EMPLOYER a monthly income benefit (i.e. an Additional Redundancy Benefit) in respect of a former DC ACTIVE MEMBER who has been retrenched and who was an ACTIVE MEMBER at the CONVERSION DATE, and pay that benefit to the former DC ACTIVE MEMBER entitled to it, after deduction of any tax payable.

RULE 41 – PROVISIONS APPLICABLE TO PAID-UP MEMBERS

41.

41.1. A PAID-UP MEMBER:-

41.1.1. May only become such if previously he or she was a DC ACTIVE MEMBER;

41.1.2. May not make any contribution to the FUND, and the FUND may not accept any contribution by or in respect of a PAID-UP MEMBER;

41.1.3. Ceases to be a PAID-UP MEMBER if he or she becomes a DC ACTIVE MEMBER, in which circumstance the amount to the credit of his or her DC MEMBER SHARE ACCOUNT in respect of his or her membership as a PAID-UP MEMBER (even if this includes a TRANSFER VALUE transferred from an APPROVED FUND or an APPROVED PRESERVATION FUND, and whether or not transferred whilst an ACTIVE MEMBER or a PAID-UP MEMBER) becomes the amount to the credit of his or her DC MEMBER SHARE ACCOUNT as a DC ACTIVE MEMBER;

41.1.4. Is not eligible to receive a benefit under the DISABILITY INCOME BENEFIT POLICY;

41.1.5. May at any time before his or her NORMAL RETIREMENT DATE, after acknowledging in writing to the FUND that he or she has had access to RETIREMENT BENEFIT COUNSELLING, either withdraw the full amount to the credit of his or her DC MEMBER SHARE ACCOUNT, or transfer the full amount to the credit of his or her DC MEMBER SHARE ACCOUNT to an APPROVED FUND, APPROVED PRESERVATION FUND or APPROVED RETIREMENT ANNUITY FUND, subject in respect of either to the provisions of the INCOME TAX ACT, the requirements of the REVENUE AUTHORITY and/or the TRUSTEES imposed from time to time, and such tax and other amounts as may be lawfully deducted therefrom.

41.2. On the death of a PAID-UP MEMBER there is no LIFE ASSURANCE BENEFIT payable.

[Rule 41.1.2 amended in terms of rule amendment no. 7 registered on 20 August 2018]
[Rule 41.1.3 inserted in terms of rule amendment no. 7 registered on 20 August 2018]
[Rules 41.1 and 41.2 replaced in terms of rule amendment no. 2 registered on 25 April 2016]
[Rule 41.2 amended in terms of rule amendment no. 7 registered on 20 August 2018]

[Rule 41 replaced in its entirety in terms of rule amendment no. 8 registered on 9 September 2019]

RULE 42 - MINIMUM BENEFITS

42.

The benefits paid in terms of RULES 39 and 40 to a DC ACTIVE MEMBER must at least be equal to his or her MINIMUM BENEFITS.

PART N - DEATH BENEFITS

RULE 43 - DEATH BEFORE RETIREMENT

43.

43.1. If a DC ACTIVE MEMBER dies before retirement, a benefit is payable which is the aggregate of the following amounts:

43.1.1. The amount standing to the MEMBER's credit in the DC MEMBER SHARE ACCOUNT at death; and

43.1.2. Any LIFE ASSURANCE BENEFIT which may be applicable to that DC ACTIVE MEMBER, and which may be payable in terms of and subject to the provisions of RULE 44.

43.2. If a PAID-UP MEMBER of the DC SECTION dies before retirement, a benefit equal to the amount standing to the MEMBER's credit in the DC MEMBER SHARE ACCOUNT at death is payable.

43.3. The death benefit payable in terms of this RULE is payable, subject to the other provisions of this RULE 43, to the BENEFICIARY or BENEFICIARIES determined by the TRUSTEES in accordance with the provisions of Section 37C of the ACT.

43.4. The death benefit payable in terms of this RULE must, subject to the other provisions of this RULE, be in the manner set out in the RULES 43.6 and 43.7, provided that if the benefit is in the form of a PENSION or an annuity from an INSURER then it must be compulsory, non-assignable, payable for life to a BENEFICIARY and subject to any further requirements of the REVENUE AUTHORITY; provided further that, in the case of a minor BENEFICIARY, the TRUSTEES can direct that the PENSION be payable to age 21 (twenty-one) years or such other age as the TRUSTEES must specify.

43.5. If the death benefit allocated to a BENEFICIARY is in the form of a standard PENSION then it must be determined on an actuarial basis as laid down by the ACTUARY, as agreed with the TRUSTEES, taking into account, amongst other things:

43.5.1. The age and gender of the BENEFICIARY at the commencement of the PENSION;

43.5.2. The chosen guarantee period; and

43.5.3. The necessary allowance for annual increases in accordance with RULE 36.3 and an annual bonus in accordance with RULE 36.4.

43.6. A BENEFICIARY may choose to have the death benefit to which he or she is entitled in terms of this RULE 43 paid out as:

43.6.1. A standard PENSION on the same basis as set out in RULE 36; or

43.6.2. A living annuity from the FUND on the same basis as set out in RULE 37; or

43.6.3. An insured annuity (not from the FUND) from an INSURER on the same basis as set out in RULE 38.

43.7. A BENEFICIARY may choose to receive part or the whole of the benefit in terms of RULE 43.1 as a cash lump sum, within such period as allowed in terms of the INCOME TAX ACT and subject to the approval of the TRUSTEES. This approval will be granted unless there are circumstances that, in the opinion of the TRUSTEES, warrant the benefit being paid as an annuity or in instalments:

43.7.1. where the BENEFICIARY is a minor and the TRUSTEES deem it to be in the BENEFICIARY's best interests, in terms of Section 37C(3); and

43.7.2. where the BENEFICIARY is major and the BENEFICIARY has consented to this in writing, in terms of Section 37C(4).

43.8. The TRUSTEES may at their discretion permit a lump sum to be paid for the benefit of the BENEFICIARY to a beneficiary fund or the trustees of a trust registered in terms of the Trust Property Control Act, No. 57 of 1988 for the benefit of such BENEFICIARY subject to the provisions of Section 37C(2) of the ACT.

43.9. If there are no BENEFICIARIES the TRUSTEES must pay the benefit as a lump sum into the estate of the deceased MEMBER.

43.10. If a DC ACTIVE MEMBER dies in SERVICE on or after the age of 65 years, the balance to the credit of his or her DC MEMBER SHARE ACCOUNT shall be paid in accordance with the RULE 43.1.1, and no separate LIFE ASSURANCE BENEFIT will be payable.

[Rule 43.10 amended in terms of rule amendment no. 6 registered on 6 March 2018]

RULE 44 - THE LIFE ASSURANCE BENEFIT

44.

44.1. The TRUSTEES must arrange in the name of the FUND one or more insurance policies to provide for the LIFE ASSURANCE BENEFIT on the death of a DC ACTIVE MEMBER who dies in SERVICE under the age of 65 years.

[Rule 44.1 amended in terms of rule amendment no. 6 registered on 6 March 2018]

44.2. The premiums required for the LIFE ASSURANCE BENEFIT and any insured disability and family funeral benefits arranged by the EMPLOYER are limited to so much of the total contribution received by the FUND in respect of each DC ACTIVE MEMBER as equals 4,5% (four comma five per cent) of PENSIONABLE EARNINGS. In the event that the cost of the death, disability and family funeral benefits (including any separate, but associated arrangements) exceed 4,5% (four comma five per cent) of PENSIONABLE EARNINGS, these benefits must be reduced on such basis as decided by the TRUSTEES acting on the advice of the ACTUARY, unless the ACTUARY certifies that the FUND can continue to provide the existing benefits for a limited period.

44.3. The LIFE ASSURANCE BENEFIT must be on such terms as determined by the TRUSTEES from time to time, provided that the level of cover may be based on age so as to avoid any material cross-subsidies between age groups, and that the TRUSTEES will communicate changes in the level of cover to MEMBERS. It is recorded that as at the date of the resolution passing this amendment (24 November 2017) the level of cover was proposed to be, when this amended is approved (6 March 2018), as set out in the following table:

Member's attained age at death	Lump sum as multiple of annual salary
32 or less	9.00
33-35	8.00
36-38	7.00
39-41	6.25
42-44	5.75
45-47	5.25
48-50	5.00

51-53	4.00
54-56	3.00
57-59	2.50
60-64	2.00

[Rule 44.3 amended in terms of rule amendment no. 6 registered on 6 March 2018]

44.4. For purposes of RULE 43.1.2 the date of accrual of a LIFE ASSURANCE BENEFIT is the date on which the FUND receives written confirmation from the INSURER that payment thereof will be made or, if no such written confirmation is received, when payment thereof is received by the FUND.

[Rule 44.4 amended in terms of rule amendment no. 8 registered on 9 September 2019]

44.5. The LIFE ASSURANCE BENEFIT is subject to the terms and conditions contained in the insurance policy concerned, and specifically, the LIFE ASSURANCE BENEFIT:-

44.5.1. May be restricted in the extent and amount of cover, or (if agreed between the INSURER and the FUND) a portion of such cover may be subject to an additional premium payable by the DC ACTIVE MEMBER, in terms of the underwriting requirements or other conditions of the policy of insurance; and

44.5.2. May be subject to the requirement that a DC ACTIVE MEMBER, on commencement of membership, be examined, at the cost of the INSURER concerned, by a medical practitioner appointed by that INSURER.

44.6. Any DC ACTIVE MEMBER whose LIFE ASSURANCE BENEFIT is, in terms of RULE 44.5.1, restricted or limited or subject to an additional premium must be advised by the FUND of that, as well as the reason for this. If a MEMBER's LIFE ASSURANCE BENEFIT is restricted in this way and the premium payable to the INSURER in respect of the MEMBER is reduced, the TRUSTEES may, if they believe it is fair and reasonable to do so, direct that so much of the contribution paid by the EMPLOYER in respect of the MEMBER, as is equivalent to the reduction in the premium, be credited to the MEMBER's DC MEMBER SHARE ACCOUNT and not to the EXPENSES ACCOUNT. Similarly, if a MEMBER's LIFE ASSURANCE BENEFIT is subject to an additional premium, the TRUSTEES may, if they believe it is fair and reasonable to do so, direct that so much of the contribution paid by the EMPLOYER in respect of the MEMBER, as is equivalent to the additional premium, be credited to the EXPENSES ACCOUNT and not to the MEMBER's DC MEMBER SHARE ACCOUNT.

44.7. The liability of the FUND in respect of any LIFE ASSURANCE BENEFIT for an ACTIVE MEMBER may not exceed the amount payable by the INSURER concerned.

44.8. The benefit payable in terms of RULE 43.1.2 shall be distributed and applied at the discretion of the TRUSTEES to the MEMBER's DEPENDANTS and BENEFICIARIES in terms of Section 37C of the ACT.

PART O – DISABILITY INCOME BENEFIT POLICY

RULE 45 – APPLICATION OF THE DISABILITY INCOME BENEFIT POLICY

45.

45.1. A DC ACTIVE MEMBER who benefits under the DISABILITY INCOME BENEFIT POLICY must remain a MEMBER of the FUND until retirement, even if he or she does not remain in SERVICE.

45.2. By agreement with the EMPLOYER and at the risk of the EMPLOYER, the FUND may both receive on behalf of the EMPLOYER the benefit paid in terms of the DISABILITY INCOME BENEFIT POLICY, and pay that benefit to the DC ACTIVE MEMBER entitled to it, after deduction of any tax payable and of the contributions payable by and in respect of the DC ACTIVE MEMBER in terms of RULES 29 and 31.

45.3. A DC ACTIVE MEMBER only benefits under the DISABILITY INCOME BENEFIT POLICY on the terms of the policy providing for that benefit. It is recorded that the DISABILITY INCOME BENEFIT POLICY is owned by the EMPLOYER and is not owned by the FUND. The FUND carries no responsibility in respect of the terms of that policy or the submission of or acceptance of any claim under that policy.

45.4. For the purposes of determining FUND benefits and contributions relating to a DC ACTIVE MEMBER in receipt of disability benefits under the DISABILITY INCOME BENEFIT POLICY, the PENSIONABLE EARNINGS of that DC ACTIVE MEMBER are deemed to be equal to the pensionable salary applicable to that DC ACTIVE MEMBER in terms of the DISABILITY INCOME BENEFIT POLICY

[Term "DEFERRED PENSIONER" substituted with term "PAID-UP MEMBER" in DC Section in terms of rule amendment no. 8 registered on 9 September 2019]

CHAPTER 4 – PROVISIONS RELATING TO THE DB SECTION

2

The provisions contained in this section of the RULES, are applicable to:

- ACTIVE MEMBERS who did not elect to transfer from the Defined Benefit basis to the Defined Contribution basis on the CONVERSION DATE; and

- All PENSIONERS receiving PENSIONS from the DB SECTION of the FUND.

PART P - MEMBERSHIP

RULE 46 - MEMBERSHIP

46.

46.1. The DB SECTION of the FUND was closed to new entrants after the CONVERSION DATE (1 July 1998) following negotiations between the then employers and the EMPLOYEES. Accordingly, the DB ACTIVE MEMBERS are restricted to those ACTIVE MEMBERS at the CONVERSION DATE who elected not to transfer to the DC SECTION.

PART Q – CONTRIBUTIONS

RULE 47 - CONTRIBUTIONS

47.

47.1. Every DB ACTIVE MEMBER contributes 8,50% (eight comma five zero per cent) of PENSIONABLE EARNINGS to the FUND; provided that a DB ACTIVE MEMBER who has been continuously in the SERVICE since a date before 1 January 1977 must contribute the percentage of PENSIONABLE SALARY specified in the table below:

Age at start of CONTRIBUTORYSERVICE	Percentage of PENSIONABLE EARNINGS Payable by DB ACTIVE MEMBERS
Up to 26 years	7,25
27 to 30 years	7,75
31 to 33 years	8,25
34 to 54 years	8,50

47.2. The ACTUARY will annually determine the contribution rate of the EMPLOYER necessary to maintain the benefits defined in the RULES applicable to the DB SECTION. The EMPLOYER is obliged to pay the contribution rate recommended by the ACTUARY in the valuation report, provided that this contribution rate is between the minimum and maximum contribution rates as set out below:

47.2.1. not less than the rate of 20.25% of PENSIONABLE EARNINGS of DB ACTIVE MEMBERS; and

47.2.2. not greater than the rate of 20.25% of PENSIONABLE EARNINGS of DB ACTIVE MEMBERS plus an amount of 2.25% of TRANSFER SALARIES, which are the total PENSIONABLE EARNINGS of the employees who chose as at the CONVERSION DATE (1 July 1998) not to continue

participating in the DB SECTION of the FUND adjusted annually on 1 July thereafter by AVERAGE SALARY INCREASES.

47.3. In the event that the rate of contribution which the ACTUARY determines, in terms of RULE 47.2, is necessary for the EMPLOYER to contribute to maintain the benefits defined in the RULES applicable to the DB SECTION is more than the maximum rate referred to in RULE 47.2.2, the difference between the two will be met from the CONTRIBUTION STABILISATION ACCOUNT to the extent possible. If the difference between the two is greater than the amount standing to the credit of the CONTRIBUTION STABAILISATION ACCOUNT, then the amount which is not met from the CONTRIBUTION STABILISATION ACCOUNT will be met by reducing future benefits, on the recommendation of the ACTUARY.

[Rule 47.3 amended in terms of rule amendment no. 3 registered on 24 February 2017]

47.4. Within the parameters of the ACT and any other relevant regulations, the ACTUARY has complete discretion to determine the contribution rate, and the valuation assumptions and methods used in terms of this RULE 47.

47.5. Part of this contribution made by the EMPLOYER must be credited (added) to the EXPENSES ACCOUNT, as decided annually by the TRUSTEES on the advice of the ACTUARY; provided that the provisions of this RULE do not affect the operation of the provisos in RULE 11.3.3.

47.6. Impact of Temporary Absences on Contributions

47.6.1. When a DB ACTIVE MEMBER is granted vacation, sick or other leave with pay, either full or less than full pay, his or her contributions in terms of RULE 47.1 must continue to be paid to the FUND in respect of such leave on the basis of full PENSIONABLE EARNINGS immediately preceding the start of such absence.

47.6.2. When a DB ACTIVE MEMBER is granted vacation, sick or other leave without pay, he or she may choose to continue to contribute to the FUND. If he or she elects to do so in writing within thirty days of resuming duty, his or her arrear contributions in terms of RULE 47.1 on the basis of the full PENSIONABLE EARNINGS immediately preceding the start of absence without pay, must be paid to the FUND in full within six months of resuming duty.

47.6.3. If such a DB ACTIVE MEMBER chooses not to contribute to the FUND while on leave without pay, the period for which contributions have not

been made shall not be included in the calculation of PENSIONABLE SERVICE, for the purpose of calculating the retirement or other withdrawal benefit.

47.7. Arrear Contributions

47.7.1. When a DB ACTIVE MEMBER is in arrears with contributions, for any reason, such arrear contributions plus interest calculated at the rate prescribed in terms of Section 13A(7) of the ACT must be repaid within the period prescribed in terms of Section 13A.

47.7.2. If a DB ACTIVE MEMBER, who is in arrears with contributions and/or interest thereon, dies or becomes entitled to a benefit before the amount owing is paid, the benefit payable shall be calculated as if all the arrears and interest have been paid and the amount owing to the FUND in respect of the arrears, plus interest, will be deducted from the benefit.

RULE 48 - PURCHASE OF PENSIONABLE SERVICE

48.

48.1. A DB ACTIVE MEMBER may, subject to the provisions which follow and notwithstanding any other RULE of the DB SECTION, choose to purchase and have recognised as PENSIONABLE SERVICE for the purposes of these RULES, other than as indicated in RULE 48.3, any period or part of a period, not exceeding 10 (ten) years in total, which –

48.1.1. is not or does not form part of a period of already accumulated PENSIONABLE SERVICE, and

48.1.2. cannot extend further back than the date on which such DB ACTIVE MEMBER attained the age of 16 (sixteen) years.

48.2. A DB ACTIVE MEMBER who has made a choice in terms of RULE 48.1 must pay to the FUND -

48.2.1. the amount which the FUND requires in order to provide for the payment of benefits in respect of the period or part of a period to be recognised as PENSIONABLE SERVICE, which amount is determined by the ACTUARY, and

48.2.2. any expenses incurred by the FUND in giving effect to this RULE.

48.3. Purchased PENSIONABLE SERVICE cannot used in the following circumstances:

48.3.1. for RULE 2 (Calculation of OPTIONAL RETIREMENT DATE as defined);

48.3.2. RULE 58 (Withdrawal benefits prior to normal retirement date);and

48.3.3. The calculation of the qualifying periods in RULE 49 (Retirement Date) and RULE 52.2 (Ill-health Retirement).

48.4. The recognition of any period or part of a period as PENSIONABLE SERVICE in terms of RULE 48.1 is subject to such terms and conditions as the TRUSTEES, after consultation with the ACTUARY, may from time to time consider necessary or desirable.

48.5. As a benefit enhancement through an apportionment of ACTUARIAL SURPLUS in terms of Section 15C of the ACT, the FUND shall recognise so much additional PENSIONABLE SERVICE as, according to the ACTUARY, equals fifteen percent (15 %) of the CONTRIBUTORY SERVICE attributable to that MEMBER as at 1 February 2007, subject to the proviso that such additional PENSIONABLE SERVICE so recognised does not count as CONTRIBUTORY SERVICE in terms of the provisions of RULE 2 (definition of OPTIONAL RETIREMENT DATE), RULE 49.2 RULE 52.2, and RULE 58.

PART R–RETIREMENT TIMING

RULE 49 – RETIREMENT DATE

49.

49.1. A DB ACTIVE MEMBER may not receive a retirement benefit from the FUND whilst in SERVICE and, unless he or she retires from the FUND early in terms of RULE 49.2 or RULE 52, or retires from the FUND late in terms of RULE 50, may only receive a retirement benefit on or after his or her NORMAL RETIREMENT DATE.

49.2. A DB ACTIVE MEMBER may by notice to the FUND choose to retire from the FUND on the last day of any month provided that the MEMBER is at least 55 (fifty-five) years old on that date.

49.3. When a DB ACTIVE MEMBER becomes eligible to receive a retirement benefit from the FUND he or she becomes a DEFERRED PENSIONER until he or she notifies the FUND of his or her intention to receive the retirement benefit; provided that such

notification is only properly given if compliant with such requirements as the TRUSTEES may stipulate form time to time.

49.4. A DB ACTIVE MEMBER must be given access to RETIREMENT BENEFITS COUNSELLING not less than three (3) months before his or her NORMAL RETIREMENT DATE (if not already retired from the FUND) and, if he or she retires at a date earlier or later than this, when he or she so retires.

[Rule 49 amended in terms of rule amendment no. 3 registered on 24 February 2017]
[Rule 49 replaced in its entirety in terms of rule amendment no. 8 registered on 9 September 2019]

RULE 50 – LATE RETIREMENT

50.

50.1. A DB ACTIVE MEMBER who has reached NORMAL RETIREMENT AGE may, with the approval in writing of the EMPLOYER, remain in SERVICE for a year at a time. This approval must be obtained from the EMPLOYER and communicated to the FUND no less than 6 (six) months prior to the date on which the DB ACTIVE MEMBER would otherwise retire. This written approval is required for each one-year extension of SERVICE. Under no circumstances is a DB ACTIVE MEMBER permitted to remain in SERVICE after having reached the age of 67 (sixty-seven) years.

PART S - RETIREMENT AND OTHER BENEFITS

RULE 51 – CALCULATION OF RETIREMENT BENEFIT

51.

51.1. The retirement benefit of the retiring DB ACTIVE MEMBER is, subject to the provisos in RULES 51.3 and 51.4, one of the following options, as chosen by him or her in a written notification to the FUND:

51.1.1. a PENSION equal to $^{4}/_{153}$ (four over one hundred and fifty-three) of his or her FINAL AVERAGE EARNINGS in respect of each year of PENSIONABLE SERVICE; or

51.1.2. a PENSION equal to $^{1}/_{51}$ (one over fifty-one) of his or her FINAL AVERAGE EARNINGS in respect of each year of PENSIONABLE SERVICE; and a lump sum equal to 7% (seven per cent) of his or her FINAL AVERAGE EARNINGS in respect of each year of PENSIONABLE SERVICE.

[Rule 51.1 amended in terms of rule amendment no. 9 registered on 9 September 2019]

51.2. The DB ACTIVE MEMBER must notify the FUND of his or her choice in writing in terms of RULE 51.1 prior to the date of retirement or within such period thereof as the BOARD may specify, failing which the DB ACTIVE MEMBER is deemed to have elected the retirement benefit in RULE 51.1.1.

51.3. The retirement benefit of a DB ACTIVE MEMBER will be increased by 1/3rd (one-third) of 1% (one per cent) for each complete month of the period from his or her NORMAL RETIREMENT DATE to such later date as he or she retires in terms of RULE 50;

Provided that if the Benchmark Age (as defined in the rules of the Fund immediately prior to 1 February 2016 (the "Previous Rules") of a DB ACTIVE MEMBER is less than the NORMAL RETIREMENT AGE, such increase will apply in respect of each complete month from the Benchmark Age to the date of retirement.

51.4. The retirement benefit of a DB ACTIVE MEMBER who retires before his or her NORMAL RETIREMENT DATE in terms of an election by him or her pursuant to RULE 49.2 will have his or her retirement benefit reduced by 0,2% (nought comma two per cent) for each complete month from his or her date of retirement to his or her NORMAL RETIREMENT DATE;

Provided that if the Benchmark Age or Optional Retirement Date, both as defined in the Previous Rules, of such a MEMBER is earlier than the NORMAL RETIREMENT DATE, this reduction shall not be applied for the period from the earlier of his or her Benchmark Age and Optional Retirement Date to his or her NORMAL RETIREMENT DATE.

51.5. Every PENSION that becomes payable to or in respect of a DB ACTIVE MEMBER who was in the SERVICE of the EMPLOYER on 31 December 1979 will be increased by an amount of R32.00 (thirty two Rand) per month, if married, and by R16.00 (sixteen Rand) per month, if not married.

[Rule 51 amended in terms of rule amendment no. 3 registered on 24 February 2017]

RULE 52 – ILL-HEALTH RETIREMENT

52.

52.1. A DB ACTIVE MEMBER will receive an ill-health retirement benefit under this RULE in the event that:

52.1.1. his or her EMPLOYER certifies that his or her employment has been terminated due to ill-health; and

52.1.2. the MEDICAL BOARD certifies that, in its opinion, the DB ACTIVE MEMBER's employment was terminated due to having become incapable of efficiently discharging his or her duties by reason of infirmity of mind or body, caused without his or her own default; and

52.1.3. the TRUSTEES, who are in this regard entitled to conduct such further investigation as they may deem fit, accept the recommendation of the MEDICAL BOARD.

52.2. Once the conditions in RULE 52.1 have been met, the DB ACTIVE MEMBER will receive the following ill-health retirement benefit:

52.2.1. if he or she has not less than 7 (seven) years' CONTRIBUTORY SERVICE with the EMPLOYER, a retiring benefit under the provisions of RULE 51.1; or

[Rule 52.2.1 (rule reference) amended in terms of rule amendment no. 3 registered on 24 February 2017]

52.2.2. if he or she has less than 7 (seven) years' CONTRIBUTORY SERVICE with the EMPLOYER, a lump sum equal to the greater of (a) twice the amount of his or her resignation benefit set out in RULE 58, and (b) the MEMBER's minimum individual reserve as specified in the ACT.

RULE 53 – RETIREMENT NOT AS A RESULT OF RESIGNATION

53.

53.1. A DB ACTIVE MEMBER will receive a retirement benefit in terms of this RULE in the event that his or her employment is terminated:

53.1.1. due to a reduction in, or re-organisation of the staff of the EMPLOYER, or that MEMBER's office or his or her position being made redundant, as certified by the EMPLOYER; or

53.1.2. due to the DB ACTIVE MEMBER's inefficiency or incompetency to discharge his or her duties for causes not solely within his or her own control, other than those contemplated in RULE 52 (Ill-health Retirement Benefit), and as certified by the TRUSTEES, who are entitled to conduct such investigations as they deem fit for the purposes of determining the DB ACTIVE MEMBER's eligibility under this RULE; or

53.1.3. due to the transfer by the EMPLOYER of the whole or any part of its business or operation as a going concern; as certified by the EMPLOYER; or

53.1.4. for any other reason not specified elsewhere in the RULES.

53.2. Where the services of a DB ACTIVE MEMBER are terminated for any of the reasons mentioned in RULE 53.1, he or she will receive a retirement benefit under the provisions of RULE 51.1, irrespective of the age of the DB ACTIVE MEMBER at the time that their employment is terminated.

[Rule 53.2 (rule reference) amended in terms of rule amendment no. 3 registered on 24 February 2017]

53.3. When a retirement benefit is granted or paid in terms of RULE 53.1, all PENSION payments made before the DB ACTIVE MEMBER has reached his or her NORMAL RETIREMENT AGE must be paid from the ordinary revenue of the EMPLOYER, and if a lumpsum benefit should also be payable the amount thereof shall be paid partly from the FUND and partly from the ordinary revenue of the EMPLOYER in proportions calculated by the ACTUARY or derived from tables compiled by him.

RULE 54 – ANNUAL PENSION INCREASE

54.

54.1. The TRUSTEES must establish, and regularly review, a Pension Increase Policy for the PENSIONERS of this DB SECTION. The Policy must comply with the provisions of Sections 14(A)(1)(d) and 14B(3) and (4) of the ACT. It is recorded that, at the date when this RULE was inserted, the FUND's Pension Increase Policy provided for a guaranteed annual PENSION increase on 1 January each year, determined according to the year-on-year change in the headline Consumer Price Index (CPI) (as published by Statistics SA or any statutory body which takes its place) for the twelve month period ending on 30 June immediately preceding such increase, of:-

54.1.1. 80% (eighty percent) of CPI, if the PENSION commenced on or before 31 December 1979; and

54.1.2. 75% (seventy-five percent) of CPI, if the PENSION commenced after 31 December 1979;

provided that, in respect of both 54.1.1 and 54.1.2, to the extent that it is affordable the TRUSTEES may, on the advice of the ACTUARY, increase PENSIONS in any year up to full CPI.

54.2. The TRUSTEES are not required to obtain the consent of the EMPLOYER for any annual PENSION increase above 80% (eighty percent) or 75% (seventy-five percent) (according to whether the PENSION commenced before or after 31 December 1979) provided such increase is in accordance with the provisions of Sections 14B(3) and (4) of the ACT.

54.3. The TRUSTEES may not, without the written consent of the EMPLOYER, strengthen the Pension Increase Policy by either targeting or guaranteeing increases higher than 100% of the year-on-year change in the CPI (as set out in the Pension Increase Policy existing at the date when this RULE was promulgated); provided that such consent is not required if such strengthening of the Pension Increase Policy is funded by an allocation of ACTUARIAL SURPLUS for the benefit of the DB SECTION PENSIONERS in terms of RULE 26.2.1.2.

RULE 55 – ANNUAL PENSIONERS' BONUS

55.

55.1. An annual bonus equal to one month's PENSION payment shall be paid to all PENSIONERS in receipt of the PENSION, which bonus shall be payable in November each year. Should the PENSION payable in respect of a PENSIONER not have been in payment from 1 January of that year, a pro rata annual bonus shall be paid according to the number of months during that year that the PENSIONER concerned was in receipt of the PENSION; provided that if such PENSIONER ("the Successor Pensioner") receives that PENSION in succession to a PENSIONER as a result of the death of a PENSIONER who was a MEMBER ("the deceased PENSIONER"), then the period over which the pro rata annual bonus due to the Successor Pensioner is calculated must include the period from 1 January of that year that the deceased PENSIONER was in receipt of the ANNUITY.

RULE 56 – ALTERNATIVE PENSION OPTION

56.

56.1. The TRUSTEES acting on the advice of the ACTUARY and subject to the agreement of the EMPLOYER may make arrangements to offer DB ACTIVE MEMBERS and DEFERRED PENSIONERS in the DB SECTION alternative pension benefits. A DB ACTIVE MEMBER or a DEFERRED PENSIONER in the DB SECTION is then entitled, subject to such conditions as the TRUSTEES may determine, to choose the alternative pension benefits offered.

56.2. The conditions applicable to such alternative PENSIONS must be determined by the TRUSTEES, subject to the provisions of the ACT and the INCOME TAX ACT.

RULE 57 – MINIMUM BENEFITS

57.

57.1. The benefit due in respect of a DB ACTIVE MEMBER or a DEFERRED PENSIONER in the DB SECTION who ceases to be a MEMBER of the FUND prior to retirement must at least be equal to his or her MINIMUM BENEFITS.

RULE 58 – WITHDRAWAL BENEFITS PRIOR TO NORMAL RETIREMENT DATE

58.

58.1. If a DB ACTIVE MEMBER resigns or is dismissed from SERVICE, for any grounds other than those in RULE 53.1, before reaching NORMAL RETIREMENT AGE, he or she becomes a DEFERRED PENSIONER subject to the provisions of RUILE 59.

[Rule 58 replaced in its entirely in terms of rule amendment no. 8 registered on 9 September 2019]

RULE 59 – BENEFITS OF DEFERRED PENSIONERS

59.

59.1. In respect of a DEFERRED PENSIONER, the provisions of RULES 41.1.2, 49.2, 49.4 and 52.1 (but excluding RULE 52.1.1) apply mutatis mutandis; no deductions may be made from his or her retirement savings for risk benefits; and his or her retirement benefit, which must be calculated in terms of RULE 51.1 as at the date of leaving SERVICE, is subject to the following provisions:

59.1.1. The retirement benefit must be increased in respect of the period of deferment by the annual increases that were granted by the FUND in terms of RULE 54 to a PENSION in payment; and

59.1.2. The retirement benefit may, at the discretion of the TRUSTEES, be increased during the period of deferment by any other increase granted in terms of the RULES.

[Rule 59.1 amended in terms of rule amendment no. 3 registered on 24 February 2017]
[Rule 59.1 amended in terms of rule amendment no. 8 registered on 9 September 2019]

59.2. The DEFERRED PENSIONER in the DB SECTION will be entitled to receive the retirement benefit before reaching the NORMAL RETIREMENT DATE in terms of and on the same basis as in RULE 51.3.

59.3. If the DEFERRED PENSIONER in the DB SECTION dies before receiving the retirement benefit, RULES 60, 61 and 23 apply, except that, notwithstanding any other RULE, the only benefits payable to his or her SPOUSE must be:

59.3.1. a lump sum equal to 7,0% (seven per cent) of FINAL AVERAGE EARNINGS at the date of leaving SERVICE for each year of PENSIONABLE SERVICE, increased by the same percentage increases as referred to in terms of RULES 59.1.1 and 59.1.2, and

59.3.2. a PENSION equal to two thirds of the deferred PENSION calculated at the date of leaving SERVICE, increased by the same percentage increases as referred to in RULES 59.1.1 and 59.1.2.

[Rule 59.3.2 replaced in terms of rule amendment no. 12 registered on 26 October 2020]

59.4. A DEFERRED PENSIONER may any time before his or her NORMAL RETIREMENT DATE:

59.4.1. Elect in writing to the FUND to receive a withdrawal benefit equal to his or her MINIMUM BENEFITS; provided that he or she has had access to RETIREMENT BENEFITS COUNSELLING;

59.4.2. Require by notice in writing to the FUND, after acknowledging in writing to the FUND that he or she has had access to RETIREMENT BENEFIT COUNSELLING, that an amount equal to the benefit in RULE 59.4.1 be transferred to an APPROVED FUND, an APPROVED PRESERVATION FUND or an APPROVED RETIREMENT ANNUITY FUND of which he or she has been accepted as a member. After such transfer that DEFERRED PENSIONER has no further claim on the FUND.

[The term "Benchmark Age" replaced by Normal Retirement Date in Rule 59 in terms of rule amendment no. 3 registered on 24 February 2017]
[Rule 59.4 added in terms of rule amendment no. 9 registered on 9 September 2019]

PART T – DEATH BENEFITS

RULE 60 – BENEFITS TO SPOUSES AND ELIGIBLE CHILDREN ON DB ACTIVE MEMBER'S DEATH

60.

60.1. For the purposes of this RULE 60 and RULE 61

60.1.1. "Deceased Member" means the DB ACTIVE MEMBER or PENSIONER on whose death a benefit has become payable in terms of this RULE 60 or RULE 61;

60.1.2. "Insured Benefit" means the amount payable to the FUND, after deduction of any associated tax or costs, on the death of a DB ACTIVE MEMBER, in terms of a policy issued to the FUND by an INSURER. The amount payable shall be a multiple of the PENSIONABLE EARNINGS of the deceased DB ACTIVE MEMBER, determined by reference to his or her age as specified in terms of Annexure 2 to these RULES or as subsequently revised from time to time by the TRUSTEES to reflect a change in the benefit in terms of the relevant policy.

60.2. If a DB ACTIVE MEMBER dies in SERVICE, the Insured Benefit shall, subject to RULE 60.5, become payable in respect of him or her. The Insured Benefit will be applied as follows, subject to RULE 60.3:

60.2.1. If the deceased DB ACTIVE MEMBER leaves a SPOUSE:

60.2.1.1. so as to provide the SPOUSE with a PENSION of an amount equal to two thirds of the PENSION to which the deceased DB ACTIVE MEMBER would have been entitled in terms of RULE 51.1.2 if he or she had remained in SERVICE until NORMAL RETIREMENT DATE based on the FINAL AVERAGE EARNINGS at the date of death. If the DB ACTIVE MEMBER has remained in SERVICE beyond NORMAL RETIREMENT DATE, the PENSION payable to the SPOUSE must be equal to that which the MEMBER would have received if he or she had retired on the date of death;

60.2.1.2. in the provision, for the SPOUSE, of a lump sum equal to 7% (seven per cent) of the deceased DB ACTIVE MEMBER's FINAL AVERAGE EARNINGS for each year of PENSIONABLE SERVICE, but no less than ¼ (one quarter) of the annual PENSIONABLE EARNINGS at the date of the Deceased Member's death;

60.2.2. If there are ELIGIBLE CHILDREN, so as to provide the ELIGIBLE CHILDREN with a PENSION paid by the FUND equal to 40% (forty per cent), if one ELIGIBLE CHILD, or 60% (sixty per cent), if more than one

ELIGIBLE CHILD, of the total PENSION payable to the SPOUSE provided that:

60.2.2.1. If there are two or more ELIGIBLE CHILDREN the 60% (sixty per cent) PENSION is divided equally between them;

60.2.2.2. If there is no SPOUSE, the PENSION must be twice that which would have been granted in respect of them had there been a SPOUSE, and the lump sum which would have been paid to a SPOUSE must be paid in equal shares to the ELIGIBLE CHILDREN;

60.2.2.3. If RULE 60.9 is applicable and the deceased DB ACTIVE MEMBER did not leave a SPOUSE, the PENSION shall be enhanced in terms of RULE 60.9.

60.3. If the Insured Benefit is not sufficient to meet in full such of the benefits as are payable in terms of RULE 60.2 on the death of a deceased DB ACTIVE MEMBER, the Insured Benefit shall be applied to provide such benefits in the following order:

60.3.1. firstly to provide the SPOUSE's PENSION in terms of RULE 60.2.1.1;

60.3.2. secondly to provide the lump sum benefit to the SPOUSE in terms of RULE 60.2.1.2;

60.3.3. thirdly to provide the PENSION payable to any ELIGIBLE CHILDREN in terms of RULE 60.2.2; and

60.3.4. fourthly to provide the lump sum benefit payable to any ELIGIBLE CHILDREN in terms of RULE 60.2.2,

provided that where it is sufficient only to provide a benefit in part, it shall be applied to provide such part of the relevant benefit.

60.4. Where the Insured Benefit is insufficient to provide the benefits in terms of RULE 60.2 in full, the balance of the benefits payable in terms of that Rule will be payable to the SPOUSE and/or ELIGIBLE CHILDREN, as relevant, out of the assets of the DB ACTIVE MEMBER ACCOUNT.

60.5. If the Insured Benefit is greater than the value of the benefits payable in terms of RULE 60.2 in the case of any deceased DB ACTIVE MEMBER, the benefits payable

will be limited to the amount payable in respect of him or her in terms of RULE 60.2, and the remainder of the Insured Benefit shall be retained within the DB ACTIVE MEMBER ACCOUNT.

60.6. If a PENSIONER in the DB SECTION who was previously an EMPLOYEE dies, the following benefits will be payable:

60.6.1. If the deceased PENSIONER leaves a SPOUSE, the SPOUSE must receive:

60.6.1.1. A spouse's PENSION of an amount equal to two thirds of the PENSION that the deceased PENSIONER was receiving at the date of death; provided that if the amount of the PENSION of the deceased PENSIONER was as a result of having elected the option in RULE 51.1.1, then for the purpose of this RULE 60.6.1.1 the amount of the SPOUSE's PENSION must be determined as if the deceased PENSIONER had elected the option in RULE 51.1.2; provided that if RULE 60.8 is applicable, the PENSION shall be enhanced in terms of RULE 60.8;

60.6.1.2. A lump sum to equal to 1/12th (one twelfth) of the deceased PENSIONER's annual PENSIONABLE EARNINGS immediately before retirement or 1/4 (one quarter) of the annual PENSION that he or she was receiving at the date of death; whichever is the greater;

60.6.2. If the deceased PENSIONER leaves ELIGIBLE CHILDREN, a PENSION must be granted in respect of them, equal to 40% (forty per cent), if one ELIGIBLE CHILD, or 60% (sixty per cent), if more than one ELIGIBLE CHILD, of the total PENSION payable to the SPOUSE, provided that:

60.6.2.1. If there are two or more ELIGIBLE CHILDREN, the 60% (sixty per cent) PENSION is divided equally between them;

60.6.2.2. If there is no SPOUSE, the PENSION must be twice that which would have been granted in respect of them had there been a SPOUSE, and the lump sum which would have been paid to a SPOUSE must be paid in equal shares to the ELIGIBLE CHILDREN; and

60.6.2.3. If RULE 60.8 is applicable and the deceased DB ACTIVE MEMBER did not leave a SPOUSE, the PENSION shall be enhanced in terms of RULE 60.8.

60.7. If the deceased PENSIONER leaves more than one SPOUSE, the total spousal PENSION and lump sum benefit will be distributed equally between the SPOUSES.

60.8. Notwithstanding RULE 60.6, if a PENSIONER who was previously an EMPLOYEE dies within 5 (five) years of retirement, the total PENSION payable to his or her SPOUSE and ELIGIBLE CHILDREN during the remainder of the period of 5 (five) years must not be less than the PENSION that he or she would have been receiving had he or she not died, as increased in terms of RULE 54. The additional PENSION is payable to the SPOUSE if there is one, or to the ELIGIBLE CHILDREN if there is no SPOUSE. After the end of the 5 (five) year period from the date of retirement, the PENSION payable to the SPOUSE and any ELIGIBLE CHILDREN will be calculated as defined in RULE 60.6.

60.9. Notwithstanding RULE 60.2, in the event that a DB ACTIVE MEMBER dies, the total PENSION payable to the SPOUSE and ELIGIBLE CHILDREN during the period of 5 (five) years after the death of the DB ACTIVE MEMBER must not be less than the PENSION that would have been payable during that period if he or she had retired in terms of RULE 52 (Ill-Health Retirement Benefit) on the date of death. The additional PENSION is payable to the SPOUSE, or to the ELIGIBLE CHILDREN if there is no SPOUSE. After the end of the 5 (five) year period the PENSIONS payable to the SPOUSE and any ELIGIBLE CHIDLREN will be calculated as defined in RULE 60.2.

60.10. Subject to the other provisions of these RULES:

60.10.1. a PENSION granted to a PENSIONER ceases on his or her death;

60.10.2. a PENSION granted to SPOUSE ceases on his or her death, in which event the PENSION payable for any ELIGIBLE CHILDREN is doubled;

60.10.3. a PENSION does not cease on the remarriage of a SPOUSE, although where a PENSION has ceased on the remarriage of a SPOUSE in terms of the Previous Rules of the FUND, the TRUSTEES may at any time reinstate the PENSION in whole or in part if they consider that the financial circumstances of the SPOUSE justify this, and in that event the PENSION for any ELIGIBLE CHIDLREN shall be correspondingly reduced;

60.10.4. a PENSION granted in respect of an ELIGIBLE CHILD ceases when that child reaches the age of 21 (twenty-one) years (unless the child is permanently incapacitated in terms of the definition of an ELIGIBLE

CHILD), or dies, or marries, whichever event occurs first; in which event the PENSION payable in respect of the remaining ELIGIBLE CHILDREN must be recalculated in accordance with RULE 60.2.2 or RULE 60.6.2, as applicable;

60.10.5. the PENSION payable in respect of an ELIGIBLE CHILD must be paid to his or her guardian or, if there is none, his or her caregiver as referred to in the Children's Act, No. 38 of 2005, provided that where the ELIGIBLE CHILD is a major the TRUSTEES may, if they think it is in the interests of that ELIGIBLE CHILD, make payment of his or her PENSION directly to him or her, and

60.10.6. any:

(a) PENSION payable to a PENSIONER in the DB SECTION, or

(b) PENSIONS in aggregate payable to a SPOUSE or SPOUSES, and/or ELIGIBLE CHILDREN, of a deceased DB ACTIVE MEMBER, or of a deceased PENSIONER in the DB SECTION, in terms of this RULE 60,

shall not, in either event, be less than R4,500 (Four Thousand Five Hundred Rands) per month (for the purposes of this RULE, the "minimum pension amount"), provided that:-

(i) The minimum pension amount may be increased to such amount as the TRUSTEES may from time to time decide;

(ii) If at any time the aggregate of the PENSIONS (as they may be adjusted from time to time) as referred to in (b) is below the minimum pension amount, then the difference between the aggregate of the PENSIONS (if any) and the minimum pension amount must be split amongst the remaining PENSIONS in the proportion that the PENSION of each bears to the aggregate of the remaining PENSIONS.

[Rule 60.10.6 amended in terms of rule amendment no. 10 registered on 4 November 2019]

60.11. PENSIONS will be paid monthly at such time as determined by the TRUSTEES upon such evidence of existence as the TRUSTEES may require. The last PENSION payment will be a full monthly payment in respect of the month in which the recipient ceased to be eligible for the PENSION.

[Rule 60 amended in terms of rule amendment no. 3 registered on 24 February 2017]

RULE 61 – BENEFITS ON DEATH OF A DB ACTIVE MEMBER OR PENSIONER

61.

61.1. If a DB ACTIVE MEMBER dies in SERVICE and no PENSION is payable in terms of RULE 60, because there is no SPOUSE or ELIGIBLE CHILDREN, the Insured Benefit shall become payable in respect of him or her. The Insured Benefit will be applied to provide to his or her DEPENDANTS, if any, a lump sum equal to the greatest of:

61.1.1. the amount of the Deceased Member's MINIMUM BENEFITS; or

61.1.2. [Rule 61.1.2 deleted in terms of rule amendment no. 11 registered on 23 June 2020]

61.1.3. the amount determined in terms of RULE 60.2.1.2 in respect of the deceased DB ACTIVE MEMBER at his or her death;

Subject to the following Provisos:

First Proviso: Where the Insured Benefit is insufficient to provide the benefit in terms of this RULE 61.1 in full, the balance of the benefits payable in terms of that Rule will be payable out of the assets of the FUND;

Second Proviso: If the Insured Benefit is greater than the benefits payable in terms of this RULE 61.1, the amount of the benefits payable will be limited to the amount payable in respect of him or her in terms of RULE 61.1, and the remainder of the Insured Benefit shall be retained within the DB ACTIVE MEMBER ACCOUNT.

61.2. If a PENSIONER who was an EMPLOYEE dies, and no benefit is payable in terms of RULE 60 because there is no SPOUSE or ELIGIBLE CHILD, his or her DEPENDANTS, if any, are entitled to receive the excess, if any, of:

61.2.1. twice the amount calculated in terms of RULE 61.4 as at the date of retirement, over

61.2.2. the total payments he or she received from the FUND by way of PENSION and lump sum;

[Rule 61.2 replaced in terms of rule amendment no. 11 registered on 23 June 2020]

61.3. If the deceased PENSIONER or DB ACTIVE MEMBER leaves no DEPENDANTS then, in accordance with Section 37C of the ACT, the benefit that such DEPENDANTS would otherwise have received is payable to that person or those persons nominated by the deceased PENSIONER or DB ACTIVE MEMBER, and failing such nomination, to his or her estate.

[Rule 61 amended in terms of rule amendment no. 3 registered on 24 February 2017]

61.4. The amount in RULE 61.2.1 is calculated as follows:

61.4.1. The amount of the DB ACTIVE MEMBER's own contributions to the FUND up to 30 November 2003 plus 4% (four per cent) thereon for each complete year up to 30 November 2003 by which CONTRIBUTORY SERVICE exceeds 5 (five) years. This amount is subject to a minimum of the whole amount of his or her contributions up to 30 November 2001 plus 4% (four per cent) thereon for each complete year up to 30 November 2001 by which CONTRIBUTORY SERVICE exceeds 5 (five) years, then accumulated, together with his or her own contributions from 1 December 2001 to 30 November 2003, with the monthly FUND RETURNS thereon at the same rate, positive or negative, earned by the FUND's assets backing its liability to the DB ACTIVE MEMBER over the period 1 December 2001 to 30 November 2003.

61.4.2. From 1 December 2003, the amount (if any) determined in the previous paragraph, together with the whole amount of his or her own contributions after 1 December 2003, is then accumulated with the monthly FUND RETURNS thereon at the same rate, positive or negative, on the FUND's assets backing the liability to that DB ACTIVE MEMBER.

[Rule 61.4 added in terms of rule amendment no. 11 registered on 23 June 2020]

PART U - MISCELLANEOUS

RULE 62 – COMMUTING SMALL PENSIONS TO A CASH LUMP SUM

62.

62.1. The TRUSTEES, in their discretion, may commute a PENSION, which is less than the amount stipulated by the INCOME TAX ACT, as amended from time to time, to a cash lump sum. The amount of the lump sum must be determined by the ACTUARY.

62.2. If a PENSION is commuted in terms of RULE 62.1 there is no further claim against the FUND by or in respect of the person whose PENSION is commuted.

RULE 63 – REDUCTION IN PENSIONABLE EARNINGS

63.

63.1. Any DB ACTIVE MEMBER whose PENSIONABLE EARNINGS are reduced for any reason other than misconduct must have the option to continue contributions on the

basis of the higher PENSIONABLE EARNINGS before reduction, and should this option be exercised the benefits must be calculated as if such PENSIONABLE EARNINGS had continued to be payable, provided that such option must be exercised in writing within 30 (thirty) days of such reduction in PENSIONABLE EARNINGS having taken place.

ANNEXURE 1

The conditions of service provide for an additional redundancy benefit for DC ACTIVE MEMBERS who were ACTIVE MEMBERS at the CONVERSION DATE.

For information, the additional benefit can be summarised as follows:

If a DC ACTIVE MEMBER, who was an ACTIVE MEMBER at the CONVERSION DATE,

(a) has not less than 9 (nine) years CONTRIBUTORY SERVICE with the EMPLOYER, the redundancy benefit must be:

  (i) A PENSION equal to one fifty-first of salary at the CONVERSION DATE multiplied by the number of years of service, and increased by the higher of:

    - 75% of inflation between the CONVERSION DATE and redundancy; or
    - the MEMBER's actual salary increases less 3% per annum between date of conversion and redundancy.

  (ii) payable by the EMPLOYER from the date of redundancy to age 60 (sixty).

  (iii) Once in payment, the PENSION will be increased by 75% of inflation

  (iv) Provided that the EMPLOYER may agree with the DC ACTIVE MEMBER to pay the PENSION in the form of a lump sum.
  (It should be noted however, that the EMPLOYER is not obligated to offer a DC ACTIVE MEMBER the option of a lump sum, neither is any DC ACTIVE MEMBER who has received such an offer, obligated to accept it.)

(b) If the DC ACTIVE MEMBER has less than 9 (nine) years' CONTRIBUTORY SERVICE with the EMPLOYER, the retiring benefit must be a lump sum equal to the full value of the DC ACTIVE MEMBER and EMPLOYER retirement contributions (including the transfer value from the DB SECTION of the FUND) plus FUND RETURN.

ANNEXURE 2: Multiple of salary for Insured Benefit

Member's attained age at date of death	Multiple of salary
36-38	12.00
39-41	12.00
42-44	10.00
45-47	8.25
48-50	6.50
51-53	4.25
54-56	2.75
57-59	1.50
60-62	0.50
63-64	Nil

[Annexure 2 inserted in terms of rule amendment no. 3 registered on 24 February 2017]

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Financial Sector
Conduct Authority

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ENQUIRIES: Mr Samuel Matjila
OUR REF: 12/8/909
DATE: 09 March 2022
D. DIALLING NO.: 012 428 8060
FAX: 012 346 5915
E-MAIL: samuel.matjila@fsca.co.za

THE PRINCIPAL OFFICER
CAPE MUNICIPAL PENSION FUND
c/o ALEXANDER FORBES FINANCIAL SERVICES (PROPRIETARY) LTD
P O BOX 787240
SANDTON

2146P

CASE NUMBER: 541536

Dear Sir/Madam

PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 1 (Effective 01 March 2020) - CAPE MUNICIPAL PENSION FUND

Your application of 05 October 2021 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 Pension Fund in terms of the Income Tax Act.

Yours faithfully

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

Executive Committee:
Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

CAPE MUNICIPAL PENSION FUND

RULE AMENDMENT NO. 1

RESOLVED:

That in terms of a resolution taken at a meeting of the Board of Trustees on 30 September 2021 at Cape Town the Rules of the **CAPE MUNICIPAL PENSION FUND** be amended as from 01 March 2020 by:

1. The replacement of Rule 17.3 with the following

   "17.3 Evidence of existence for PENSIONERS

   Each PENSIONER's existence must be evidenced by a process agreed to by TRUSTEES and at such intervals stipulated by the TRUSTEES. Should such evidence not be produced, and after reasonable measures have been taken by the FUND to obtain such evidence including by notice to the PENSIONER at his or her last known address, the PENSION payments may be suspended, and retained in the UNCLAIMED BENEFITS ACCOUNT."

The reason for the rule amendment is:

(a) To reflect the current process of how the existence of PENSIONERS is verified.

CERTIFIED THE RESOLUTION ABOVE IS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF RULES OF FUND.

.....
Chairperson

.....
Trustee

.....
Principal Officer

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

E J Potgieter 04 Oct. 2021

.....

Actuary

FSCA
Financial Sector
Conduct Authority

Riverwalk Office Park Block B
41 Matroosberg Road Ashlea Gardens
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ENQUIRIES: Mr Edwin Tshabalala
OUR REF: 12/8/909
DATE: 04 March 2022
D. DIALLING NO.: 012 428 8154
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E-MAIL: edwin.tshabalala@fsca.co.za

THE PRINCIPAL OFFICER
CAPE MUNICIPAL PENSION FUND
c/o ALEXANDER FORBES FINANCIAL SERVICES (PROPRIETARY) LTD
P O BOX 787240
SANDTON

2146P

CASE NUMBER: 547363

Dear Sir/Madam

PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 2 (Effective 07 February 2022) - CAPE MUNICIPAL PENSION FUND

Your application of 03 February 2022 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 Pension Fund in terms of the Income Tax Act.

Yours faithfully

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

Executive Committee:
Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

CAPE MUNICIPAL PENSION FUND

RULE AMENDMENT NO. 2

RESOLVED:

That in terms of a resolution taken at a meeting of the Board of Trustees on 28 January 2022 at Cape Town the Rules of the **CAPE MUNICIPAL PENSION FUND** be amended with effect from the implementation date referred to in the Preamble of Annexure 3 below.

1. By the addition of the following Annexure 3 to the Rules:-

"Annexure 3

PREAMBLE

Notwithstanding anything to the contrary elsewhere in the RULES, in order to achieve accreditation to receive contributions in respect of future service from employees in the local authority sector in terms of the agreement dated 15 September 2021 between South African Local Government Association, Independent Municipal and Allied Trade Union and South African Municipal Workers' Union (being, for purposes of Annexure 3, "the Agreement"), the RULES will be amended as follows from the implementation date referred to in the Agreement, which at present is 1 July 2022.

It is recorded that:-

- Some of these provisions are not applicable to the FUND and where that is so then that is indicated.
- If there is an amendment to the Agreement which affects the provisions of this Annexure 3, then that amendment will require an amendment to this Annexure 3 to bind the FUND.
- If there is a conflict between the RULES and this Annexure 3 then the provisions of Annexure 3 prevail.

DEFINITIONS:

ACCREDITED: Means the status of being permitted to accept EMPLOYEES as new DC ACTIVE MEMBERS in terms of the Agreement; **ACCREDITATION** shall refer to the process whereby this status is achieved;

BOARD: Means the TRUSTEES as defined in the RULES;

EFFECTIVE DATE: means, where used in the definition of MEMBER'S INTEREST below, the effective date of transfer of a DC ACTIVE MEMBER or a DB ACTIVE MEMBER in terms of RULES 2 and 3 of this Annexure 3;

INCOME AND EXPENSE POLICY: Means the policy established by a Management Committee for a particular sub-fund in terms of Rule 5.4 of this annexure **[Not applicable]**

MANAGEMENT COMMITTEE: Means the body established in terms of Rule 5 of this annexure. **[Not applicable]**

MEMBER'S INTEREST: Means,

- In respect of the DC SECTION, the minimum individual reserve (as defined in the ACT) of a DC ACTIVE MEMBER, PAID-UP MEMBER or DC LIVING ANNUITANT and,
- In respect of the DB SECTION, the greater of the present value of the FUND'S obligations towards the DB ACTIVE MEMBER or DEFERRED PENSIONER in respect of service prior to the EFFECTIVE DATE and that MEMBER'S minimum individual reserve as defined in the ACT; and
- In relation to a PENSIONER (in either the DC SECTION or the DB SECTION) paid from the FUND, the purchase price of an annuity policy from an INSURER that will provide an equivalent pension to that paid from the FUND;

In either case multiplied by the ratio of

- The fair value of the assets of the DC SECTION or the DB SECTION, as applicable to that MEMBER (less the balances in any EMPLOYER SURPLUS ACCOUNT and such CONTINGENCY RESERVE ACCOUNTS in the DC SECTION or the DB SECTION as applicable to that MEMBER, as are necessary for the ongoing viability of the FUND or are held to mitigate the risks to which the MEMBERS are exposed) to the total value of the MEMBERS' interests in the DC SECTION or DB SECTION as applicable, in both cases as determined before any share of CONTINGENCY RESERVE ACCOUNTS is included;

SHORTFALL: Means a shortfall in the sense contemplated in section 30(3) of the ACT;

SUB-FUND; Means the liabilities held in respect of the members employed by a particular participating employer, any contingency reserve accounts, member surplus account or employer surplus account held in respect of those members or that participating employer, and, where relevant, the corresponding assets; **[Not applicable]**

TRANSFER PERIOD: Means the period 1 July 2022 to 31 December 2022, 1 July 2025 to 31 December 2025, and every five (5) years thereafter.

2. **TRANSFERS**

2.1 With effect from the end of each TRANSFER PERIOD, MEMBERS in SERVICE may elect to join another ACCREDITED defined contribution APPROVED FUND in which their EMPLOYER

participates, in which case the MEMBERS (and their EMPLOYERS on behalf of those MEMBERS) will cease to contribute to the FUND from this date in respect of any future service benefits and the MEMBERS may elect either to keep their MEMBERS' interests in the FUND on a paid-up basis in the DC SECTION or, if that MEMBER is a DB ACTIVE MEMBER as DEFERRED PENSIONER, or may elect to transfer their MEMBERS' interests in the FUND at this date to that other fund in terms of section 14 of the ACT subject to the approval of the AUTHORITY. If there is a SHORTFALL at this date, the EMPLOYER may be required to make special contributions to address that SHORTFALL over such period and of such amount as are agreed between the EMPLOYER and the TRUSTEES.

2.2 Where an ACCREDITED fund includes both defined contribution and defined benefit categories of membership, the transfer of a MEMBER from a defined contribution category to a defined benefit category is not permitted. A DB ACTIVE MEMBER may transfer to the DC SECTION and then becomes a DC ACTIVE MEMBER in respect of the benefit from the FUND for all past and future SERVICE. The provisions of section 2.1 then apply as if the two categories were separate funds.

2.3 On employment, or with effect from the end of any TRANSFER PERIOD, if the FUND is ACCREDITED, any person employed by an EMPLOYER who participates in the FUND and who has elected or been required to join the FUND, may only join as a DC ACTIVE MEMBER in the DC SECTION. Such persons (and their EMPLOYER on their behalf) will commence contributions to the FUND from that date and, if applicable and the MEMBERS have so elected, the MEMBERS' interests in a fund from which the MEMBERS are transferring will be transferred to the FUND in terms of section 14 of the ACT subject to the approval of the AUTHORITY.

2.4 If a member changes employment from one participating employer to another participating employer in the fund, no benefit will accrue to the member, and the higher of the member's accrued liability in the fund and the member's minimum individual reserve will be transferred to the sub-fund of the new participating employer. **[Not applicable]**

3. TERMINATION OF PARTICIPATION BY AN EMPLOYER

3.1 Any participating EMPLOYER, after giving due notice in terms of RULE 27.2, may terminate participation in the FUND, in which case

3.1.1 Contributions by MEMBERS and the participating EMPLOYER to the FUND for benefits in respect of SERVICE after the end of the notice period will cease from the end of the notice period;

3.1.2 The MEMBERS employed by that participating employer may elect to become PAID-UP MEMBERS (if they are DC ACTIVE MEMBERS) or DEFERRED PENSIONERS (if they are DB ACTIVE MEMBERS) with effect from the end of the notice period if the FUND will not be discontinued in terms of RULE 27, or may elect to transfer their MEMBERS' interests in the FUND at the end of the notice period to another ACCREDITED defined contribution APPROVED FUND in which their

EMPLOYER participates in terms of RULE 2.1 above in this Annexure 3, with the end of the notice period replacing the end of the TRANSFER PERIOD where the latter appears in that RULE;

3.2 The participating EMPLOYER who is terminating participation, or all participating employers in the fund as the case may be, will assume responsibility for funding any SHORTFALL. If so, the EMPLOYER may be required to make special contributions to address that SHORTFALL over such period and of such amount as are agreed between the EMPLOYER and the TRUSTEES.

GOVERNANCE

4. **Appointment of TRUSTEES**

4.1 In the case where an EMPLOYER, South African Local Government Association, or a trade union has the right to nominate or appoint a TRUSTEE, that party has the right to terminate that appointment at any time.

4.2 The TRUSTEES may disqualify from eligibility for appointment or election to the board of TRUSTEES a person who has been previously removed from a position of trust or who has, by his or her words or conduct, demonstrated that he or she is not a 'fit and proper' person to occupy a position of trust.

4.3 The TRUSTEES may expel from the board of TRUSTEES any person who has, by his or her words or conduct, demonstrated that he or she is not a 'fit and proper' person to occupy a position of trust, in which case the body or constituency which appointed or elected him or her may not re-appoint or re-elect him or her.

5. **MANAGEMENT COMMITTEE [Not applicable]**

5.1 Where the board of a fund does not have at least half of the members of the board elected by members and a participating employer has 20 or more employees who are members of the fund, each such participating employer and their employees who are members of the fund may appoint a management committee to oversee the affairs of their sub-fund and facilitate communication between the board and the members of their sub-fund.

5.2 A management committee established in compliance with clause 5.1

5.2.1 Must comprise an even number of members, half of whom shall be appointed by the employer and half of whom shall be elected by employees who participate in the sub-fund together with any pensioners who are paid from the sub-fund.

5.2.2 Must meet at least twice a year. A quorum for such a meeting must include at least one employer-appointed member and one member- elected member.

5.3 A management committee established in compliance with clause 5.1 will have such duties and powers as are delegated by the board and documented in a mandate issued by the board to the management committee. such mandate must set out the process by which the management committee is appointed or elected, specify their term of office, and give the management committee the right to

5.3.1 Make representations to the board on any matter affecting the sub- fund,

5.3.2 Communicate with the members of the sub-fund, including calling a meeting of such members,

5.3.3 Receive copies of the annual financial statements, any actuarial valuation report, any summary reports prepared at SUB-FUND level, any amendments to the rules, and any complaints referred by their members to the Pension Funds Adjudicator or the Board,

And provided further that the management committee, and any meeting of members called by that management committee, shall have no decision-making powers, nor may they pass any resolution that binds the participating employer, the fund, or the board. the existence of a management committee does not detract from the authority in law of the board to direct, control and oversee the operations of the sub-fund in terms of the Rules and the Act.

5.4 Each management committee established in compliance with clause 5.1 must establish and maintain an income and expense policy at sub-fund level, in concurrence with the board, which will set out how the management committee will meet any expenses associated with the fulfilment of their duties in terms of the mandate, and must implement such policy.

Meetings of the TRUSTEES

5.5 The TRUSTEES must meet at least quarterly.

Annual Assessment of Performance

5.6 The board of TRUSTEES must assess its performance at least once in each 12 month period, and identify where TRUSTEES need training. The PRINCIPAL OFFICER must organise this training for the year following the date of the assessment.

Reporting of statistics to the SA Local Government Bargaining Council

6. The FUND will supply such statistics to the SA Local Government Bargaining Council as are a condition of ACCREDITATION.

7. **FINANCING**

In respect of the DC SECTION:

7.1 The contribution rate payable by the EMPLOYER may not exceed 18% of PENSIONABLE EARNINGS, provided that, where the EMPLOYER is paying a higher rate of contribution on 30 June 2022, it may continue to contribute at the higher rate.

7.2 All benefits provided by the FUND must be funded out of the prescribed EMPLOYER contribution and DC ACTIVE MEMBERS contributions determined by the RULES.

In respect of the DB SECTION

7.3 If the DB ACTIVE MEMBERS are paid on a cost to employer basis, PENSIONABLE EARNINGS means the amount agreed with that MEMBER to a maximum of 60% of the cost to employer.

7.4 If an actuarial valuation reveals that the FUND or the sub-fund has a SHORTFALL and the FUND or sub-fund does not implement a funding plan in terms of RULE 26.3 that will eliminate the SHORTFALL within a period acceptable to the TRUSTEES and the AUTHORITY, if relevant, the benefits in respect of future service must be reduced in order to fund the SHORTFALL, or the FUND or the sub-fund must be liquidated. If the FUND or the sub-fund is liquidated, the relevant participating EMPLOYERS must fund the SHORTFALL in terms of section 30(3) of the ACT.

8. **REMUNERATION OF INVESTMENT AND OTHER PROFESSIONAL ADVISORS**

No amount may be paid to an investment or other professional advisor except for services rendered by it to the FUND in the ordinary course of the governance, management, investment or administration of the FUND, with the following exception: where the FUND offers individual investment choice (either before retirement or after retirement where the MEMBER has elected to receive a living annuity paid from the FUND) and if the RULES so permit, a fee payable to an investment advisor for advice given to the MEMBER which the MEMBER has authorised in writing and which will be paid from that MEMBER's account in the FUND."

2. By the replacement of Rule 8.2.1.1:-

"8.2.1.1 they must meet at least quarterly per annum;"

3. By the replacement of Rule 18.4 with the following:-

"18.4 **Freedom of Association of MEMBERS IN SERVICE**

18.4.1 The TRUSTEES may only allow a DC ACTIVE MEMBER or a DB ACTIVE MEMBER to transfer to another APPROVED FUND in which his or her employer participates if there is compliance with the provisions of Annexure 3 to the RULES once Annexure 3 is registered by the AUTHORITY and as from its effective date.

18.4.2 Any such transfer in terms of RULE 18.4.1 is subject to the provisions of the RULES."

The reasons for the rule amendment are:-

(a) To ensure compliance, at the request of the Employer, with the Agreement so that the Fund will be Accredited;

(b) To amend the Rules to reflect, in line with the Agreement, that the Trustees must meet quarterly.

(c) To amend Rule 18.4 to correspond with Annexure 3;

CERTIFIED THE RESOLUTION ABOVE IS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF RULES OF FUND.

	31 January 2022
CHAIRPERSON	DATE
	31 January 2022
TRUSTEE	DATE
	31 January 2022
PRINCIPAL OFFICER	DATE

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

	31 January 2022
ACTUARY	DATE

JWM/vlo/1d/0e/2022-03-08

CAPE MUNICIPAL PENSION FUND

RULE AMENDMENT NO. 3

RESOLVED:

As a resolution in writing in terms of Rule 8.4.3 of the Board of Trustees of the Cape Municipal Pension Fund, the Rules of the above Fund be amended with effect from the dates indicated. It is recorded that this resolution is dated at Cape Town on the date of the last signing Trustee:-

A: As from 1 March 2022:-

1. By the addition of the following Rule 32.1.4:-

"32.1.4 For the purposes of RULES 32.1.1 and 32.1.2 any election or notification to retire is only effective if compliant with such requirements as the TRUSTEES may require from time to time."

B: As from 1 July 2022:-

2. By the replacement of Rule 31.2.2 with the following:-

"31.2.2 Part of this contribution, after such deductions required by RULE 31.2.1, must be credited (added) to the EXPENSES ACCOUNT, as decided annually by the TRUSTEES on the advice of the ACTUARY; provided that unless the First Proviso in RULE 44.2 applies, a minimum of 12% (twelve per cent) of each DC ACTIVE MEMBER's PENSIONABLE EARNINGS for that month must be credited (added) to the DC ACTIVE MEMBER's ACCOUNT as retirement funding contributions. The provisions of this RULE do not affect the operation of the proviso in RULE 11.3.3."

3. By the replacement of Rules 44.2 and 44.3 with the following:-

"44.2 The premiums required for the LIFE ASSURANCE BENEFIT and any insured disability and family funeral benefits arranged by the EMPLOYER are limited to so much of the total contribution received by the FUND in respect of each DC ACTIVE MEMBER as does not exceed 4,5% (four comma five per cent) of PENSIONABLE EARNINGS (for purposes of this RULE 44.2 ("the limitation"), subject to the following provisos:-

First Proviso: There are two permissible exceptions to the limitation:-

(a) if a DC ACTIVE MEMBER elects the Core Plus option in the table in RULE 44.3, and he or she is notified that the consequential higher premium will reduce the amount allocated to his or her retirement savings;

(b) if an additional premium is payable as contemplated in RULE 44.5.1, and the DC ACTIVE MEMBER is notified that this will reduce the amount allocated to his or her retirement savings.

Second Proviso: Except in the circumstances of the First Proviso, if the cost of the death, disability and family funeral benefits (including any separate, but associated arrangements) exceeds 4,5% (four comma five per cent) of PENSIONABLE EARNINGS, the LIFE ASSURANCE BENEFIT must be reduced on such basis as decided by the TRUSTEES acting on the advice of the ACTUARY, unless the ACTUARY certifies that the FUND can continue to provide the existing benefits for a limited period.

44.3 The LIFE ASSURANCE BENEFIT must be on such terms as determined by the TRUSTEES from time to time, provided that:-

44.3.1 the level of cover may be based on age so as to avoid any material cross-subsidies between age groups,

44.3.2 if the TRUSTEES arrange for DC ACTIVE MEMBERS to be able to elect Core Minus and/or Core Plus cover as envisaged in the table below, the DC ACTIVE MEMBERS must, subject to the terms of the policy providing the LIFE ASSURANCE BENEFIT, be able to elect a Core Minus and a Core Plus option of cover, with a respective decrease and increase of premium therefor, at such frequency and according to such requirement as the TRUSTEES may decide,

44.3.3 and that the TRUSTEES must communicate changes in the level of cover to the DC ACTIVE MEMBERS.

It is recorded that the level of cover for the Core, Core Minus and Core Plus will vary from time to time, and that as at the effective date of the amendment of this RULE (1 July 2022), the level of cover was proposed to be as set out in the following table (which may also vary according to the insurance premium rates the FUND is able to obtain):

		Core Minus	Core (same as current)	Core Plus
Level of cover expressed as a multiple of annual salary				
Age	18-32	4.5	**9**	13.5
	33-35	**4**	**8**	**12**
	36-38	3.5	**7**	10.5
	39-41	**3.25**	**6.25**	**9.75**

42-44	3	5.75	9
45-47	2.75	5.25	8.25
48-50	2.5	5	7.5
51-53	2	4	6
54-56	1.5	3	4.5
57-59	1.25	2.5	3.75
60-64	1	2	3

4. By the replacement of Rules 44.5 and 44.6 with the following:-

44.5 The LIFE ASSURANCE BENEFIT is subject to the terms and conditions contained in the insurance policy concerned, and specifically, the LIFE ASSURANCE BENEFIT:

44.5.1 may be restricted in the extent and amount of cover, or (if agreed between the INSURER and the FUND) a portion of such cover may be subject to an additional premium payable in respect of the DC ACTIVE MEMBER, in terms of the underwriting requirements or other conditions of the policy of insurance; and

44.5.2 may be subject to the requirement that a DC ACTIVE MEMBER, on commencement of membership or if the cover increases for whatever reason and the INSURER so requires, be examined, at the cost of the INSURER concerned, by a medical practitioner appointed by that INSURER.

44.6 Any DC ACTIVE MEMBER whose LIFE ASSURANCE BENEFIT is, in terms of RULE 44.5.1, restricted or limited must be advised by the FUND of that, as well as the reason for this.

The reasons for the rule amendment are:-

(a) To ensure that an election or notification to retire is effective only if compliant with the requirements of the Trustees;

(b) To provide flexibility with regard to the Life Assurance Benefit in order for a DC Active Member to be able to elect such a benefit according to his or her needs;

(c) To correct a drafting error in Rule 44.6.

JWM/vlo/1d/0e/2022-03-08

CERTIFIED THE RESOLUTION ABOVE IS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF RULES OF FUND.

CHAIRPERSON (MEMBER TRUSTEE)	25.03.2022 DATE
EMPLOYER TRUSTEE	25.03.2022 DATE
EMPLOYER TRUSTEE	25.03.2022 DATE
EMPLOYER TRUSTEE	25.03.2022 DATE
MEMBER TRUSTEE	25.03.2022 DATE
MEMBER TRUSTEE	25.03.2022 DATE
MEMBER TRUSTEE	25.03.2022 DATE
MEMBER TRUSTEE	25.03.2022 DATE
PRINCIPAL OFFICER	25.03.2022 DATE

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

ACTUARY	08 March 2022 DATE

REGISTERED in terms of
Pension Funds Act, No. 24 of 1956

07 APR 2022

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

FSCA
Financial Sector
Conduct Authority

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ENQUIRIES: Mr Edwin Tshabalala
OUR REF: 12/8/909
DATE: 29 October 2023
D. DIALLING NO.: 012 428 8154
FAX: 012 346 5915
E-MAIL: edwin.tshabalala@fsca.co.za

THE PRINCIPAL OFFICER
CAPE MUNICIPAL PENSION FUND
c/o ALEXANDER FORBES FINANCIAL SERVICES (PROPRIETARY) LTD
P O BOX 787240
SANDTON

2146P

CASE NUMBER: 580536

Dear Sir/Madam

PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 4 (Effective 01 October 2023) - CAPE MUNICIPAL PENSION FUND

Your application of 14 October 2023 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 Pension Fund in terms of the Income Tax Act.

Yours faithfully

ELVIS MADUMO
MANAGER: RETIREMENT FUNDS SUPERVISION: REVIEWS & AUTHORISATIONS
for THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

JWM/vlo/1d/0e/2023-10-12

CAPE MUNICIPAL PENSION FUND

RULE AMENDMENT NO. 4

RESOLVED:

That in terms of a resolution taken at a meeting of the Board of Trustees on 29 September 2023 at Cape Town the Rules of the CAPE MUNICIPAL PENSION FUND be amended as set out below with effect from 1 October 2023

1. By the deletion of Rule 6.6.4.

2. By the replacement of Rule 37.6 with the following:-

"37.6 On the death of a DC LIVING ANNUITANT, his or her SPOUSE at death succeeds to his or her living annuity; subject to the following provisions:-

37.6.1 If there is more than one SPOUSE then the TRUSTEES must determine how equitably the living annuity is to be split between them, provided that if the DC LIVING ANNUITANT has indicated in a written beneficiary nomination provided to the FUND as to how the living annuity is to be split between the SPOUSES, then the TRUSTEES are bound by that nomination;

37.6.2 If the DC LIVING ANNUITANT is not survived by a SPOUSE, then the balance in the DC LIVING ANNUITY SHARE ACCOUNT is payable as a lump sum according to the provisions of section 37C of the ACT to the DEPENDANT/S, nominees or estate of the DC LIVING ANNUITANT, as the case may be.

37.6.3 If the DC LIVING ANNUITANT is survived by a SPOUSE who becomes a DC LIVING ANNUITANT in terms of this RULE 37.6 then on the death of that SPOUSE the balance remaining in the DC LIVING ANNUITY ACCOUNT is payable as a lump sum according to the provisions of section 37C of the ACT to the DEPENDANT/S, nominees or estate of the SPOUSE, as the case may be.

37.6.4 The same anniversary date as was applicable to the deceased DC LIVING ANNUITANT applies to the living annuity to which a SPOUSE succeeds in terms of this RULE 37.6."

3. By the addition of the following Rule 37.9:

"37.9 For the benefit of clarity:-

37.9.1 A SPOUSE who becomes a DC LIVING ANNUITANT in terms of RULE 37.6.1 is entitled to exercise the rights of a DC LIVING ANNUITANT in terms of RULE 37.7; and

37.9.2 A BENEFICIARY of a death benefit who in terms of RULE 43.6.2 elects a living annuity from the FUND becomes a DC LIVING ANNUITANT on the same basis as that of a DC ACTIVE MEMBER or PAID-UP MEMBER on retirement."

The reasons for the rule amendment are:

(a) To delete Rule 6.6.4 which is superfluous because it is only a vacancy in respect of a Member Trustee that is required for the Board to be properly constituted, and this is covered in Rule 6.2.1.2.

(b) To provide that on the death of a DC Living Annuitant his or her Spouse is to succeed to the living annuity, and certain provisions in relation thereto.

(c) To clarify that a Spouse may exercise the rights as a DC Living Annuitant in terms of Rule 37.7, and that a death benefit beneficiary who elects a living annuity from the Fund becomes a DC Living Annuitant on the same basis as if retiring in the Fund.

CERTIFIED THE RESOLUTION ABOVE IS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF RULES OF FUND.

CHAIRPERSON

TRUSTEE

PRINCIPAL OFFICER

REGISTERED in terms of Pension Funds Act No. 24 of 1956

25 OCT 2023

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

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

ACTUARY

12 October 2023

DATE

FSCA
Financial Sector
Conduct Authority

Riverwalk Office Park Block B
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ENQUIRIES: Ms Silindile Sebotsa
OUR REF: 12/8/909
DATE: 14 December 2023
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THE PRINCIPAL OFFICER
CAPE MUNICIPAL PENSION FUND
c/o ALEXANDER FORBES FINANCIAL SERVICES (PROPRIETARY) LTD
P O BOX 787240
SANDTON

2146P

CASE NUMBER: 584400

Dear Sir/Madam

PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 5 (Effective 01 January 2007) - CAPE MUNICIPAL PENSION FUND

Your application of 29 November 2023 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 Pension Fund in terms of the Income Tax Act.

Yours faithfully

ELVIS MADUMO
MANAGER: RETIREMENT FUNDS SUPERVISION: REVIEWS & AUTHORISATIONS
for THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

Executive Committee:
Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

JWM/vlo/1d/0e/2023-11-23

CAPE MUNICIPAL PENSION FUND

RULE AMENDMENT NO. 5

RESOLVED:

That in terms of a resolution taken at a meeting of the Board of Trustees on 24 November 2023 at Cape Town, the Rules of the above Fund be amended as set out below with effect from 1 January 2007

1. By the addition of the following proviso to Rule 29.1:

   "; provided that if a DC ACTIVE MEMBER and the EMPLOYER agree a different rate of contribution by that DC ACTIVE MEMBER then that different rate applies for as long as it is so agreed."

The reason for the rule amendment is:

(a) To regularise an arrangement between the Employer and certain DC Active Members in respect of a variation of the member contribution rate.

CERTIFIED THE RESOLUTION ABOVE IS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF RULES OF FUND.

CHAIRPERSON

TRUSTEE

PRINCIPAL OFFICER

REGISTERED in terms of Pension Funds Act, No. 24 of 1956

06 DEC 2023

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

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

ACTUARY

29 November 2023

DATE

FSCA
Financial Sector
Conduct Authority

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OUR REF: 12/8/909
DATE: 19 June 2024
D. DIALLING NO.: 012 367 7891
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THE PRINCIPAL OFFICER
CAPE MUNICIPAL PENSION FUND
c/o ALEXANDER FORBES FINANCIAL SERVICES (PROPRIETARY) LTD
P O BOX 787240
SANDTON

2146P

CASE NUMBER: 591815

Dear Sir/Madam

PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 6 (Effective 01 April 2024) - CAPE MUNICIPAL PENSION FUND

Your application of 18 April 2024 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 Pension Fund in terms of the Income Tax Act.

Yours faithfully

ELVIS MADUMO
MANAGER: RETIREMENT FUNDS SUPERVISION: REVIEWS & AUTHORISATIONS
for THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

Executive Committee:
Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

JWM/vlo/1d/0e/2024-04-15

CAPE MUNICIPAL PENSION FUND

RULE AMENDMENT NO. 6

RESOLVED:

In terms of a resolution taken at a meeting of the Board of Trustees on 05 April 2024 at Cape Town, the Rules of the above Fund be amended as set out below with effect from 01 April 2024

1. By the replacement of Rule 35.2 with the following:-

"35.2 The retirement benefit of the retiring DC ACTIVE MEMBER or PAID-UP MEMBER, after any commutation for a cash lump sum in terms of RULE 35.4 is, subject the provisions of the INCOME TAX ACT and any limitations or conditions imposed by the TRUSTEES at their discretion from time to time, any one or more of the following options, and in such proportions, as elected by him or her in a written application to the FUND:

35.2.1 A standard pension in terms of RULE 36;

35.2.2 A living annuity from the FUND in terms of RULE 37; and

35.2.3 An annuity purchased from an INSURER in terms of RULE 38."

2. By The replacement of Rule 36.2 with the following:

"36.2 The amount of this standard PENSION provided by the FUND in terms of this RULE 36 must be based on the amount of the retirement capital allocated therefor by the MEMBER, and must be determined on an actuarial basis decided by the ACTUARY and agreed with the TRUSTEES, taking account, amongst other things:

36.2.1 The age and gender of the MEMBER when the PENSION commences;

36.2.2 Whether the MEMBER has a SPOUSE at that time;

36.2.3 The age and gender of the SPOUSE or SPOUSES (if applicable);

36.2.4 The guarantee period if a different one is elected to that provided in RULE 36.1.1.1;

36.2.5 The necessary allowance for annual increases in accordance with RULE 36.3 and an annual bonus in accordance with RULE 36.4."

3. By the deletion of the phrase ", instead of a standard PENSION," in Rule 37.1.

4. By the replacement of Rule 37.4 with the following:

"37.4 The opening credit of a DC LIVING ANNUITY ACCOUNT is that portion of the DC MEMBER SHARE ACCOUNT elected as a living annuity in terms of RULE 35.2 or that portion of the death benefit elected as a living annuity in terms of RULE 43.6."

5. By the replacement of Rule 38.1 with the following:

"38.1 An annuity purchased from an INSURER, as elected by a DC ACTIVE MEMBER, PAID-UP MEMBER or DC LIVING ANNUITANT in terms of RULES 35.2 or 37.7.1 or 37.8 as applicable, extinguishes the FUND's liability to such DC ACTIVE MEMBER, PAID-UP MEMBER or LIVING ANNUITANT to the extent of the amount allocated for the purchase of such annuity. If the annuity so purchased is for an amount equal to the full liability of the FUND to the MEMBER, then after such purchase his or her membership ceases and the FUND also ceases to have any liability or obligation to such MEMBER and his or her SPOUSE and DEPENDANTS."

6 By the replacement of the first sentence of Rule 43.6 with the following:

"43.6 A BENEFICIARY may elect, after any commutation for a cash lump sum in terms of RULE 43.7, subject the provisions of the INCOME TAX ACT and any limitations or conditions imposed by the TRUSTEES at their discretion from time to time, any one or more of the following options, and in such proportions, in a written application to the FUND:"

The reason for the rule amendment is to provide for flexibility of annuity options in the retirement benefit or death benefit by a person entitled to the applicable benefit, and consequential changes.

CERTIFIED THE RESOLUTION ABOVE IS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF RULES OF FUND.

REGISTERED in terms of
Pension Funds Act, No. 24 of 1956
07 JUN 2024
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

CHAIRPERSON

TRUSTEE

PRINCIPAL OFFICER

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

EJ Potgieter

ACTUARY - E J Potgieter DATE 16 April 2024

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Conduct Authority

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OUR REF: 12/8/909
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THE PRINCIPAL OFFICER
CAPE MUNICIPAL PENSION FUND
c/o ALEXANDER FORBES FINANCIAL SERVICES (PROPRIETARY) LTD
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SANDTON

2146P

CASE NUMBER: 597184

Dear Sir/Madam

PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 7 (Effective 01 September 2024) - CAPE MUNICIPAL PENSION FUND

Your application of 08 July 2024 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 Pension Fund in terms of the Income Tax Act.

Yours faithfully

ELVIS MADUMO
MANAGER: RETIREMENT FUNDS SUPERVISION: REVIEWS & AUTHORISATIONS
for THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

CAPE MUNICIPAL PENSION FUND

RULE AMENDMENT NO. 7

RESOLVED:

As a resolution in writing in terms of Rule 8.4.3, that the Rules of the above Fund be amended as set out below with *effect* from the effective date of the Two Pots Date (as defined in this amendment), which it is recorded is expected to be 1 September 2024.
It is recorded that this resolution is dated at Cape Town on the date of the last signing Trustee.

1. By the renaming in Rule 2.5 of the term "VESTED PORTION" with **"PROTECTED PORTION"** and the substitution of "VESTED PORTION" with "PROTECTED PORTION" wherever the former occurs in the Rules.

2. By the replacement of (a)(i) of the definition of "PROTECTED PORTION" in Rule 2.5 with the following:

   "(a)(i) In respect of that MEMBER who was a member of an APPROVED PROVIDENT FUND on the ANNUITISATION DATE, the contributions in respect of him or her to that APPROVED PROVIDENT FUND:

   (aa) Until that date specified by him or her after the TWO POTS DATE by notice to that APPROVED PROVIDENT FUND, within the period specified in terms of the INCOME TAX ACT, that he or she required the contributions in respect of him or her to be split between the savings component and the retirement component in that fund; or

   (bb) If he or she did not so specify as in (aa), for as long as he or she was a member of that APPROVED PROVIDENT FUND; and/or"

3. By the replacement of the following definitions in Rule 2.5:

   "CONTRIBUTORY SERVICE: The period over which a DB ACTIVE MEMBER or DC ACTIVE MEMBER has contributed to the FUND. This period in respect of a DB ACTIVE MEMBER is:

   (a) Less than PENSIONABLE SERVICE if additional PENSIONABLE SERVICE has been granted or purchased in terms of RULE 48, or in respect of whom a TRANSFER VALUE has been received; and

   (b) More than PENSIONABLE SERVICE if his or her period of PENSIONABLE SERVICE is reduced in terms of the definition of that term.

   MINIMUM BENEFITS: The minimum individual reserve, as referred to in section 14B of the ACT, in respect of a:

(a) DC ACTIVE MEMBER or a PAID-UP MEMBER, which comprises at any date the aggregate of the amounts to the credit of his or her DC MEMBER SHARE ACCOUNT and including in that the SAVINGS COMPONENT, the RETIREMENT COMPONENT, and the VESTED COMPONENT (including the PROTECTED PORTION if applicable);

(b) DB ACTIVE MEMBER or a DEFERRED PENSIONER, which comprises at any date the aggregate of amounts that can be calculated, as part of the liabilities backed by the DB ACTIVE MEMBER ACCOUNT, in respect of his or her SAVINGS COMPONENT, the RETIREMENT COMPONENT, and the VESTED COMPONENT (including the PROTECTED PORTION if applicable); and

(c) DC LIVING ANNUITANT, the amount at any date to the credit of his or her DC LIVING ANNUITY SHARE ACCOUNT.

PENSIONABLE SERVICE: The period expressed in the number of years, including by taking fractions of a year into account (calculated by the number of days), for the purposes of determining the amount of a benefit due to a DB ACTIVE MEMBER and a DEFERRED PENSIONER, provided that:

(a) In respect of the period when a person is a DB ACTIVE MEMBER, it is his or her CONTRIBUTORY SERVICE, subject to the other provisions of this definition of PENSIONABLE SERVICE; which period is not regarded as interrupted by any period of:-

(i) authorised leave;

(ii) any break in SERVICE regarded as leave of absence without pay;

(iii) any period of suspension from office followed by full re-instatement in the same or another office;

where in each case contributions in respect of the relevant periods are made;

(b) In respect of any DB ACTIVE MEMBER or DEFERRED PENSIONER, PENSIONABLE SERVICE includes :-

(i) any period, agreed to by the TRUSTEES, arising from membership of an APPROVED FUND or APPROVED PRESERVATION FUND or any other retirement fund, in respect of which a TRANSFER VALUE was received by the FUND;

(ii) any prior membership of the FUND, in respect of which he or she has not already received a benefit, or in respect of which the benefit has been repaid to the FUND, together with FUND RETURN thereon as determined by the ACTUARY;

(iii) any additional period, secured by any amount held by the FUND or paid into the FUND by the DB ACTIVE MEMBER, or on behalf of the DB ACTIVE MEMBER by the EMPLOYER, and to the extent determined by the TRUSTEES on the advice of the ACTUARY.

In each case calculated by the ACTUARY and agreed by the TRUSTEES as PENSIONABLE SERVICE on a basis that is neutral to the FUND and that MEMBER;

(c) PENSIONABLE SERVICE is reduced by :-

(i) The SERVICE equivalent in value, as calculated by the ACTUARY, to any SAVINGS WITHDRAWAL BENEFIT; and

(ii) The SERVICE equivalent in value, as calculated by the ACTUARY, to any deduction from the SAVINGS COMPONENT, RETIREMENT COMPONENT or VESTED COMPONENT in terms of the provisions relating to each.

TRANSFER VALUE: The amount:

(a) Received by the FUND from an APPROVED FUND or an APPROVED PRESERVATION FUND in respect of a DC ACTIVE MEMBER or a PAID-UP MEMBER, or the opening balance of a DC ACTIVE MEMBER who became such on the CONVERSION DATE; provided that such TRANSFER VALUE may only be accepted by the FUND after the TWO POTS DATE if the transferor fund indicates what portion thereof is to be credited to the SAVINGS COMPONENT, RETIREMENT COMPONENT, VESTED COMPONENT and PROTECTED PORTION of the transferring MEMBER.

(b) Transferred by the FUND to an APPROVED FUND or an APPROVED PRESERVATION FUND or an APPROVED RETIREMENT ANNUITY FUND in respect of a DC ACTIVE MEMBER, a PAID-UP MEMBER, a DC LIVING ANNUITANT, a DB ACTIVE MEMBER or DEFERRED PENSIONER; provided that in respect of each MEMBER other than a DC LIVING ANNUITANT such TRANSFER VALUE indicates what portion thereof is to be credited to the savings component, retirement component, vested component and the equivalent of the PROTECTED PORTION in the transferee fund.

Any amount transferred to or from the FUND in respect of a benefit liability (excluding an unclaimed benefit as defined in the ACT) is a TRANSFER VALUE for purposes of the RULES, notwithstanding that such amount might not be expressly stated as being a TRANSFER VALUE."

4. By the addition alphabetically of the following definitions in Rule 2.5:

"**COMMUTATION AMOUNT:** Means the maximum amount that a MEMBER may elect be taken on retirement as a lump sum, as follows:

A. In respect of a DC ACTIVE MEMBER or PAID-UP MEMBER in terms of RULE 35, which amount is comprised of:

(a) His or her PROTECTED PORTION if applicable;

(b) One third of his or her VESTED COMPONENT if applicable, excluding the PROTECTED PORTION if applicable; and

(c) His or her SAVINGS COMPONENT;

B. In respect of a DB ACTIVE MEMBER or DEFERRED PENSIONER on retirement in terms of RULES 49, 50, 52, 53 or 59 as applicable, which amount is comprised of:

(a) His or her PROTECTED PORTION if applicable;

(b) One third of his or her VESTED COMPONENT, excluding the PROTECTED PORTION if applicable; and

(c) His or her SAVINGS COMPONENT;

Provided that:-

(i) In respect of a DC ACTIVE MEMBER or a PAID-UP MEMBER, if the amount to the credit of his or her RETIREMENT COMPONENT, and his or her VESTED COMPONENT after deduction of the amounts in (a) and (b) above, is less than the minimum amount prescribed in the INCOME TAX ACT above which a retirement benefit must be annuitised, then the COMMUTATION AMOUNT is the total amount to the credit of his or her DC MEMBER SHARE ACCOUNT; and

(ii) If the MEMBER is a NON-RESIDENT MEMBER, then the COMMUTATION AMOUNT is the total amount of his or her MINIMUM BENEFITS.

COMPONENT: means, as applicable in the context, the RETIREMENT COMPONENT, SAVINGS COMPONENT or VESTED COMPONENT.

NON -RESIDENT MEMBER: A MEMBER who:

(a) is or was a resident of the Republic of South Africa, who emigrated from the Republic and that emigration is recognised by the South African Reserve Bank for purposes of exchange control in respect of applications for that recognition received on or before 28 February 2021 and approved by the South African Reserve Bank or an authorised dealer in foreign exchange for the delivery of currency on or before 28 February 2022;

(b) is a person who is not a resident of the Republic of South Africa for an uninterrupted period of three years or longer on or after 1 March 2021; or

(c) departed from the Republic at the expiry of a visa obtained for the purposes of-

(i) working as contemplated in paragraph (i) of the definition of "visa" in section 1 of the Immigration Act, 2002 (Act No. 13 of 2002); or

(ii) a visit as contemplated in paragraph (b) of the definition of "visa" in section 1 of the Immigration Act, 2002 (Act No. 13 of 2002), issued in terms of paragraph (b) of the proviso to section 11 of that Act by the Director General, as defined in that Act.

RETIREMENT COMPONENT: That portion:

(a) In respect of each DC ACTIVE MEMBER or PAID-UP MEMBER, of his or her DC MEMBER SHARE ACCOUNT; which comprises:

(i) After the TWO POTS DATE, two thirds of that DC ACTIVE MEMBER'S contributions in terms of RULES 29 and 30, as well as two thirds of the EMPLOYER contributions in respect of him or her after deduction of the amounts in RULES 31.2.1 and 31.2.2;

(ii) Any amount transferred as a retirement component from any APPROVED FUND or APPROVED PRESERVATION FUND in respect of that MEMBER;

(iii) Any amount allocated to the MEMBER which is not required to be credited to the SAVINGS COMPONENT or the VESTED COMPONENT, including amounts transferred from the DC MEMBER SURPLUS ACCOUNT, EMPLOYER SURPLUS ACCOUNT and the DC DATA RESERVE ACCOUNT;

(iv) The addition of any transfer of so much of his or her SAVINGS COMPONENT or VESTED COMPONENT that he or she may elect by notice to the FUND;

(v) FUND RETURN, whether positive or negative.

(vi) But reduced by:

(aa) The amount included in a TRANSFER VALUE paid to an APPROVED FUND, APPROVED PRESERVATION FUND or APPROVED RETIREMENT ANNUITY FUND on termination of his or her membership of the FUND;

(bb) Any amount debited in terms of RULE 19.2 or 20;

(cc) Any amount transferred to the EXPENSES ACCOUNT in terms of RULE 11.3.3;

(dd) Any amount paid as a retirement benefit in terms of retirement benefit in terms of RULES 36, 37 or 38;

(b) In respect of each DB ACTIVE MEMBER or DEFERRED PENSIONER, of his or her MINIMUM BENEFITS, which has a value as calculated by the ACTUARY allowing for the relevant portion of that MEMBER'S PENSIONABLE SERVICE, as follows:

(i) After the TWO POTS DATE, an addition to the MEMBER'S PENSIONABLE SERVICE must be calculated in respect of this component equivalent to two thirds of the actual period of PENSIONABLE SERVICE accrued by that MEMBER, for which contributions are paid by or in respect of a DB ACTIVE MEMBER in terms of RULES 47.1, 47.2 and 48;

(ii) An addition to the MEMBER'S PENSIONABLE SERVICE must be calculated in respect of any amount in a TRANSFER VALUE which is indicated as being the MEMBER'S retirement component in the transferor fund;

(iii) An addition to the MEMBER'S PENSIONABLE SERVICE must be calculated in respect of any amount elected by the MEMBER to be transferred to the RETIREMENT COMPONENT in terms of RULE 15.7.5;

(iv) Any amount allocated to the MEMBER which is not required to be credited to the SAVINGS COMPONENT or the VESTED COMPONENT, including amounts transferred from the DB MEMBER SURPLUS ACCOUNT, EMPLOYER SURPLUS ACCOUNT and the DB DATA RESERVE ACCOUNT

(v) The amount of PENSIONABLE SERVICE attributable to this component must be reduced by the following amounts, equivalent in value to:

(aa) The amounts referred to in (a)(vi)(aa) - (dd) of this definition;

(bb) any amount transferred to the DB PENSIONER ACCOUNT on the retirement of a DB ACTIVE MEMBER or a DEFERRED PENSIONER, to provide for a PENSION for the MEMBER in terms of RULES 51, 52 and 59, where such benefit is calculated based on a period of PENSIONABLE SERVICE; and

(cc) Any payment made or transferred to the DB PENSIONER ACCOUNT as part of the benefit payable on the death of that MEMBER, where such benefit is calculated based on a period of PENSIONABLE SERVICE;

SAVINGS COMPONENT: That portion:

(a) In respect of a DC ACTIVE MEMBER or PAID-UP MEMBER, of his or her DC MEMBER SHARE ACCOUNT, which comprises;

(i) As at the TWO POTS DATE, the lesser of R30 000 (thirty thousand Rands) and 10% (ten per cent) of the amount to the credit of his or her DC MEMBER SHARE ACCOUNT immediately prior to the TWO POTS DATE;

(ii) After the TWO POTS DATE, one third of each DC ACTIVE MEMBER'S contributions in terms of RULES 29 and 30, as well as one third of the EMPLOYER contributions in respect of him or her after deduction of the amounts in RULES 31.2.1 and 31.2.2;

(iii) Any amount in a TRANSFER VALUE which is indicated as being his/her savings component in the transferor fund;

(iv) FUND RETURN, whether positive or negative.

(v) But reduced by:

(aa) A SAVINGS WITHDRAWAL BENEFIT paid to the MEMBER;

(bb) The relevant portion of the COMMUTATION AMOUNT paid to the MEMBER on retirement, provided that if less than the full amount of the SAVINGS COMPONENT then the excess must be credited to the RETIREMENT COMPONENT;

(cc) The amount included in a TRANSFER VALUE paid to an APPROVED FUND, APPROVED PRESERVATION FUND or APPROVED RETIREMENT ANNUITY FUND on termination of his or her MEMBERSHIP of the FUND;

(dd) Any amount debited in terms of RULE 19.2 or 20;

(ee) Any amount transferred to the EXPENSES ACCOUNT in terms of RULE 11.3.3;

(ff) Any amount elected by the MEMBER to be transferred to the RETIREMENT COMPONENT in terms of RULE 15.2.5.

(b) In respect of each DB ACTIVE MEMBER or DEFERRED PENSIONER, of his or her MINIMUM BENEFITS, which has a value as calculated by the ACTUARY allowing for the PENSIONABLE SERVICE of that MEMBER, as follows:

(i) As at the TWO POTS DATE, PENSIONABLE SERVICE must be calculated in respect of this COMPONENT equivalent in value to the lesser of R30 000 (thirty thousand Rands) and 10% (ten per cent) of the value of that MEMBER'S VESTED COMPONENT;

(ii) After the TWO POTS DATE, PENSIONABLE SERVICE must be calculated in respect of this COMPONENT equivalent to one third of the actual period of PENSIONABLE SERVICE accrued by that MEMBER, for which contributions are paid by or in respect of a DB ACTIVE MEMBER in terms of RULES 47.1, 47.2 and 48;

(iii) Any addition to PENSIONABLE SERVICE in respect of any amount in a TRANSFER VALUE which is indicated as being the MEMBER'S savings component in the transferor fund;

(iv) The amount of PENSIONABLE SERVICE attributable to this COMPONENT must be reduced by the following amounts, equivalent in value to:

(aa) The amounts in (a)(v)(aa) - (ee) of this definition;

(bb) Any amount transferred to the RETIREMENT COMPONENT to be credited to the DB PENSIONER ACCOUNT on the retirement of a DB ACTIVE MEMBER or a DEFERRED PENSIONER, to provide for a PENSION for the MEMBER in terms of RULES 51, 52 and 59, where such benefit is calculated based on a period of PENSIONABLE SERVICE;

(cc) Any payment made or transferred to the DB PENSIONER ACCOUNT as part of the benefit payable on the death of that MEMBER, where such benefit is calculated based on a period of PENSIONABLE SERVICE;

(dd) Any amount elected by the MEMBER to be transferred to the RETIREMENT COMPONENT in terms of RULE 15.7.5.

SAVINGS WITHDRAWAL BENEFIT: The amount that a MEMBER elects to withdraw from his or her SAVINGS COMPONENT in terms of RULE 39.2, 41.1.6, 58.2 or 59.5 subject to the following:

(a) Except as provided for in (b), the MEMBER may not make more than one withdrawal in a TAX YEAR;

(b) The amount of each withdrawal, before any charges thereon and any tax deducted therefrom, may not be less than R2 000 or such other amount as is permitted in terms of the INCOME TAX ACT, provided that if he/she terminates his/her membership in the FUND, has already taken his/her single withdrawal for the TAX YEAR in terms of (a) and the balance remaining in his/her SAVINGS COMPONENT is less than R2 000, then he/she may withdraw that balance.

TAX YEAR: The period commencing on 1 March and ending on the last day of February in the following calendar year.

TWO POTS DATE: 1 September 2024, being the effective date of the Revenue Laws Amendment Act, 2024;

VESTED COMPONENT: That portion:

(a) In respect of a DC ACTIVE MEMBER or PAID-UP MEMBER, of his or her DC MEMBER SHARE ACCOUNT, which comprises

(i) The amount to the credit of his or her DC MEMBER SHARE ACCOUNT (including his PROTECTED PORTION if applicable) immediately prior to the TWO POTS DATE;

(ii) Any amount in a TRANSFER VALUE which is indicated as being his/her vested component in the transferor fund;

(iii) FUND RETURN, whether positive or negative;

(iv) But reduced by:

(aa) The amount in (a)(i) of definition of SAVINGS COMPONENT;

(bb)The relevant portion of the COMMUTATION AMOUNT paid to the MEMBER on retirement;

(cc) The amount included in a TRANSFER VALUE paid to an APPROVED FUND, APPROVED PRESERVATION FUND or APPROVED RETIREMENT ANNUITY FUND on termination of his or her MEMBERSHIP of the FUND;

(dd)Any amount debited in terms of RULE 19.2 or 20;

(ee) Any amount transferred to the EXPENSES ACCOUNT in terms of RULE 11.3.3;

(ff) Any amount paid as a retirement benefit in terms of RULES 36, 37 or 38;

(gg)Any amount elected by him or her to be transferred to the RETIREMENT COMPONENT in terms of RULE 15.2.5.

(b) In respect of each DB ACTIVE MEMBER or DEFERRED PENSIONER, of his or her MINIMUM BENEFITS, as calculated by the ACTUARY by reference to the PENSIONABLE SERVICE, as is attributable to:

(i) The value of his or her MINIMUM BENEFITS (including PROTECTED PORTION if applicable) immediately prior to the TWO POTS DATE;

(ii) Any amount in a TRANSFER VALUE which is indicated as being his or her vested component in the transferor fund;

(iii) But reduced by:

(aa) The amount in (b)(i) of the definition of SAVINGS COMPONENT;

(bb) The relevant portion taken as the COMMUTATION AMOUNT;

(bb) Any amount paid in terms of (a)(iv)(bb) - (ff) of the definition of this term;

(cc) Any amount elected by the MEMBER to be transferred to the RETIREMENT COMPONENT in terms of RULE 15.7.5.

(dd) Any amount transferred to the DB PENSIONER ACCOUNT on the retirement of a DB ACTIVE MEMBER or a DEFERRED PENSIONER, to provide for a PENSION for the MEMBER in terms of RULES 51, 52 and 59, where such benefit is calculated based on a period of PENSIONABLE SERVICE;

(ee) Any payment made or transferred to the DB PENSIONER ACCOUNT as part of the benefit payable on the death of that MEMBER, where such benefit is calculated based on a period of PENSIONABLE SERVICE."

5. By the addition of the following Rule 11.3.3.4:-

"11.3.3.4 Fourth Proviso: Unless there is an express RULE to the contrary, or the provisions of a COMPONENT are to the contrary, where an expense is to be borne by a MEMBER or category of MEMBERS (including the PAID-UP MEMBERS) in terms of the First, Second and Third Provisos in RULE 11.3.3, , then in each case that expense may be dealt with as the TRUSTEES direct, and if they do not so direct must be apportioned proportionately amongst the SAVINGS COMPONENT, RETIREMENT COMPONENT and VESTED

COMPONENT (if applicable) relating to such MEMBER or MEMBERS; provided that if there is a PROTECTED PORTION recorded separately then such expense attributed to the VESTED COMPONENT must be proportionately allocated to the PROTECTED PORTION and the balance of the VESTED COMPONENT of that MEMBER, or each MEMBER in that category, as the case may be."

6. By the replacement of Rule 15.2.1 with the following:

"15.2.1 This ACCOUNT comprises the amount representing the liability of the FUND of the DC MEMBER SHARE ACCOUNTS in respect of the DC ACTIVE MEMBERS and the PAID-UP MEMBERS. Each DC MEMBER SHARE ACCOUNT is comprised of a SAVINGS COMPONENT, RETIREMENT COMPONENT, VESTED COMPONENT (if applicable) and PROTECTED PORTION (being, if applicable, part of the VESTED COMPONENT)."

7. By the replacement of the first sentence in Rule 15.2.2 with the following:

"The following accounting provisions in RULE 15.2.2 apply generally to each DC MEMBER SHARE ACCOUNT, subject to the definitions of the COMPONENTS; provided that where a debit in RULE 15.2.3 is not specified in terms of any such definition then it must be dealt with in terms of the Fourth Proviso to RULE 11.3.3.4."

8. By the addition of the following Rule 15.2.5:

"15.2.5 A DC ACTIVE MEMBER and PAID-UP MEMBER may at any time elect that any part of his or her SAVINGS COMPONENT and/or VESTED COMPONENT be credited to his or her RETIREMENT COMPONENT."

9. By the replacement of Rule 15.7.1 with the following:

"15.7.1 The DB ACTIVE MEMBER ACCOUNT represents the amount of the assets held by the FUND to meet its benefit liability to the DB ACTIVE MEMBERS and DEFERRED PENSIONERS. The FUND must maintain records at DB ACTIVE MEMBER and DEFERRED PENSIONER level to provide for the calculations for each such MEMBER in respect of his or her SAVINGS COMPONENT, RETIREMENT COMPONENT and VESTED COMPONENT, the aggregate of which is the MINIMUM BENEFITS for each such MEMBER; provided that where a debit in RULE 15.7.3 is not specified in the definition of a COMPONENT then it must be dealt with in terms of the Fourth Proviso to RULE 11.3.3.4.

10. By the replacement of Rule 15.7.4 with the following:

"15.7.4 The FUND may maintain a SOLVENCY RESERVE ACCOUNT as a sub-account of this ACCOUNT to provide for explicit contingencies, namely negative investment market movements and adverse demographic experience. The level of the SOLVENCY RESERVE ACCOUNT must be determined by the TRUSTEES on the advice of the ACTUARY at each statutory valuation date, or more frequently if required by the TRUSTEES, and may not exceed the level of available assets in this ACCOUNT after taking into account the "best estimate" actuarial liabilities of the FUND in terms of these RULES. The TRUSTEES may, after consulting the ACTUARY, resolve that a portion of the SOLVENCY RESERVE ACCOUNT be paid to or transferred in respect of MEMBERS leaving the FUND in any of the circumstances contemplated in these RULES or the ACT or be transferred to the SOLVENCY RESERVE ACCOUNT of the DB PENSIONER ACCOUNT on the retirement of a DB ACTIVE MEMBER or DEFERRED PENSIONER."

11. By the addition of the following Rule 15.7.5:

"15.7.5 A DB ACTIVE MEMBER and DEFERRED PENSIONER may at any time elect that the value of PENSIONABLE SERVICE or part thereof in respect of his or her SAVINGS COMPONENT and/or VESTED COMPONENT be credited to his or her RETIREMENT COMPONENT."

12. By the replacement of Rule 18.1 with the following:

"18.1 **Transfer into the Fund**

If the TRANSFER VALUE of a DC ACTIVE MEMBER or PAID-UP MEMBER is transferred to the FUND, then the savings component, retirement component, vested component including if applicable the equivalent of the PROTECTED PORTION must, to the extent that there is a balance in respect of each included in the TRANSFER VALUE, be credited to the respective SAVINGS COMPONENT, RETIREMENT COMPONENT, VESTED COMPONENT and PROTECTED PORTION (being part of the VESTED COMPONENT) in the DC MEMBER SHARE ACCOUNT of the DC ACTIVE MEMBER or PAID-UP MEMBER."

13. By the replacement of Rule 19.2 with the following:

"19.2 Any deduction in terms of section 37D of the ACT from the MINIMUM BENEFITS of a DC ACTIVE MEMBER, a PAID-UP MEMBER a DB ACTIVE MEMBER or a DEFERRED PENSIONER must be deducted proportionately from his or her RETIREMENT COMPONENT, SAVINGS COMPONENT and VESTED COMPONENT (if applicable); provided that if there is a PROTECTED PORTION recorded separately then such deduction attributed to the VESTED COMPONENT must be proportionately allocated to the PROTECTED PORTION and the balance of the VESTED COMPONENT of that MEMBER."

14. By the addition of the following at the end of Rule 20:

"It is recorded that any amount so paid to such a former SPOUSE constitutes a deduction from the MINIMUM BENEFITS of a DC ACTIVE MEMBER, a PAID-UP MEMBER a DB ACTIVE MEMBER or a DEFERRED PENSIONER, and that as such the provisions of RULE 19.2 are applicable to that deduction."

15. By the addition of the following at the end of RULE 27.4.5:

"Any transfer of a MEMBER in terms of this RULE 27.4.5 means the transfer of the assets in respect of the FUND'S liability to that MEMBER. Such a transfer is, as such, a TRANSFER VALUE and must indicate what portion thereof is to be credited to the savings component, retirement component, vested component and the equivalent of the PROTECTED PORTION in the transferee fund."

16. By the addition of the following Rule 27.4.6.4:

"27.4.6.4 Any transfer of a MEMBER in terms of this RULE 27.4.6 means the transfer of the assets in respect of the FUND'S liability to that MEMBER. Such a transfer is, as such, a TRANSFER VALUE and must indicate what portion thereof is to be credited to the savings component, retirement component, vested component and the equivalent of the PROTECTED PORTION in the transferee fund."

17. By the replacement of Rule 35.4 with the following:

"35.4. A DC ACTIVE MEMBER and a PAID-UP MEMBER may, subject to the provisions of the INCOME TAX ACT, on retirement elect to receive the COMMUTATION AMOUNT or any proportion thereof as a retirement benefit from the FUND; provided that:

35.4.1 If the DC ACTIVE MEMBER or PAID-UP MEMBER elects to receive less than the maximum amount thereof, then:

35.4.1.1 The COMMUTATION AMOUNT must be drawn from that part of his or her VESTED COMPONENT (excluding the PROTECTED PORTION) that is not required to be annuitised, thereafter from his or her SAVINGS COMPONENT and thereafter, if applicable, from his or her PROTECTED PORTION;

35.4.1.2 The balance of his or her SAVINGS COMPONENT and/or VESTED COMPONENT must be added to his or her RETIREMENT COMPONENT.

35.4.2 The COMMUTATION AMOUNT paid is subject to such deduction for the payment of tax thereon as is required in terms of the INCOME TAX ACT."

18. By the addition of Rule 39.2 as follows:

"39.2 A DC ACTIVE MEMBER may elect by notice to the FUND to take a SAVINGS WITHDRAWAL BENEFIT; provided that:-

39.2.1 Such withdrawal is subject to the provisions of the INCOME TAX ACT;

39.2.2 The tax, costs of payment and any other charges in respect of such withdrawal which must be deducted from the amount withdrawn;

39.2.3 Such notice to the FUND is in such form and manner as the TRUSTEES may determine from time to time; and

39.2.4 The TRUSTEES may disallow or suspend any such withdrawal in accordance with the provisions of section 37D of the ACT."

19. By the replacement of Rule 41.1.5 with the following:

"41.1.5 May, subject to the requirements of the TRUSTEES from time to time, at any time elect by notice to the FUND to withdraw the full amount of:-

41.1.5.1 His or her VESTED COMPONENT, if applicable, including his or her PROTECTED PORTION if applicable;

41.1.5.2 If a NON-RESIDENT MEMBER, the full amount, or any part thereof, of his or her RETIREMENT COMPONENT.

Provided that:

(a) A withdrawal in terms of RULE 41.1.5.1 applies only to a PAID-UP MEMBER if he or she is not a NON-RESIDENT MEMBER and has not attained his or her NORMAL RETIREMENT DATE;

(b) Such PAID-UP MEMBER acknowledges in writing that he or she has had access to RETIREMENT BENEFITS COUNSELLING; and

(c) Such withdrawal is subject to the provisions of the INCOME TAX ACT;

(d) The tax, costs of payment and any other charges in respect of such withdrawal must be deducted from the amount withdrawn;

(e) Such notice to the FUND is in such form and manner as the TRUSTEES may determine from time to time; and

(f) The TRUSTEES may disallow or suspend any such withdrawal in accordance with the provisions of section 370 of the ACT."

20. By the addition of the following Rule 41.1.6:

"41.1.6 May elect by notice to the FUND to take a SAVINGS WITHDRAWAL BENEFIT; provided that;

41.1.6.1 Such notice to the FUND is in such form and manner as the TRUSTEES may determine from time to time; and

41.1.6.2 The TRUSTEES may disallow or suspend any such withdrawal in accordance with the provisions of section 370 of the ACT;

41.1.6.3 Such withdrawal is subject to the provisions of the INCOME TAX ACT;

41.1.6.4 The tax, costs of payment and any other charges in respect of such withdrawal which must be deducted from the amount withdrawn."

21. By the addition of the following Rule 41.1.7:

"41.1.7 May elect by notice to the FUND to have transferred to an APPROVED FUND, APPROVED PRESERVATION FUND or APPROVED RETIREMENT ANNUITY FUND his or her MINIMUM BENEFITS; provided that:-

41.1.7.1 Such a transfer is, as such, a TRANSFER VALUE and must indicate what portion thereof is to be credited to the savings component, retirement component, vested component and the equivalent of the PROTECTED PORTION in the transferee fund;

41.1.7.2 Such notice to the *FUND is* in such form and manner as the TRUSTEES may determine from time to time;

41.1.7.3 Such transfer is subject to such restrictions and requirements as may apply in terms of the INCOME TAX ACT or as may be laid down by the REVENUE AUTHORITY from time to time; and

41.1.7.4 Such PAID-UP MEMBER must acknowledge in writing that he or she has had access to RETIREMENT BENEFITS COUNSELLING."

22. By the addition of the following Rule 48.6:-

"48.6 Notwithstanding any other RULE, PENSIONABLE SERVICE purchased in terms of this RULE 48 must be allocated as to one third to his or her SAVINGS COMPONENT and as to the balance to his or her RETIREMENT COMPONENT."

23. By the replacement of the following Rules 51.1 and 51.2 with the following:

"51.1 The retirement benefit of a retiring DB ACTIVE MEMBER is, subject to the provisos in RULES 51.3 and 51.4, a PENSION equal to 4/153 (four over one hundred and fifty-three) of his or her FINAL AVERAGE EARNINGS in respect of the period of his or her PENSIONABLE SERVICE, reduced by the period of PENSIONABLE SERVICE equivalent to the value of any COMMUTATION AMOUNT or portion thereof elected by him or her.

51.2 The retiring DB ACTIVE MEMBER must, prior to the date of retirement or within such period thereafter as the TRUSTEES may specify, notify the FUND of whether he or she wishes to elect a COMMUTATION AMOUNT or portion thereof and the amount thereof, failing which the DB ACTIVE MEMBER is deemed to have elected not to take a COMMUTATION AMOUNT."

24. By the addition of Rule 58.2 as follows:

"58.2 A DB ACTIVE MEMBER may once in each TAX YEAR elect by notice to the FUND to take a SAVINGS WITHDRAWAL BENEFIT; provided that:

58.2.1 Such notice to the FUND is in such form and manner as the TRUSTEES may determine from time to time;

58.2.2 The TRUSTEES may disallow or suspend any such withdrawal in accordance with the provisions of section 370 of the ACT;

58.2.3 Such withdrawal is subject to the provisions of the INCOME TAX ACT;

58.2.24 The tax, costs of payment and any other charges in respect of such withdrawal which must be deducted from the amount withdrawn."

25. By the replacement of Rule 59.4 with the following:-

"59.4 A DEFERRED PENSIONER may, subject to the requirements of the TRUSTEES from time to time, at any time elect by notice to the FUND to withdraw:-

59.4.1 The amount calculated as his or her VESTED COMPONENT;

59.4.2 If a NON-RESIDENT MEMBER, the full amount, or any part thereof, of his or her RETIREMENT COMPONENT.

Provided that:

(a) A withdrawal in terms of RULE 59.4.1 applies only to a DEFERRED PENSIONER if he or she is not a NON-RESIDENT MEMBER and has not attained his or her NORMAL RETIREMENT DATE;

(b) Such DEFERRED PENSIONER acknowledges in writing that he or she has had access to RETIREMENT BENEFIT COUNSELLING; and

(c) Such withdrawal is subject to the provisions of the INCOME TAX ACT and the payment of such tax therefrom as required in terms of the INCOME TAX ACT;

(d) Such notice to the FUND is in such form and manner as the TRUSTEES may determine from time to time; and

(e) The TRUSTEES may disallow or suspend any such withdrawal in accordance with the provisions of section 37D of the ACT."

26. By the addition of Rule 59.5 as follows:

"59.5 A DEFERRED PENSIONER may elect by notice to the FUND to take a SAVINGS WITHDRAWAL BENEFIT; provided that:

59.5.1 Such notice to the FUND is in such form and manner as the TRUSTEES may determine from time to time; and

59.5.2 The TRUSTEES may disallow or suspend any such withdrawal in accordance with the provisions of section 37D of the ACT;

59.5.3 Such withdrawal is subject to the provisions of the INCOME TAX ACT;

59.5.4 The tax, costs of payment and any other charges in respect of such withdrawal which must be deducted from the amount withdrawn."

27. By the addition of Rule 59.6 as follows:

"59.6 A DEFERRED PENSIONER may elect by notice to the FUND to have transferred to an APPROVED FUND, APPROVED PRESERVATION FUND or APPROVED RETIREMENT ANNUITY FUND the full amount of his or her MINIMUM BENEFITS; provided that:-

59.6.1 Such a transfer is, as such, a TRANSFER VALUE and must indicate what portion thereof is to be credited to the savings component, retirement component and vested component in the transferee fund;

59.6.2 Such notice to the FUND is in such form and manner as the TRUSTEES may determine from time to time;

59.6.3 Such transfer is subject to such restrictions and requirements as may apply in terms of the INCOME TAX ACT or as may be laid down by the REVENUE AUTHORITY from time to time.

59.6.4 Such DEFERRED PENSIONER must acknowledge in writing that he or she has had access to RETIREMENT BENEFITS COUNSELLING."

28. By the replacement of Rule 60.2.1.1 with the following:-

"60.2.1.1 so as to provide the SPOUSE with a PENSION of an amount equal to 50% (fifty per cent) of the PENSION to which the deceased DB ACTIVE MEMBER would have been entitled in terms of RULE 51.1 if no COMMUTATION AMOUNT were elected, and if he or she had remained in SERVICE until NORMAL RETIREMENT DATE; based on the FINAL AVERAGE EARNINGS at the date of death. If the DB ACTIVE MEMBER has remained in SERVICE beyond NORMAL RETIREMENT DATE, the PENSION payable to the SPOUSE must be equal to that which the MEMBER would have received if he or she had retired on the date of death;"

29. By the replacement of Rule 60.6.1.1 with the following:-

"60.6.1.1 A spouse's PENSION of an amount equal to;

(a) in respect of a deceased PENSIONER whose retirement date was prior to the TWO POTS DATE, 50% (fifty per cent) of the PENSION that the deceased PENSIONER would have been receiving at the date of death if he or she had not elected to take the gratuity at retirement in terms of the RULES at the time;

(b) in respect of a deceased PENSIONER whose retirement date was on or after the TWO POTS DATE, to 50% (fifty per cent) of the PENSION that the deceased

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PENSIONER would have been receiving at the date of death if he or she had not elected to take the COMMUTATION AMOUNT or any part thereof at retirement,

Provided that if RULE 60.8 is applicable then the PENSION shall be enhanced in terms thereof."

The reason for the rule amendment is to provide for changes required in the Rules in anticipation of the effective date of the Revenue Laws Amendment Act, 2024.

CERTIFIED THE RESOLUTION ABOVE IS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF RULES OF FUND.

CHAIRPERSON (MEMBER TRUSTEE)	2024/07/08. DATE
EMPLOYER TRUSTEE	2024.07.08 DATE
EMPLOYER TRUSTEE	2024.07.08 DATE
EMPLOYER TRUSTEE	2024.07.08 DATE
MEMBER TRUSTEE	2024.07.08 DATE
MEMBER TRUSTEE	2024.07.08 DATE
MEMBER TRUSTEE	2024.07.08 DATE
MEMBER TRUSTEE	2024.07.08 DATE
PRINCIPAL OFFICER	08.07.2024 DATE

JWM/vlo/1d/0e/2024-07-08

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

EJ Potgieter — 08 July 2024

FUND ACTUARY — DATE

REGISTERED in terms of
Pension Funds Act, No. 24 of 1956
28 AUG 2024
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

FSCA
Financial Sector
Conduct Authority

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ENQUIRIES: Mr Edwin Tshabalala
OUR REF: 12/8/909
DATE: 22 January 2025
D. DIALLING NO.: 012 428 8154
FAX: 012 346 5915
E-MAIL: edwin.tshabalala@fsca.co.za

THE PRINCIPAL OFFICER
CAPE MUNICIPAL PENSION FUND
c/o ALEXANDER FORBES FINANCIAL SERVICES (PROPRIETARY) LTD
P O BOX 787240
SANDTON

2146P

CASE NUMBER: 608264

Dear Sir/Madam

PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 8 (Effective 01 November 2024) - CAPE MUNICIPAL PENSION FUND

Your application of 10 December 2024 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 Pension Fund in terms of the Income Tax Act.

Yours faithfully

ELVIS MADUMO
MANAGER: RETIREMENT FUNDS SUPERVISION: REVIEWS & AUTHORISATIONS
for THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

JWM/vlo/1d/0e/2024-12-04

CAPE MUNICIPAL PENSION FUND

RULE AMENDMENT NO. 8

RESOLVED:

In terms of a resolution taken at a meeting of the Board of Trustees on 29th November 2024, the Rules of the Fund be amended as set out below with effect from 1st November 2024.

1. By the replacement of Rule 6.3.2 with the following:-

"6.3.2 An election of MEMBER TRUSTEES must be held not later than 30th November in the fifth year after the previous election to elect all the MEMBER TRUSTEES."

2. By the replacement of Rule 6.5.2 with the following:-

"6.5.2 Subject to the provisions of RULES 6.7 and 6.8, an EMPLOYER TRUSTEE holds office for a period of 5 (five) years."

The reason for the rule amendment is to extend the terms of office of Trustees because the level of knowledge of trustee now required necessitates that they have longer in office in order to acquire such knowledge.

CERTIFIED THE RESOLUTION ABOVE IS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF RULES OF THE FUND.

CHAIRPERSON — DATE: 06 December 2024

TRUSTEE — DATE: 06 December 2024

PRINCIPAL OFFICER — DATE: 06 December 2024

REGISTERED in terms of
Pension Funds Act, No. 24 of 1956
22 JAN 2025
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

JWM/vlo/1d/0e/2024-12-04

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

EJ Potgieter — 04 December 2024

ACTUARY — DATE

FSCA
Financial Sector
Conduct Authority

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ENQUIRIES: Mr Edwin Tshabalala
OUR REF: 12/8/909
DATE: 22 May 2025
D. DIALLING NO.: 012 428 8154
FAX: 012 346 5915
E-MAIL: edwin.tshabalala@fsca.co.za

THE PRINCIPAL OFFICER
CAPE MUNICIPAL PENSION FUND
c/o ALEXANDER FORBES FINANCIAL SERVICES (PROPRIETARY) LTD
P O BOX 787240
SANDTON

2146P

CASE NUMBER: 616047

Dear Sir/Madam

PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 9 (Effective 01 September 2024) - CAPE MUNICIPAL PENSION FUND

Your application of 25 April 2025 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 Pension Fund in terms of the Income Tax Act.

Yours faithfully

ELVIS MADUMO
MANAGER: RETIREMENT FUNDS SUPERVISION: REVIEWS & AUTHORISATIONS
for THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

JWM/vlo/1d/0e/2025-03-25

CAPE MUNICIPAL PENSION FUND

RULE AMENDMENT NO. 9

RESOLVED:

In terms of a resolution taken at a meeting of the Board of Trustees on 28 March 2025 at Cape Town, the Rules of the above Fund be amended as set out below with effect from 1 September 2024:

1. By the replacement of proviso (a) to Rule 41.1.5 with the following:

   "41.1.5(a) A withdrawal in terms of RULE 41.1.5 by a PAID-UP MEMBER who is not a NON-RESIDENT MEMBER may only be made if that PAID-UP MEMBER has not attained his or her NORMAL RETIREMENT DATE;"

2. By the replacement of Rule 57.1 with the following:

   "57.1 The benefit due in respect of a DB ACTIVE MEMBER or a DEFERRED PENSIONER who ceases to be a MEMBER, other than by death, prior to retirement must be at least equal to his or her MINIMUM BENEFITS."

3. By the replacement of Rule 59.1 with the following:

   "59.1 In respect of a DEFERRED PENSIONER, the provisions of RULES 41.1.2, 49.2, 49.4 and 52.1 (but excluding RULE 52.1.1) apply mutatis mutandis; and no deductions may be made from his or her retirement savings for risk benefits. With regard to his or her retirement benefit, this must be calculated as at the date of leaving SERVICE in the same way as the calculation in RULE 51.1 without any reduction for a COMMUTATION AMOUNT and adjusted as follows:

   59.1.1 The retirement benefit must be increased by the annual increases granted by the FUND in terms of RULE 54 to a PENSION in payment over the period of deferment;

   59.1.2 The retirement benefit may, at the discretion of the TRUSTEES, be increased by any other increase granted over the period of deferment in terms of the RULES;

   59.1.3 The retirement benefit must be calculated by the ACTUARY on a basis that is actuarially neutral to the FUND to take account of any lump sum withdrawal in terms of RULES 59.4 and 59.5;

   59.1.4 When a DEFERRED PENSIONER notifies the FUND of his or her date when the retirement benefit must be paid, the provisions of RULE 51.2 apply mutatis mutandis. If the notification indicates that the COMMUTATION AMOUNT or any part thereof must be paid, then the remaining retirement benefit must be calculated by the ACTUARY, on

a basis that is actuarially neutral to the FUND. to take account of the COMMUTATION AMOUNT or part thereof so taken."

4. By the replacement of Rule 59.4.2 with the following:

"59.4.2 If a NON-RESIDENT MEMBER, the full amount of his or her VESTED COMPONENT and/or the full amount or any part thereof his or her RETIREMENT COMPONENT;"

5. By the replacement of proviso (a) to Rule 59.4 with the following:

"59.4(a) A withdrawal in terms of RULE 59.4.1 by a DEFERRED PENSIONER who is not a NON-RESIDENT MEMBER may only be made if that DEFERRED PENSIONER has not attained his or her NORMAL RETIREMENT DATE;"

6. By the replacement of Rule 60.2.1.1 with the following:-

"60.2.1.1 Subject to RULE 60.9 (if applicable), so as to provide the SPOUSE with a PENSION:

(a) If the DB ACTIVE MEMBER died before NORMAL RETIREMENT DATE, of an amount equal to 50% (fifty per cent) of the PENSION to which the deceased DB ACTIVE MEMBER would have been entitled in terms of RULE 51.1 if no COMMUTATION AMOUNT were elected, and as if he or she had remained in SERVICE until NORMAL RETIREMENT DATE, based on the FINAL AVERAGE EARNINGS at the date of death;

(b) If the DB ACTIVE MEMBER has remained in SERVICE beyond NORMAL RETIREMENT DATE, of an amount equal to 50% (fifty per cent) of the PENSION to which the deceased DB ACTIVE MEMBER would have been entitled in terms of RULE 51.3 as if he or she had retired on the date of death and as if no COMMUTATION AMOUNT were elected in terms of Rule 51.1;"

7. By the addition of the following proviso at the end of Rule 60.2.1.2:

"provided that, if the DB ACTIVE MEMBER had passed his or her NORMAL RETIREMENT DATE at death, then the lump sum must be increased by the same percentage as would have applied to the maximum COMMUTATION AMOUNT of that DB ACTIVE MEMBER had he or she elected to retire on the date immediately before death."

8. By the replacement of Rule 60.6.1.1 with the following:

"60.6.1.1 Subject to RULE 60.8 (if applicable), a SPOUSE'S PENSION equal to:-

(a) in respect of a deceased PENSIONER whose retirement date was prior to the TWO POTS DATE, 50% (fifty per cent) of the PENSION that the deceased PENSIONER would have been receiving at the date of death if he or she had not elected to take the gratuity at retirement in terms of the RULES at the time;

(b) in respect of a deceased PENSIONER whose retirement date was on or after the TWO POTS DATE, 50% (fifty per cent) of the PENSION that the deceased PENSIONER had been receiving at the date of death."

9. By the replacement of Rule 60.9 with the following:

"60.9 In respect of a PENSION payable to a SPOUSE or an ELIGIBLE CHILD in terms of RULE 60.2 the total PENSION payable to the SPOUSE or ELIGIBLE CHILD during the period of 5 (five) years after the death of the DB ACTIVE MEMBER must not be less than the PENSION, as increased in terms of RULE 54, that would have been payable during that period if he or she had retired in terms of RULE 52 (Ill-Health Retirement Benefit) on the date of death if the death occurred before or on the DB ACTIVE MEMBER's NORMAL RETIREMENT DATE, or if he or she had retired in terms of Rule 51.3 if death occurred after the DB ACTIVE MEMBER's NORMAL RETIREMENT DATE. The additional PENSION is payable to the SPOUSE, or to the ELIGIBLE CHILDREN if there is no SPOUSE. After the end of the 5 (five) year period the PENSIONS payable to the SPOUSE or any ELIGIBLE CHILD must be calculated as defined in RULE 60.2."

The reasons for the rule amendment are:

(a) In respect of point 1, to make its meaning clearer;

(b) In respect of point 2, to clarify that the minimum benefit requirement does not apply on death;

(c) In respect of point 3, to add provisions relating to the retirement benefit of a Deferred Pensioner to ensure that that benefit is actuarially neutral to the Fund;

(d) In respect of item 4, to add the Vested Component to that which a Non-Resident member may withdraw;

(e) In respect of item 5, to make its meaning clearer;

(f) In respect of item 6, to clarify that if a Defined Benefit member dies in service but after his or her Normal Retirement Date, the pension payable to the member's spouse is equal to 50% of the pension that would have been payable to the deceased member if the deceased member had retired on the date of death;

(g) *In respect of item 7, to clarify that if a DB member dies after his or her Normal Retirement Date whilst still in service, then the lump sum benefit payable must also be increased by the late retirement enhancement as per Rule 51.3.*

(h) *In respect of item 8, to amend the pension payable to the spouse of a deceased Defined Benefit pensioner to be equal to 50% of the pensioner's pension at date of death, where the date of retirement was on or after 01 September 2024. This is to allow for the fact that the retiree can now commute a portion of the spouse's pension for a lump sum as well.*

(i) *In respect of item 9, to make clear that the guaranteed pension to which the total pension payable to the spouse and children on death of a Defined Benefit in-service member will be compared, will increase by the annual increases granted by the Trustees in terms of Rule 54, and will also increase by the late retirement enhancement that would apply in terms of Rule 51.3 if the member passed away after his or her Normal Retirement Date whilst still in service.*

CERTIFIED THE RESOLUTION ABOVE IS ADOPTED IN ACCORDANCE WITH THE PROVISIONS OF RULES OF FUND.

CHAIRPERSON

TRUSTEE

PRINCIPAL OFFICER

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

ACTUARY

01 April 2025

DATE